

lant hero—my beloved husband. America, I need you—and you are my America. I am depending on you.

[From the Richmond News Leader, Nov. 18, 1970]

MAJOR WILMER GRUBB

We never met Air Force Major Wilmer Grubb of Petersburg, who became a prisoner of the North Vietnamese on January 26, 1966. But we did have the pleasure of meeting his wife [interview, November 11]—a courageous woman of whom Major Grubb should have been, and surely was, deeply proud. On Monday Mrs. Grubb showed her abiding courage once more: She announced that pro-Communist sources have informed the Defense Department that her husband has died in captivity [see her statement below], and that she will seek "notification of [her] husband's death . . . according to the articles of the Geneva Convention."

Major Grubb volunteered for duty in Vietnam. Now he is dead, a victim of Satanic executioners. And his wife is alone: To her and to her four sons, Wilmer Grubb will be but a fortifying example and a receding memory. Major Grubb died at the hands of an enemy that doles out news about its prisoners in dribbles and drabs. The North Vietnamese contend that they will release all American POWs when every American has left South Vietnam. Yet even that is dubious consolation. For the families of these men must live with the knowledge that when the Korean War concluded, the North Koreans failed to account for 389 Americans known to be prisoners. Now—nearly 20 years later—the families of those prisoners of an earlier war against an Asian Communist foe have heard not a word about their men.

If anything ever was calculated to move us as a nation, to incense us, is it not this—the indignities and the humiliations that our men suffer in Communist cages and cells?

The North Vietnamese toy with us and perversely tease us; they use their American prisoners as priceless assets in this anguishing war of nerves. We will win this war—rather, we will conclude this war—only when an aroused population has made American POWs a crushing North Vietnamese liability. But the record of recent history suggests that that day will not come soon.

And what did Major Grubb think about as he lay dying? Did he wonder about the abject weakness of a nation that will not retrieve its prisoners? Did he wonder whether his presence in Vietnam had done any good—any good at all—given the ingratitude of so many in the United States? Indeed, did he wonder whether his imminent death would be but a prelude, a foretaste, of what is in store for his beloved nation? It is too much, too much, the way this good man was treated. Weep for him. And ponder what perhaps were his anguished thoughts as he approached his first glimpse of eternity.

HOUSE OF REPRESENTATIVES—Wednesday, December 2, 1970

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Restore unto me the joy of Thy salvation and uphold me with Thy free spirit.—Psalms 51: 12.

"We pray for this great land of ours
Founded by men who put their trust
in Thee;

Help us again to find the mighty powers
Of truth and faith and hope, to set
us free.

Inspire our leaders, give us grace to find
The people who can steer the ship of
state

In troubled waters, men who are not
blind
Through pettiness, self-interest or hate.
And may we pledge, as statesmen long
ago,

Our sacred honor, lives and fortunes,
too,
To keep our country free—for well we
know

That freedom only comes through
serving Thee."

In the spirit of the Master of Men
we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H.R. 4302. An act to amend title 28 of the United States Code, section 753, to authorize payment by the United States of fees charged by court reporters for furnishing certain transcripts in proceedings under the Criminal Justice Act;

H.R. 9677. An act to amend section 1866 of title 28, United States Code, prescribing the manner in which summonses for jury duty may be served;

H.R. 14714. An act to amend authority

of the Secretary of the Interior under the act of July 19, 1940 (54 Stat. 773), to encourage through the National Park Service travel in the United States, and for other purposes;

H.R. 17272. An act for the relief of certain employees of the Department of Defense; and

H. Con. Res. 183. Concurrent resolution to provide for the printing of 1,000 additional copies of school prayer hearings.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 12979. An act to amend title 5, United States Code, to revise, clarify, and extend the provisions relating to court leave for employees of the United States and the District of Columbia.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 2. Concurrent resolution authorizing acceptance for the National Statuary Collection of a statue of the late Senator E. L. Bartlett, presented by the State of Alaska.

MILLS TRADE BILL

(Mr. DORN asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. DORN. Mr. Speaker, the trade negotiations with Japan carried on by the White House have become ridiculous. Every move in the House or Senate toward fair trade legislation has prompted an announcement—with flourish and fanfare—of a new round of negotiations. All last year, when fair trade legislation was first introduced, negotiations were announced in Tokyo, Washington, and elsewhere. Then, as the Mills trade bill progressed in the Ways and Means Committee, the Rules Committee, and on the House floor, negotiations were again announced and foreign concessions awaited.

Mr. Speaker, these are stalling tactics. They have become so repetitious as to be absurd. Time is limited, so let the Congress proceed with this urgently needed

trade legislation. I again remind the American people that the Mills trade bill is a liberal trade bill which takes into consideration the realities of present-day world trade.

I commend the Finance Committee of the other body for proceeding with this timely legislation which is in the interest of fair trade. And I remind our people that this bill first provides for negotiations with Japan or any other country. It will certainly not be too late after passage of the Mills trade bill to negotiate with our trading partners.

In spite of distortions, misleading propaganda, and repeated announcements of negotiations, this legislation is making progress, and I predict it will become law.

HON. WILLIAM DAWSON

(Mr. BIAGGI asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. BIAGGI. Mr. Speaker, the passing of our dear colleague from Illinois, Mr. Dawson is truly a mournful occasion. His record of service and position as chairman of the Government Operations Committee has long been a shining example of dedication to a country that permits all citizens to accede to high office.

As a Representative from a major urban center, he was keenly aware of the problems that faced this country when he first came to this body in the early days of World War II. At that time this Nation was in great turmoil and for the blacks of America that turmoil has yet to cease.

During his long years of service, Bill Dawson remained a shining light to those who because of the color of their skin were denied certain rights and privileges in some parts of this country.

During the difficult years of legislative battles over the 1964 and 1965 Civil Rights Act, Bill Dawson was there to see that equal rights were made available to all. And after passage of this monumental legislation, he was there to see that its provisions were enforced.

Now that racial equality is becoming engrained in the fabric of the Nation, he can rest in peace knowing his years of effort have not been wasted. He will always be remembered as a man who fought not just for the rights of his constituents in the First District of Illinois, but for the rights of all Americans regardless of race, creed, or national origin. May his memory be strong in the hearts of those who have yet to share in the many blessings of this land. May his courage give strength to those who will take up the standard he so valiantly carried.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS TO FILE REPORTS ON H.R. 19877, THE OMNIBUS RIVERS AND HARBORS ACT, AND S. 1, THE UNIFORM LAND ACQUISITION ACT, UNTIL MIDNIGHT DECEMBER 3

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may have until midnight, Thursday, December 3, to file reports on H.R. 19877, the Omnibus Rivers and Harbors Act and on S. 1, the Uniform Land Acquisition Act.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

CALL OF THE HOUSE

Mr. GARMATZ. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 375]

Abbitt	Fish	Pickle
Adair	Foley	Pollock
Addabbo	Foreman	Powell
Ashley	Frelinghuysen	Pryor, Ark.
Aspinall	Gallagher	Purcell
Baring	Gilbert	Reifel
Berry	Green, Oreg.	Reuss
Bjester	Hanna	Robison
Blatnik	Hébert	Rooney, N.Y.
Bolling	Henderson	Rosenthal
Brock	Jarman	Roudebush
Burton, Utah	Johnson, Pa.	Sandman
Button	Kazen	Satterfield
Byrne, Pa.	King	Saylor
Cabell	Kuykendall	Scheuer
Carney	Landrum	Shriver
Chisholm	Long, La.	Stokes
Clay	Lowenstein	Sullivan
Collins, Ill.	Lujan	Tunney
Collins, Tex.	McClure	Waldie
Cramer	McKneally	Watson
Daddario	Mailliard	Weicker
de la Garza	May	Whalley
Dennis	Meskill	Wiggins
Dowdy	Minshall	Wold
Eckhardt	Morse	Wright
Fallon	Morton	Wyatt
Farbstein	O'Konski	
Fascell	Ottinger	

The SPEAKER. On this rollcall 348 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

THE LATE HONORABLE RICHARD F. HARLESS

(Mr. RHODES asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, it is my sad duty to inform the House of the death of the Honorable Richard F. Harless, who was a Member of the House of Representatives for three consecutive terms, starting in 1943.

During his tenure in the House of Representatives Dick Harless was a member of the Committee on Interstate and Foreign Commerce. He was also one who worked very hard for a firm commitment from the Department of the Interior to support the central Arizona project, which of course has since become authorized, and we now hope will soon be in the process of construction.

Mr. Harless also played an instrumental role in passage of the \$40 million Wellton-Mohawk irrigation project in Yuma, Ariz. This was in 1943.

Mr. Speaker, I believe one of Mr. Harless' more noteworthy accomplishments had to do with his abilities as a lawyer, although it occurred during the time he was a Member of the House of Representatives, when he won the right, by trying a lawsuit, for Arizona Indians to vote. He came back from Washington, argued this case before the Arizona Supreme Court, and was successful.

In 1936, Mr. Harless was appointed assistant city attorney in Phoenix, and the following year he was appointed assistant attorney general of Arizona. He was elected Maricopa County attorney in 1938 and 1940.

During his third term in Congress Mr. Harless was very active in establishing aviation facilities and creating international air treaties.

After his political career was ended, Mr. Harless resumed his practice of law quite successfully. He was also a tireless and dedicated civic leader, who will be missed by his community.

Dick Harless is survived by his wife, Meredith, and by a son, Glen.

I am sure that all of the Members of the House, and particularly those who served with Mr. Harless, join Mrs. Rhodes and me in sending our condolences and our expressions of sorrow to Mrs. Harless and to Glen Harless.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the distinguished majority leader.

Mr. ALBERT. Mr. Speaker, I was saddened to hear of the death of our colleague, the late Honorable Richard F. Harless. I knew him well, and I wish to join in the tribute which our distinguished colleague, the gentleman from Arizona (Mr. RHODES) is paying to him and to his public service, and the quality of his work here in the House of Representatives.

He was a fine person, a very distinguished legislator, and a great American.

Mrs. Albert and I join in extending our sympathies to his family.

DERWINSKI CALLS FOR END OF BUCKPASSING ON ASYLUM INCIDENT

(Mr. DERWINSKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DERWINSKI. Mr. Speaker, an end of the buckpassing routine between Coast Guard authorities and the State Department in the incident of the Lithuanian seaman who sought asylum on the Coast Guard *Vigilant* but was forcibly returned to his ship by the Communists with the acquiescence of U.S. personnel is in order.

It is my opinion that this incident gives the Soviet Union a tremendous propaganda weapon. Therefore, the culprits in this case, whether in the Coast Guard or the State Department, must be ascertained. Their participation should be reviewed in light of regulations and orders now in effect and prompt action lodged against them.

I have contacted the White House and State Department on this subject, called for a strong reaffirmation of the U.S. policy of granting political asylum to escapees from Communist-dominated areas.

It is obvious from this incident that personnel in all departments and agencies that might, under any circumstances, be involved in a situation such as this be at all times aware of our national policy of granting political asylum to individuals or groups fleeing Communist tyranny.

This incident also dramatizes the oppressive life under which captives of communism must live. The would-be escapee, a Lithuanian seaman, typifies the non-Russian captive within the Soviet empire. Even though the handling of this incident was deplorable, further attention is properly being focused on conditions within the U.S.S.R. that causes thousands of people to seek asylum in the free world each year.

TAKE PRIDE IN AMERICA

(Mr. MILLER of Ohio asked and was given permission to address the House for 1 minute, to revise and extend his remarks.)

Mr. MILLER of Ohio. Mr. Speaker, today we should take note of America's great accomplishments and in so doing renew our faith and confidence in ourselves as individuals and as a Nation. Hydrochloric acid is used in large quantities in many industrial processes. The United States is by far the world's largest producer of hydrochloric acid. 1968 production was 1,574,200 metric tons for the United States compared to 473,600 for West Germany, second ranked.

PROVIDING FOR DISTRICT COURT TO BE HELD AT WESTBURY, N.Y.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 18126) to amend title 28 of the United States Code to provide for holding district court for the eastern

district of New York at Westbury, N.Y., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 1, after line 6, insert:

"Sec. 2. That the last sentence of section 104(b)(4) of title 28 of the United States Code is amended to read as follows:

"Court for the southern division shall be held at Biloxi and Gulfport."

"Sec. 3. That the last sentence of section 104(b)(3) of title 28, United States Code, is amended to read as follows:

"Court for the western division shall be held at Natchez and Vicksburg: *Provided*, That court shall be held at Natchez if suitable quarters and accommodations are furnished at no cost to the United States."

"Sec. 4. That section 100 of title 28, United States Code, is amended to read as follows:

"§ 100. Maryland

"Maryland constitutes one judicial district.

"Court shall be held at Baltimore, Cumberland, Denton, and at a suitable site in Prince Georges County not more than five miles from the boundary of Montgomery and Prince Georges Counties."

The SPEAKER. Is there objection to the request of the gentleman from New York (Mr. CELLER)?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

PROVIDING FUNDS FOR FURTHER EXPENSES FOR STUDIES, INVESTIGATIONS AND INQUIRIES AUTHORIZED BY HOUSE RESOLUTION 192

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 1644) on the resolution (H. Res. 1239) to provide funds for the further expenses for the studies, investigations, and inquiries authorized by House Resolution 192, and ask for immediate consideration of the resolution.

The Clerk read the resolution as follows:

H. RES. 1239

Resolved, That the further expenses for the studies, investigations, and inquiries authorized by H. Res. 192, incurred by the Committee on Science and Astronautics, acting as a whole or as a duly authorized subcommittee, not to exceed \$15,000, including expenditures for employment, travel, and subsistence of attorneys, experts, and consultants (including personnel of the Library of Congress performing services on reimbursable detail) and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration.

Sec. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House, and the chairman of the Committee on Science and Astronautics shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

Sec. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

Mr. HAYS (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. GROSS. Mr. Speaker, reserving the right to object, and I reserve the right to object in order to ask the gentleman a question concerning this resolution. Is the \$15,000 in addition to appropriations already made to the committee and, if so, why another \$15,000 to the committee.

Mr. HAYS. The answer to the gentleman's question is that it is an addition to what they already had. They have had more hearings and more investigations than were expected and they came before the subcommittee and asked for an additional \$15,000. In the opinion of the subcommittee, it was justified and it was reported to the full committee unanimously. An explanation was given to them and they unanimously reported it out.

Mr. GROSS. I note that there is a travel provision in the resolution. Would the \$15,000 be for the purpose of traveling?

Mr. HAYS. No, it is my understanding there has already been some traveling done and this is the end. I cannot envision any committee doing any traveling between now and the new Congress because their money really runs out on the 3d of January. They cannot do any traveling between the 3d of January and before we get back unless they use their own money. They cannot use any appropriated funds.

Mr. GROSS. But what about travel between now and January 3d?

Mr. HAYS. I cannot envision traveling anywhere except home for Christmas. But Members have to be here to keep a quorum here.

Mr. GROSS. I thank the gentleman.

The SPEAKER. Is there objection to request of the gentleman from Ohio (Mr. HAYS)?

There was no objection.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING EXPENDITURES INCURRED BY THE SPECIAL COMMITTEE TO INVESTIGATE CAMPAIGN EXPENDITURES TO BE PAID FROM THE CONTINGENT FUND OF THE HOUSE

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 91-1465) on the resolution (H. Res. 1262) authorizing expenditures incurred by the Special Committee To Investigate Campaign Expenditures to be paid from the contingent fund of the House, and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

H. RES. 1262

Resolved, That the expenses of conducting the investigation authorized by H. Res. 1062, Ninety-first Congress, incurred by the Special Committee To Investigate Campaign Expenditures, 1970, acting as a whole or by subcommittee, not to exceed an additional \$15,000, including expenditures for employment of experts, special counsel, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by said committee, signed by the chairman of the committee, and approved by the Committee on House Administration.

Sec. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia if not otherwise engaged.

Sec. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING ADDITIONAL FUNDS FOR THE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 91-1646), on the resolution (H. Res. 1274) providing additional funds for the Committee on the District of Columbia, and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

H. RES. 1274

Resolved, That, effective January 3, 1969, the further expenses of the studies and investigations to be conducted pursuant to H. Res. 76 by the Committee on the District of Columbia, acting as a whole or by subcommittee, not to exceed an additional \$10,000, including expenditures for the employment of investigators, attorneys, and experts, and clerical, stenographic, and other assistants, and all expenses necessary for travel and subsistence incurred by members and employees while engaged in the activities of the committee or any subcommittee thereof, shall be paid out of the contingent fund of the House on vouchers authorized and signed by the chairman of such committee and approved by the Committee on House Administration.

Sec. 2. The chairman, with the consent of the head of the department or agency concerned, is authorized and empowered to utilize the reimbursable services, information, facilities, and personnel of any other departments or agencies of the Government.

Sec. 3. The official committee reporters may be used at all hearings held in the District of Columbia, if not otherwise officially engaged.

Sec. 4. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House, and the chairman of the Committee on the District of Columbia shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

Sec. 5. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

Mr. HAYS (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

TELEPHONE, TELEGRAPH, AND RADIOTELEGRAPH ALLOWANCES OF MEMBERS, HOUSE OF REPRESENTATIVES, AND RESIDENT COMMISSIONER, PUERTO RICO

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Report No. 91-1647) on the resolution (H. Res. 1270) relating to telephone, telegraph, and radiotelegraph allowances of Members of the House of Representatives and the Resident Commissioner from Puerto Rico, and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

H. RES. 1270

Resolved, That, until otherwise provided by law, effective on the date of adoption of this resolution, for the purposes of subsection (b) of House Resolution 901, Eighty-ninth Congress, as enacted into permanent law by the Supplemental Appropriation Act, 1967 (80 Stat. 1064; Public Law 89-697; 2 U.S.C. 46g), relating to telephone, telegraph, and radiotelegraph allowances of Members of the House of Representatives and the Resident Commissioner from Puerto Rico—

(1) the words "seventy thousand", wherever occurring therein, shall be held and considered to read "eighty thousand";

(2) the words "one hundred and forty thousand", wherever occurring therein, shall be held and considered to read "one hundred and sixty thousand"; and

(3) the words "Eighty-ninth Congress" shall be held and considered to read "Ninety-first Congress".

The contingent fund of the House of Representatives is made available to carry out the purposes of this resolution.

The SPEAKER. The gentleman from Ohio is recognized.

Mr. SCHWENGEL. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. SCHWENGEL. Mr. Speaker, I think I shall point out that there was opposition in the committee on this resolution by those who felt that at a time when we are trying to control inflation, we ought to hold down our expenses. I thought it would be well for the House to know that this resolution was not passed by unanimous consent.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman from Ohio yield?

Mr. HAYS. I am glad to yield to the gentleman from Michigan.

Mr. GERALD R. FORD. I was consulted late this morning about the prospective action of the committee in reference to House Resolution 1270 and House Resolution 1276, that latter, I presume, will be brought up subsequently. I do have grave reservations about the desirability of considering both of mat-

ters at the present time. I do support those who in the committee this morning raised the questions which I think are perfectly legitimate and proper. It seems to me that rather than take action on them now, it would be far wiser to let the new Congress in its wisdom pass judgment on the need and necessity for these particular proposals in 1971 and subsequent.

Mr. HAYS. Mr. Speaker, I would like to say to the gentleman, by way of explanation, that there were three resolutions before the committee. The committee, upon my motion, decided not to act on the postal resolution because we thought it would be advisable to wait until the new postal organization decides what the increased postage rates should be.

Let me say to the gentleman on the telephone amounts, this Member has plenty of telephone allowance left, a surplus, as a matter of fact. Some Members do not. I have made a study of this to a small degree. I find that the closer the Member's district is to Washington—and this is not ironclad, but it is a general rule—the more people call him and the more he must use the allowance. If he only calls Winchester, Va., it is a minute, the same as if he called to Los Angeles, Calif. I find that some of the Members from close-by districts have used up their money. This is not an exorbitant amount of increase. It is only 10,000 units, but it boils down to 2,500 minutes on the long-distance telephone, or divided by 12, it is 200 units a month, which divided again, is 50 or 60 calls more than he gets now. A great many of us are not using this and are turning it back. I think it would balance out. I think the additional cost to the Government will be really insignificant. I thought, to help those Members who are in trouble and especially in the districts where their phones are used more than they are, perhaps, in my district or in the gentleman's district, that I would go along with it. I think we ought to pass it. I think it is a minimum amount.

On the next resolution, I will discuss that when it comes up.

I will yield further if the gentleman wishes me to.

Mr. GERALD R. FORD. Mr. Speaker, I think it is premature because I think in the main this particular benefit will be for the benefit of the next Congress. In the meantime we would have an opportunity to make a deeper study into the need and the necessity.

On the other hand, I believe Members should have fully adequate resources to give excellent service to their constituents. I think that is of utmost importance. I am just concerned about the timing and the adequacy of the justification at this time.

Mr. HAYS. I am not being political when I say this, because I made the same comment when my own party was in power. The thing that irks me is that any bureaucrat downtown of any rank whatever can pick up the phone and call any place he wants to and talk as long as he wants to with no restriction. The Congress of the United States is the only

place in the Federal Government where we limit it. The Supreme Court does not have it, and the executive does not have it. The Congress is the only place where we voluntarily try to limit ourselves and control the use of the phone.

I think this is a modest increase. I, for one, as I say, am not in need of it, but I will defend it. I am handling the bill on the floor, and I am willing to take whatever flack comes from that, because I think it is obviously justified in view of the way we treat the bureaucracy and the fact that we do have a limitation and strictly adhere to it.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, there is a way to get at the bureaucrats downtown, and that is through the purse, through the appropriation bills. If they are abusing the use of the telephone system that is the way to get at it. But that hardly justifies an increase insofar as Members of Congress are concerned. I believe this increase is unjustified.

Mr. HAYS. I am sorry the gentleman feels that way. I think if he studied it in depth, he might feel a little different.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 187, nays 164, not voting 83, as follows:

[Roll No. 376]

YEAS—187

Adams	Chamberlain	Friedel
Albert	Chappell	Fulton, Pa.
Alexander	Chisholm	Fulton, Tenn.
Anderson,	Clark	Fuqua
Tenn.	Clay	Garmatz
Annunzio	Cohelan	Gettys
Ashley	Collins, Ill.	Giaino
Ayres	Conyers	Gibbons
Barrett	Corman	Gonzalez
Bell, Calif.	Culver	Gray
Blaggi	Cunningham	Green, Pa.
Bingham	Daniels, N.J.	Griffiths
Boggs	Davis, Ga.	Gubser
Boland	Delaney	Hagan
Brademas	Dent	Halpern
Brasco	Derwinski	Hamilton
Brinkley	Dingell	Hanley
Brock	Donohue	Hansen, Idaho
Brooks	Eckhardt	Harrington
Brown, Calif.	Edmondson	Hawaway
Broyhill, Va.	Edwards, Calif.	Hawkins
Burke, Mass.	Edwards, La.	Hays
Burleson, Tex.	Eilberg	Hechler, W. Va.
Burlison, Mo.	Feighan	Heckler, Mass.
Burton, Calif.	Findley	Heistokli
Caffery	Flood	Henderson
Carey	Flynt	Hicks
Carney	Foley	Hollfield
Carter	Ford	Horton
Casey	William D.	Howard
Celler	Fraser	Hungate

Ichord	Morse	Rooney, Pa.
Jarman	Moss	Rosenthal
Johnson, Calif.	Murphy, Ill.	Rostenkowski
Karth	Murphy, N. Y.	Roybal
Kastenmeier	Nedzi	Ruppe
Kee	Nix	Ryan
Keith	Obey	St Germain
Kluczynski	O'Hara	Scheuer
Koch	Olsen	Shipley
Leggett	O'Neal, Ga.	Sikes
Lennon	O'Neill, Mass.	Sisk
Long, Md.	Ottinger	Slack
Lukens	Passman	Smith, Iowa
McCarthy	Patman	Staggers
McCulloch	Patten	Steed
McDonald, Mich.	Pepper	Stephens
McEwen	Perkins	Stokes
McFall	Philbin	Stuckey
McMillan	Podell	Teague, Calif.
Macdonald, Mass.	Pollock	Teague, Tex.
Madden	Preyer, N.C.	Thompson, N.J.
Matsunaga	Price, Ill.	Tiernan
Meeds	Pryor, Ark.	Udall
Mikva	Pucinski	Ullman
Miller, Calif.	Rees	Vanik
Mills	Reid, N.Y.	Waggonner
Minish	Reuss	Watts
Mink	Rivers	Williams
Mollohan	Roberts	Wolf
Moorhead	Rodino	Wyder
Morgan	Roe	Yates
	Rogers, Colo.	Young
	Rooney, N.Y.	

Fish	Lujan	Sandman
Flowers	McClure	Saylor
Foreman	McKneally	Shriver
Frelinghuysen	Mailliard	Steiger, Ariz.
Gallagher	May	Sullivan
Gilbert	Melcher	Symington
Green, Oreg.	Meskill	Tunney
Hanna	Michel	Vander Jagt
Hansen, Wash.	Mize	Waldie
Hébert	Morton	Watson
Hogan	Nichols	Whalley
Johnson, Pa.	O'Konski	Wiggins
Jones, Ala.	Pickle	Wilson, Bob
Kazen	Powell	Wilson,
King	Purcell	Charles H.
Kuykendall	Reifel	Wold
Landrum	Rhodes	Wright
Langen	Riegle	Wyatt
Long, La.	Robison	

about what has been allowed in additional costs of stationery. I believe the resolution should be agreed to.

Mr. DENT. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Pennsylvania.

AMENDMENT OFFERED BY MR. DENT

Mr. DENT. Mr. Speaker, I offer an amendment.

Mr. HAYS. Mr. Speaker, I yield to the gentleman for the purpose of offering an amendment.

The Clerk read as follows:

Amendment offered by Mr. DENT: On line 4, after the figure "\$500." insert "upon request."

The amendment was agreed to.

The SPEAKER. The question is on the resolution, as amended.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. KYL. Mr. Speaker, on that I demand the yeas and nays.

The resolution was agreed to.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

STATIONERY ALLOWANCE FOR MEMBERS, HOUSE OF REPRESENTATIVES

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 97-1648) on the resolution (H. Res. 1276) relating to the stationery allowance for Members of the U.S. House of Representatives, and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

H. RES. 1276

Resolved, That, until otherwise provided by law, in addition to any amounts authorized by law, there shall be paid from the contingent fund of the House of Representatives an additional allowance for stationery of \$500. Such payment shall be made to each Member and the Resident Commissioner from Puerto Rico.

SEC. 2. The contingent fund of the House of Representatives is made available to carry out the purposes of this resolution.

Mr. SCHWENGEL. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. SCHWENGEL. Mr. Speaker, I just want to point out that there were minority members on the committee who opposed this resolution for the same reasons we opposed the one just voted, so the same argument against this bill can be made for this resolution. They are confirmed by our leader, that is all I have to say on the question.

Mr. HAYS. Mr. Speaker, I should like to point out for the benefit of the Members that there was opposition to this, but not as much as there was on the telephone allowance. I do not know why.

It seems to me that the resolution is justified, in the fact that stationery costs have gone up. Every Member of Congress is serving more people, with very few exceptions, than he was serving 2, 4, or 6 years ago. As a matter of fact, according to the new census figures, each district will have roughly 50,000 to 60,000 more constituents than now.

Again I do not have any wish to be political, but I read in the paper that the cost downtown for the White House alone has almost doubled.

This is a very modest increase. It is

PARLIAMENTARY INQUIRY

Mr. WAGGONNER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. WAGGONNER. Under the rules of the House are the yeas and nays in order on amendments to such a resolution?

The SPEAKER. The amendment has been agreed to. The question is on the resolution, as amended.

Mr. HAYS. Mr. Speaker, I had promised to yield to the gentleman from Illinois (Mr. DERWINSKI) before we voted, and I hope the Speaker will permit me to keep that promise.

The SPEAKER. Without objection, the action taken subsequent to the amendment being agreed to will be vacated.

There was no objection.

The SPEAKER. The gentleman from Ohio yields to the gentleman from Illinois.

Mr. DERWINSKI. I thank the gentleman from Ohio.

Mr. Speaker, I noted there was earlier reference to the fact that this resolution accidentally has become a majority and minority issue. I do not believe the line should be drawn quite that way. I personally believe the gentleman from Ohio made a sound argument for the previous resolution, and that he was quite logical in presenting this resolution. The amendment offered by the gentleman from Pennsylvania, I believe, is sound.

At the risk of losing my standing in the minority, I supported the previous resolution and I intend to support this one.

Mr. HAYS. I thank the gentleman from Illinois.

Mr. Speaker, I yield to the gentleman from Pennsylvania briefly.

Mr. DENT. Mr. Speaker, in order that the Members may know what we are voting on, I offered an amendment. The amendment is a very logical way in which to handle such delicate matters that come before the House.

I have just offered an amendment

NAYS—164

Abernethy	Ford, Gerald R.	Pirnie
Anderson, Calif.	Forsythe	Poage
Anderson, Ill.	Fountain	Poff
Andrews, N. Dak.	Frey	Price, Tex.
Arends	Gallifanakis	Quie
Ashbrook	Gaydos	Quillen
Beall, Md.	Goldwater	Railsback
Belcher	Goodling	Randall
Bennett	Griffin	Rarick
Betts	Gross	Reid, Ill.
Blackburn	Grover	Rogers, Fla.
Bow	Gude	Roth
Bray	Haley	Roudebush
Broomfield	Hall	Rousselot
Brotzman	Hammer-	Ruth
Brown, Mich.	schmidt	Satterfield
Brown, Ohio	Harsha	Schadegberg
Broyhill, N.C.	Harvey	Scherle
Buchanan	Hastings	Schmitz
Burke, Fla.	Hosmer	Schneebeli
Bush	Hull	Schwengel
Byrnes, Wis.	Hunt	Scott
Cabell	Hutchinson	Sebelius
Camp	Jacobs	Skubitz
Cederberg	Jonas	Smith, Calif.
Clancy	Jones, N.C.	Smith, N.Y.
Clausen, Don H.	Jones, Tenn.	Snyder
Clawson, Del	Kleppe	Springer
Cleveland	Kyl	Stafford
Collier	Kyros	Stanton
Colmer	Landgrebe	Steele
Conable	Latta	Steiger, Wis.
Conte	Lloyd	Stratton
Corbett	Lowenstein	Stubblefield
Coughlin	McClory	Taft
Cowger	McCloskey	Talcott
Crane	McDade	Taylor
Daniel, Va.	MacGregor	Thompson, Ga.
Davis, Wis.	Mahon	Thompson, Wis.
Dellenback	Mann	Van Deerlin
Denney	Marsh	Vigorito
Devine	Martin	Wampler
Dorn	Mathias	Ware
Downing	Mayne	Weicker
Dulski	Miller, Ohio	Whalen
Duncan	Minshall	White
Dwyer	Mizell	Whitehurst
Edwards, Ala.	Monagan	Whitten
Erlenborn	Montgomery	Widnall
Esch	Mosher	Winn
Eshleman	Myers	Wylie
Evans, Colo.	Natcher	Wyman
Fisher	Neisen	Yatron
	Pelly	Zablocki
	Pettis	Zion
	Pike	Zwach

NOT VOTING—83

Abbutt	Blanton	de la Garza
Adair	Blatnik	Dennis
Addabbo	Bolling	Dickinson
Andrews, Ala.	Burton, Utah	Diggs
Aspinall	Button	Dowdy
Baring	Byrne, Pa.	Evins, Tenn.
Berry	Collins, Tex.	Fallon
Bevill	Cramer	Farbstein
Blester	Daddario	Fascell

which makes it possible to take care of Members in the group who happen to live in the kind of district where they have to expend more money than other Members, because of the manner in which their district is made up.

As an example, I have to reach my constituents with reports and letters. I do not have a big cosmopolitan city. I represent a lot of little rural communities.

All we are saying is that this money, the \$500 additional, is not available to any Member of Congress unless he requests it. Those who do not want it do not need to take it.

Mr. HAYS. Mr. Speaker, what this really does is make it available to those Members who want it and those who say they need it. Those who do not want it, and do not need it, do not have to take it. It is a very salutary amendment. I think the resolution ought to be passed without any further discussion.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

Mr. KYL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING PRINTING OF ADDITIONAL COPIES OF "HEARINGS RELATING TO VARIOUS BILLS TO REPEAL THE EMERGENCY DETENTION ACT OF 1950"

Mr. DENT. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 91-1649) on the concurrent resolution (H. Con. Res. 788) authorizing the printing of additional copies of "Hearings Relating to Various Bills To Repeal the Emergency Detention Act of 1950," 91st Congress, second session, and ask for immediate consideration of the concurrent resolution.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 788

Resolved by the House of Representatives (the Senate concurring). That there be printed for the use of the Committee on Internal Security two thousand additional copies of the publication entitled "Hearings Relating to Various Bills To Repeal the Emergency Detention Act of 1950," Ninety-first Congress, second session.

With the following committee amendment:

On page 1, line 3, strike out "two" and insert in lieu thereof "three".

The committee amendment was agreed to.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

TO PROVIDE FOR THE PRINTING OF THE PRAYERS OFFERED BY THE CHAPLAIN AS A HOUSE DOCUMENT

Mr. DENT. Mr. Speaker, by direction of the Committee on House Administration,

I submit a privileged report (Rept. No. 91-1650) on the concurrent resolution (H. Con. Res. 789) to provide for the printing of the prayers offered by the Chaplain as a House document, and ask for immediate consideration of the concurrent resolution.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 789

Resolved by the House of Representatives (the Senate concurring). That the prayers offered by the Chaplain, the Reverend Edward Gardiner Latch, D.D., L.H.D., at the opening of the daily sessions of the House of Representatives of the United States during the Eighty-ninth, Ninetieth, and Ninety-first Congresses, be printed, with appropriate illustration, as a House document, and that one thousand additional copies be printed and bound for the use of the House of Representatives, to be distributed by the Chaplain of the House of Representatives.

With the following committee amendment:

On page 1, line 7, strike out "one" and insert in lieu thereof "three".

Mr. HALL. Mr. Speaker, will the gentleman from Pennsylvania yield?

Mr. DENT. I yield to the gentleman from Missouri.

Mr. HALL. Mr. Speaker, I appreciate the gentleman yielding. I have heard the Clerk read this resolution, and I want it clearly understood that I have not the slightest objection to the printing of the Chaplain's prayers because I would covet one myself and especially today's, but I would ask if copies of this resolution are available and if copies of the previous resolution which was agreed to are available to the Members of the House? I was not able to find a copy, nor hear the last resolution, and now I am not able to find a copy of this resolution.

I just wonder if this is harbinger of things to come during the remainder of this session?

Mr. DENT. By way of explanation, I might say that this concurrent resolution was introduced by the gentleman from Illinois (Mr. ARENDS) on yesterday and we had to work on it today because I doubt that we will be able to have another full committee meeting before the adjournment of the Congress. I have cleared this with the gentleman from Illinois (Mr. ARENDS), and at the request of many Members like the gentleman himself, who said he would like to have a copy of these prayers, we amended the resolution to make available 3,000 extra copies, increasing it from 1,000 to 3,000, with the understanding that there will be available to Members at least as many as 2,000 copies.

Mr. HALL. Mr. Speaker, if the gentleman will yield further, I appreciate the gentleman's explanation and the modus operandi, but I do think some statement is in order to the Members. Does the same general principle apply to the last privileged resolution that we accepted by unanimous consent?

Mr. DENT. Yes. I am always ready to explain what is in them, but I cannot be responsible for having them printed between the time committee action is taken in the committee as it was taken today and the time when the House meets at 12 o'clock.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON RULES TO FILE PRIVILEGED REPORTS

Mr. ANDERSON of Tennessee. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER pro tempore (Mr. PRICE of Illinois). Is there objection to the request of the gentleman from Tennessee?

There was no objection.

THE HOUSING AND URBAN DEVELOPMENT ACT OF 1970

Mr. ANDERSON of Tennessee. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1271 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1271

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 19436) to provide for the establishment of a national urban growth policy, to encourage and support the proper growth and development of our States, metropolitan areas, cities, counties, and towns with emphasis upon new community and inner city development, to extend and amend laws relating to housing and urban development, and for other purposes, and all points of order against said bill for failure to comply with the provisions of clause 3, Rule XIII and clause 4, Rule XXI are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommend.

The SPEAKER pro tempore (Mr. PRICE of Illinois). The gentleman from Tennessee (Mr. ANDERSON) is recognized for 1 hour.

Mr. ANDERSON of Tennessee. Mr. Speaker, I yield 30 minutes to the gentleman from Nebraska (Mr. MARTIN) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1271 provides an open rule with 2 hours of general debate for consideration of H.R. 19436, the Housing and Urban Development Act of 1970. The resolution further provides that the bill shall be read for

amendment by titles instead of by sections and that all points of order are waived for failure to comply with the provisions of clause 3, rule XIII—the Ramseyer rule—and clause 4, rule XXI—appropriation in a legislative bill.

The purpose of this bill is to provide for the establishment of a national urban growth policy, to encourage and support the proper growth and development of our States, metropolitan areas, cities, counties, and towns with emphasis upon new community and inner city development, to extend and amend laws relating to housing and urban development, and for other purposes.

The legislation would create a Council on Urban Growth to develop a national urban growth policy and advise the President on urban growth problems; establish a Community Development Corporation within HUD to administer a new and expanded program of financial assistance for the development of new communities; provide additional sites for housing, employment, and public facilities by permitting urban renewal projects to involve land or space which, although not "slum or blighted," is economically underutilized or occupied by natural hazards; and provide grants under the open space land program to acquire land to be withheld from development in order to help shape economic and desirable patterns of urban growth.

The Community Development Corporation would provide planning and financial assistance to public and private new community developments; both public and private developers would receive guarantees of their obligations for land acquisition and development. In the case of public developers, guarantees would be made only where their borrowing was not tax exempt; in such cases, the Corporation would provide grant assistance to make up the difference between the market interest rate on the obligation—with the guarantee—and the probable tax-exempt rate; in addition, both public and private developers would receive loans to cover their interest payments for up to 15 years, as needed, until land sales are sufficient in volume to permit repayment without assistance.

The aggregate amount of guarantees would be limited to 650 million; loans to cover interest costs during the early years of projects would be limited to \$240 million; and an additional \$168 million would be authorized for supplemental grants in connection with federally assisted public facilities through fiscal year 1973.

Mr. Speaker, I urge the adoption of House Resolution 1271 in order that H.R. 19436 may be considered.

Mr. KYL. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Tennessee. I am glad to yield to the gentleman.

Mr. KYL. Mr. Speaker, the gentleman says that points of order have been waived, in one instance as to the Ramseyer rule and in the second as to the rule prohibiting appropriations in an authorizing bill.

Will the gentleman answer this three-part question?

First, how much money is appropriated—for what purpose is it appropriated—and, third, why do we use this process instead of utilizing the normal legislative process?

Mr. ANDERSON of Tennessee. Insofar as the sum provided, I would ask the gentleman to address that question to the distinguished chairman of the subcommittee, the gentleman from Pennsylvania (Mr. BARRETT) who brought the legislation forward.

Mr. BARRETT. The sum of the bill totals \$7 billion over a 3-year period.

Mr. KYL. Mr. Speaker, will the gentleman yield further?

Mr. ANDERSON of Tennessee. I yield to the gentleman.

Mr. KYL. Is the gentleman from Pennsylvania saying that we are appropriating, in an authorizing bill, \$7 billion, and that this appropriation will extend through three Congresses.

Mr. BARRETT. I am not saying that. I am saying it is entirely up to House as to what they decide. I am answering the question the gentleman is asking as to the amount or the total sum that is in the bill. The total sum authorized in the bill is \$7 billion.

Mr. KYL. Will the gentleman from Tennessee permit the gentleman from Pennsylvania to clarify this?

Is all of this \$7 billion being appropriated here being appropriated through an unusual process under which we must waive rules?

Mr. BARRETT. When it is authorized, it will be appropriated through the usual and proper procedures for appropriations.

Mr. KYL. Why then do we need to waive rules if it is going to go through the regular process?

Mr. BARRETT. The waiver in the rule is done on the basis of the regular and usual process. It is customary that all points of order be waived. We have precedents for this being done and it has been done.

Mr. JONAS. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Tennessee. I yield.

Mr. JONAS. I have asked the gentleman to yield so that I may respond to the question of the gentleman from Iowa.

I cannot quite agree with my friend, the gentleman from Pennsylvania, that all of the funds authorized in this bill will go through the appropriation process.

One of the objections I have to the bill is that there is a lot of backdoor spending which does not go through the appropriation process so efforts will be made to amend the bill to require that all appropriations and all expenditures go through the regular appropriation process.

Mr. BARRETT. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Tennessee. I am glad to yield to the gentleman from Pennsylvania.

Mr. BARRETT. As I have pointed out, there is one section of the bill with relation to Treasury borrowing that contains a practice that has gone on since 1938, and it is also traditional in that category.

Since the gentleman has brought up the subject, I also wish to make the point that there may be some effort made today, in the form of an amendment, to put the Public Housing money through the appropriation processes. I do not object to that if the effort would be held until another time. But I would object to the offer of such an amendment at this time. I think in the next Congress we could agree to hold hearings on the question. I do not know what damage might be done and how the public housing program might be distorted if such action were taken at this time.

In the next Congress, we can sit together and work that out sensibly across the table, and we could warn and admonish everybody in the public housing program that this might happen.

Mr. JONAS. May I say to the gentleman from Pennsylvania that I do not refer to public housing. My reference to backdoor spending refers to the financing of activities of the new corporation which would be created under title I. The financing of that new corporation would be made by the use of Treasury borrowings, which would completely bypass the appropriation process.

Mr. BARRETT. If the gentleman would look further down in the bill, he would find that the administration is recommending research without authorization, which would again be backdoor spending.

Mr. JONAS. May I say I do not care who recommends it. I am not in favor of the appropriation process being abdicated and I am not in favor of backdoor spending or bypassing the regular committees of the House that are set up to supervise the spending programs of the Federal Government.

Mr. BARRETT. I am not opposed to your suggestion.

The SPEAKER pro tempore. The gentleman from Nebraska is recognized for 1 hour.

Mr. MARTIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. MARTIN. Mr. Speaker, House Resolution 1271 provides for 2 hours of debate on H.R. 19436, the Housing and Urban Development Act of 1970. As has been explained, points of order are waived against the bill because of the transfer of funds from one department to another in the bill. Also the Ramseyer rule has not been fully complied with. It is attempted to be complied with in the report, but there are numerous errors of printing in the report, and as a consequence, the Committee on Rules has waived points of order against errors made in the printing of the report.

The Housing and Urban Development Act of 1970 extends authorizations on present programs, and comes up with two major, completely new, programs—the Community Development Corporation to provide both planning and financial assistance to the developers of new communities, and second a completely new program of direct Federal insurance for some property owners. Total authorizations contained in the bill are \$7,788,000,000.

Only one program needs an extension of its authorization at the present time, and that is the FHA authority to insure mortgages. This expired October 1, has been extended twice by resolution to December 1, and could easily be extended by resolution to July 1, 1971, and eliminate the need for consideration of this bill in this Congress.

Title I of the bill establishes a new corporation—the Community Development Corporation—which will provide both planning and financial assistance to both private and public developers of new communities.

The Corporation would be authorized to pledge the full faith and credit of the United States to the payment of bonds and other obligations issued to finance land acquisition and land development—which would include both public facilities, such as schools and hospitals, but not the construction of residential, commercial, or industrial buildings—by eligible new community developers. For private developers, the guarantees could run up to 80 percent of land value, and up to 90 percent of the cost of land improvements.

The bill sets a ceiling on the aggregate amount of guarantees at \$650 million. Investment loans are authorized to \$240 million, with an additional \$168 million authorized for supplemental grants for federally assisted public facilities through fiscal 1973.

The bill also creates a Counsel on Urban Growth in the Executive Office of the President. The President has not asked for this, and has this year himself restructured his office to create the Domestic Counsel. Congress should not tell the President who may advise him, and how he is to structure his own Office.

The homeownership program—section 235—and rental assistance program—section 236—are extended to October 1, 1973. Existing authorizations for each program would be increased from \$125 million to \$150 million beginning with fiscal year 1971, from \$170 million to \$200 million beginning with fiscal year 1972, and an additional \$225 million for 1973 and \$250 million for 1974. I will have more to say on these programs later on.

The authorization for the urban renewal program, however, is the champion of them all, as the increase for fiscal year 1972 is \$3 billion. This, in the face of projected deficit of \$12 to \$15 billion for the current fiscal year, and probably continuing deficits in fiscal year 1972—this \$3 billion increase for urban renewal in the face of these deficits will simply contribute further to inflation and is fiscally unsound.

Funding for public housing is increased by \$150 million for 1971, \$275 million for 1972, \$300 million for 1973, and \$350 million for fiscal 1974.

The bill, for the first time, creates a program of direct Federal insurance for property owners located in high risk areas where riots and demonstrations have taken place and the insurance rates have increased considerably. The insurance business has always been regulated at the State level, and handled by

private enterprise. This puts the Federal Government, for the first time, into direct competition with and partially supplants private enterprise. This could be the first step toward future expanded activity of the Federal Government in the field of insurance—a field which has been regulated exclusively by the States. This is a very dangerous precedent to set.

In questioning the gentleman from Pennsylvania (Mr. MOORHEAD) in the Rules Committee as to the estimated cost of this program, none was given, or was there any idea as to the total number of applicants for this insurance.

Mr. MOORHEAD. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD. Mr. Speaker, as I stated in the Rules Committee, the intention would be to make the premiums sufficient so that there would be no cost to the taxpayer, just as there has been no cost in the riot reinsurance program. Actually, a fund has been built up.

Mr. MARTIN. I believe the gentleman would say that they would be based on the rates and the amount of losses on these policies, and so there are no definite figures as to how many would apply and what cost there would be to the U.S. Treasury.

Mr. MOORHEAD. The intention is that there would be no cost.

Mr. MARTIN. I understand the intention. We have that in many programs, but it does not always work out that way.

Mr. MOORHEAD. I would say in the riot insurance here has been no cost to the taxpayers. A fund of \$65 million has been built up.

Mr. BLACKBURN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from Georgia.

Mr. BLACKBURN. Mr. Speaker, does the gentleman in the well think if the writing of this type of insurance would be so lucrative, there would be no need for the Federal Government to write this insurance in the first place?

Mr. MARTIN. That is exactly correct, because private enterprise would take care of the need, since demand would be there and the profit motive would be there for the insurance companies to benefit.

Mr. BLACKBURN. Would the gentleman not agree it is only fair to assume it is anticipated there would be losses under this program over and above the premiums on the cost of administration, and it is anticipated in the bill that the losses would be paid by the taxpayer out of the appropriations process?

Mr. MARTIN. That is correct.

It is interesting to note that immediately after this bill was reported out of the Banking and Currency Committee that the chairman immediately appointed three panels to check into various phases of the current operation of HUD programs. It was stated by the chairman of the subcommittee, Mr. BARRETT of Pennsylvania, in testifying before the Committee on Rules, that there was preliminary evidence that a major scandal was developing in the operation

of the 235 housing program. This is the program where the taxpayers subsidize practically all of the interest on the purchase of a new home or already built home. Preliminary investigation has disclosed that "fast buck" real estate operators have purchased rundown residences in the cities that were in deplorable condition for \$4,000 to \$5,000, done a brief facelifting, and resold them to people who qualified for a 235 loan for from \$12,000 to \$15,000.

I have also had it called to my attention, Mr. Speaker, that women receiving ADC benefits have qualified and been sold residences under the 235 program and make the payments on those residences out of the ADC and welfare payments that they receive. That is how far this 235 program has gone afield from the original intent of the Congress.

It seems to me that the committee is getting the cart before the horse—that the investigation of improper practices should have been done before the legislation was reported out of committee rather than after.

In construction of low-cost housing for the elderly, the present law provides that the contract may be let in one of two ways—the "conventional" method which provides that an architect be hired by the local housing authority, draw up plans and specifications, advertise for bids, and the bid then going to the lowest responsible bidder. The other method is the so-called "turnkey" method, which provides that a developer will come in and bid, but with each developer figuring the cost of the project based on different plans and different specifications. This leaves room for the manipulation of who receives the contract. It appears that a major scandal could develop in the operation of this program. Let me give you an illustration:

One project received bids, under the turnkey method, with the lowest bid in the amount of \$348,100. The second bid was \$380,000. The low bidder was told that he did not include everything in his bid which the second bidder had included, although the low bidder met all of the specifications of the local housing authority except for a multiple TV antenna. He was told to add the cost of 14 items which were not included. This brought his bid up to \$365,275. He is a completely responsible builder. The second lowest bidder was then allowed to reduce his bid from the \$380,000 to \$365,275 and the Chicago regional office approved the awarding of this contract to the second lowest bidder. An investigation is currently going on concerning this project which has not as yet been formally approved by the Director of the program here in Washington.

In a GAO investigation which I requested approximately a year and a half ago, one architect had done 38 percent of all the turnkey projects in his State. I have been furnished the name of another individual who seems to have a monopoly on the turnkey projects in another State. Since the turnkey method really eliminates competitive bidding, it opens the door to awarding the contract by negotiation, and favoritism can be involved. The Committee on Banking and

Currency should have checked into this long ago and should eliminate from the law the turnkey method of awarding these contracts.

At the discretion of the Secretary, funds for housing are allocated among seven different housing programs. Two of these programs, of course, include the conventional and turnkey method of construction of low-cost housing for the elderly. Many towns in Nebraska and other States specifically wanted to go the conventional method where the contract is awarded to the lowest responsible bidder, with all bids figured from the same plans and specifications, but have been told that they would have to wait from a year to 2 years if they went the conventional method for lack of funds. It was then suggested by HUD officials that if they would go the turnkey method that there were plenty of funds available, and they could get approval much sooner. This arbitrary allocation of the funds by the Secretary of HUD should be stopped.

Housing starts for October increased 11 percent from October 1969, to 1,550,000 new units for the year. Urban residential vacancy rates are near a 12-year low at present, and as a result building economists predict a 15- to 20-percent increase in new construction in 1971.

Last week the Federal Home Loan Bank Corporation added \$1 billion to the mortgage housing market. Yesterday, both the FHA and VA announced reductions in interest rates from 8½ percent to 8 percent. These things will do more to stimulate construction of new homes in the country than all of the housing bills put together.

Only one program in this entire bill has expired, and that is the FHA authority to guarantee loans. This expired October 1, and has been extended twice by 30-day resolutions by the Congress. This could easily be extended to June 30, 1971, so that the FHA could continue its insuring authority. The balance of this bill could then be postponed as far as this Congress is concerned, and the Banking and Currency Committee could go back to work early next year and report out a new housing bill which would benefit from the results of the three current investigations being conducted by the committee.

This procedure I recommend to the House.

Mr. ANDERSON of Tennessee. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. BLACKBURN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 344, nays 22, nct voting 68, as follows:

[Roll No. 377]

YEAS—344

Adams	Edmondson	McDade
Addabbo	Edwards, Ala.	McDonald,
Albert	Edwards, Calif.	Mich.
Anderson,	Edwards, La.	McEwen
Calif.	Elberg	McFall
Anderson, Ill.	Erlenborn	McKneally
Anderson,	Esch	Macdonald,
Tenn.	Eshleman	Mass.
Andrews, Ala.	Evans, Colo.	MacGregor
Andrews,	Evins, Tenn.	Madden
N. Dak.	Feighan	Mahon
Annunzio	Findley	Mann
Arendz	Fisher	Marsh
Ashley	Flood	Mathias
Ayres	Flowers	Matsunaga
Barrett	Flynt	Mayne
Beall, Md.	Ford, Gerald R.	Meeds
Belcher	Ford,	Melcher
Bell, Calif.	William D.	Michel
Bennett	Forsythe	Mikva
Betts	Fountain	Miller, Calif.
Bevill	Fraser	Miller, Ohio
Blaggi	Frey	Mills
Bingham	Friedel	Minish
Blanton	Fulton, Pa.	Mink
Boggs	Fulton, Tenn.	Minshall
Boland	Fuqua	Mizell
Brademas	Gallifanakis	Mollohan
Brasco	Garmatz	Monagan
Bray	Gaydos	Montgomery
Brinkley	Gettys	Moorhead
Brock	Glaimo	Morgan
Brooks	Gibbons	Morse
Broomfield	Gonzalez	Mosher
Brotzman	Goodling	Moss
Brown, Calif.	Gray	Murphy, Ill.
Brown, Mich.	Green, Pa.	Murphy, N.Y.
Brown, Ohio	Griffin	Myers
Broyhill, N.C.	Griffiths	Natcher
Broyhill, Va.	Grover	Nedzi
Buchanan	Gubser	Nelson
Burke, Fla.	Gude	Nichols
Burke, Mass.	Hagan	Nix
Burleson, Tex.	Haley	Obey
Burison, Mo.	Halpern	O'Hara
Burton, Calif.	Hamilton	Olsen
Bush	Hammer-	O'Neal, Ga.
Byrne, Pa.	schmidt	O'Neill, Mass.
Byrnes, Wis.	Hanley	Passman
Cabell	Hansen, Idaho	Patman
Caffery	Hansen, Wash.	Patten
Carey	Harrington	Pelly
Carney	Harsha	Pepper
Carter	Harvey	Perkins
Casey	Hastings	Pettis
Cederberg	Hathaway	Philbin
Chamberlain	Hawkins	Pike
Chappell	Hays	Pirnie
Chisholm	Hébert	Poage
Clancy	Hechler, W. Va.	Podell
Clark	Heckler, Mass.	Poff
Clausen,	Helstoski	Pollock
Don H.	Henderson	Preyer, N.C.
Clay	Hicks	Price, Ill.
Cleveland	Hogan	Price, Tex.
Cohelan	Holifield	Pryor, Ark.
Collier	Horton	Pucinski
Collins, Ill.	Hosmer	Quie
Colmer	Howard	Rallsback
Conable	Hull	Randall
Conte	Hungate	Rarick
Conyers	Ichord	Rees
Corbett	Jacobs	Reid, Ill.
Corman	Jarman	Reid, N.Y.
Coughlin	Jones, Ala.	Reuss
Cowger	Jones, N.C.	Rhodes
Culver	Jones, Tenn.	Riegle
Cunningham	Karth	Rivers
Daniel, Va.	Kastenmeier	Roberts
Daniels, N.J.	Kee	Rodino
Davis, Ga.	Keith	Roe
Davis, Wis.	Kleppe	Rogers, Colo.
Delaney	Kluczynski	Rogers, Fla.
Dellenback	Koch	Rooney, N.Y.
Dent	Kyl	Rooney, Pa.
Derwinski	Kyros	Rosenhay
Devine	Langen	Rostenkowski
Dickinson	Latta	Roth
Diggs	Leggett	Roudebush
Dingell	Lennon	Roybal
Donohue	Lloyd	Ruppe
Dorn	Long, Md.	Ruth
Downing	Lowenstein	Ryan
Dulski	Lukens	St Germain
Duncan	McCarthy	Satterfield
Dwyer	McCloskey	Scherle
Eckhardt	McCulloch	Scheuer

Schneebeli	Stratton	Watts
Scott	Stubblefield	Whalen
Sebelius	Stuckey	White
Shiplay	Symington	Whitehurst
Sikes	Taft	Widnall
Sisk	Taylor	Williams
Skubitz	Teague, Calif.	Wilson, Bob
Slack	Teague, Tex.	Winn
Smith, Iowa	Thompson, Ga.	Wolf
Smith, N.Y.	Thompson, N.J.	Wylder
Snyder	Thomson, Wis.	Wylle
Springer	Tiernan	Wyman
Stafford	Udall	Yates
Staggers	Ullman	Yatron
Stanton	Van Deerlin	Young
Steed	Vander Jagt	Whitten
Steele	Vanik	Zablocki
Steiger, Ariz.	Vigorito	Zion
Steiger, Wis.	Waggoner	Zwach
Stephens	Wampler	
Stokes	Ware	

NAYS—22

Abernethy	Gross	Quillen
Alexander	Hall	Rousselot
Ashbrook	Hunt	Schadeberg
Blackburn	Hutchinson	Schmitz
Camp	Jonas	Smith, Calif.
Clawson, Del.	Landgrebe	Talcott
Crane	McMillan	
Denney	Martin	

NOT VOTING—68

Abbitt	Foreman	Ottinger
Adair	Frelinghuysen	Pickle
Aspinall	Gallagher	Powell
Baring	Gilbert	Purcell
Berry	Goldwater	Reifel
Biester	Green, Oreg.	Robison
Blatnik	Hanna	Sandman
Bolling	Johnson, Calif.	Saylor
Bow	Johnson, Pa.	Schwengel
Burton, Utah	Kazen	Shriver
Button	King	Sullivan
Celler	Kuykendall	Tunney
Collins, Tex.	Landrum	Waldie
Cramer	Long, La.	Watson
Daddario	Lujan	Weicker
de la Garza	McClory	Whalley
Dennis	McClure	Wiggins
Dowdy	Mailliard	Wilson
Fallon	May	Charles H.
Farbstein	Meskill	Wold
Fascell	Mize	Wright
Fish	Morton	Wyatt
Foley	O'Konski	

So the resolution was agreed to. The Clerk announced the following pairs:

Mrs. Sullivan with Mr. Bow.
 Mr. Johnson of California with Mr. Robison.
 Mr. Aspinall with Mr. Johnson of Pennsylvania.
 Mr. Celler with Mr. Frelinghuysen.
 Mr. Pickle with Mr. Burton of Utah.
 Mrs. Green of Oregon with Mr. Fish.
 Mr. Purcell with Mr. King.
 Mr. Hanna with Mr. Goldwater.
 Mr. Daddario with Mr. Lujan.
 Mr. Blatnik with Mr. Adair.
 Mr. Long of Louisiana with Mr. Foreman.
 Mr. Charles H. Wilson with Mr. Mailliard.
 Mr. Wright with Mr. Berry.
 Mr. Gallagher with Mr. Button.
 Mr. Fascell with Mr. Kuykendall.
 Mr. Foley with Mr. Biester.
 Mr. de la Garza with Mr. Collins of Texas.
 Mr. Baring with Mr. Cramer.
 Mr. Abbitt with Mr. Dennis.
 Mr. Landrum with Mr. McClure.
 Mr. Kazen with Mr. McClory.
 Mr. Tunney with Mrs. May.
 Mr. Waldie with Mr. Meskill.
 Mr. Ottinger with Mr. Mize.
 Mr. Fallon with Mr. Morton.
 Mr. Dowdy with Mr. O'Konski.
 Mr. Rosenthal with Mr. Reifel.
 Mr. Weicker with Mr. Sandman.
 Mr. Watson with Mr. Saylor.
 Mr. Farbstein with Mr. Schwengel.
 Mr. Wiggins with Mr. Shriver.
 Mr. Wyatt with Mr. Smith of New York.
 Mr. Whalley with Mr. Wold.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. BARRETT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 19436) to provide for the establishment of a national urban growth policy, to encourage and support the proper growth and development of our States, metropolitan areas, cities, counties, and towns with emphasis upon new community and inner city development, to extend and amend laws relating to housing and urban development, and for other purposes.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 19436, with Mr. NATCHER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Pennsylvania (Mr. BARRETT) will be recognized for 1 hour, and the gentleman from New Jersey (Mr. WIDNALL) will be recognized for 1 hour.

The Chair now recognizes the gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Chairman, I yield myself such time as I may consume.

(Mr. PATMAN (at the request of Mr. BARRETT) was granted permission to extend his remarks at this point in the Record.)

Mr. PATMAN. Mr. Chairman, H.R. 19436, the Housing and Urban Development Act of 1970, represents the Congress response in aiding this country to achieve the housing goals of providing 26 million units of housing over the next 10 years. This bill was reported out of the Committee on Banking and Currency by a vote of 24 to 4, and represents a bipartisan effort of meeting the housing needs of this Nation. We all know that the high-interest tight-money policy of the present administration has almost brought the housing industry to a halt. This fruitless policy has cut off mortgage credit market from the middle-income families of the United States, has driven up the costs of operating Federal Government housing subsidy programs, and has made it more difficult for our local communities around the country from financing their efforts at dealing with the critical urban problems that this Nation is faced with today. We have not tried to provide all the assistance in this bill that many groups have testified that they so urgently need. We realize that our resources are limited, due mostly to high-interest rates and tight money. But, I believe that in reporting out this bill, the Committee on Banking and Currency has taken some major steps in dealing with the critical problems facing this country in providing urgently needed housing for the urban, suburban, and rural development needs.

H.R. 19436 is the product of over a year and a half's work by the Committee on Banking and Currency. It provides for

two new programs: First, a new urban growth and new community development program and second, a new program of Federal crime and property insurance for urban areas when private insurance rates are beyond reasonable levels for homeowners and small businessmen. The bill would also authorize \$7 billion over a 4-year period for the Federal Government's housing and urban development programs. This authorization figure, although it appears very large, represents as your committee's attempt to meet our housing goals, which we, the Congress, established 2 years ago. We all know that we have fallen way behind in the goals that we set for ourselves in 1968, and this bill barely attempts to keep up with our housing goals.

URBAN GROWTH AND NEW COMMUNITY DEVELOPMENT

Title I of the bill would create a council on urban growth in the executive office of the President. This council would consist of the Secretary of Housing and Urban Development and three members appointed by the President. This council would develop a national urban growth policy and advise the President on difficult problems of planning for orderly urban growth. We believe that such a Presidential-appointed council with a high degree of visibility and influence is the most effective mechanism available to insure a continuing concern with the many problems involved in encouraging reasonable and orderly growth policy, particularly the task of evaluating overall Federal efforts which have impact on that growth. This title would also establish a community development corporation within the Department of Housing and Urban Development to administer a new program of financial assistance for the development of new communities. One-hundred-percent guarantees of obligations for land acquisition and development would be available to public developers, and up to 80 percent of land value and 90 percent for improvements would be available for private developers to cover interest payments for up to 15 years. The aggregate amount would be limited to \$240 million and an additional \$168 million would be available for supplemental grants for federally assisted public facilities through 1973.

This new far-reaching program will go a long way at providing the assistance that is needed in order to promote the development of new cities and new communities all over this country. I would like to take this opportunity to congratulate the distinguished Member from Ohio (Mr. ASHLEY), for his long and hard work at developing this innovative and far-sighted program.

MORTGAGE CREDIT

Title II of H.R. 19436 would extend all of the Federal Housing Administration's programs to October 1, 1971, except for sections 235 and 236, and rent supplements would be extended to October 1, 1973. We have authorized over a 4-year period \$530 million each for sections 235 and 236 programs, and \$235 million for rent supplements. This title would also authorize the use of dormitory-type housing—shared facilities

housing—under the 236 rental housing program and the rent supplement program.

There is also a provision in this title which would permit section 236 rental assistance payments for rental or cooperative housing projects financed under a State or local program, even if they were started before the passage of the 1968 Housing Act. This provision seeks to aid those States who have taken the initiative in providing housing assistance for their citizens.

There is a provision in this title which would amend section 242 of the National Housing Act to increase from \$25 million to \$50 million, the maximum insurable mortgage amount covering a hospital.

A very important section of this title, I believe, is the provision which would direct moneys that are in the various insurance and reserve funds relating to the FHA mortgage insurance operations that are not needed for current operations to be invested to the maximum extent feasible in bonds or other obligations, the proceeds of which will be used to support directly the residential mortgage market. We have already taken action here in the House on a similar bill which would make use of the reserve funds of the veterans life insurance program to be invested in VA mortgages.

URBAN RENEWAL AND HOUSING ASSISTANCE

Title III of the bill would increase the amount of grant funds available for urban renewal and other activities by \$3 billion for fiscal year 1972 and would also reserve not less than 35 percent of the funds available for renewal activities in fiscal year 1972 for the neighborhood development program.

This title would also increase the authorization for annual contribution contracts under the public housing program by a \$150 million upon enactment, by \$75 million for fiscal year 1972, \$300 million for fiscal year 1973, and \$350 million for fiscal year 1974. There are no funds at the present time available for the public housing annual contribution contracts. I have been receiving inquiries from many members regarding the need for this additional \$150 million for the current fiscal year.

There is a provision in this title that would require at least 30 percent public housing units with funds authorized by this bill and subsequent bills shall be units in private dwellings leased under the section 23 leased housing program. This important provision was offered by the gentleman from New Jersey (Mr. WIDNALL) and has my strong support.

Finally, this title would authorize the Secretary of Housing and Urban Development to provide financial assistance for dormitory-type housing—shared facilities housing—under the public housing program.

MODEL CITIES AND METROPOLITAN DEVELOPMENT

This title would authorize an additional \$500 million in grant authority for the model cities program for fiscal year 1972. To date, some 150 cities have been selected for model cities assistance, and this authorization seeks to provide them the assistance that was promised in the 1966 Housing Act. There is also

additional authorizations for the comprehensive planning program—\$30 million—the basic water and sewer facilities program—\$500 million—and the neighborhood facilities program—\$50 million—for fiscal year 1972.

CONSOLIDATION OF OPEN-SPACE LAND PROGRAMS

This title would rewrite title VII of the Housing Act of 1961 to consolidate and improve the HUD programs that assist in the acquisition of open-space land, urban beautification, and historic preservation. This provision was proposed by the administration.

RESEARCH AND TECHNOLOGY

This title would consolidate and improve the numerous HUD authorities which establish research and demonstration programs. This provision would substitute a single general authorization for many of these separate, confusing, and frequently overlapping authorities. This title was recommended by the administration.

URBAN PROPERTY INSURANCE AND CRIME INSURANCE

This provision, which resulted from the outstanding work of the gentleman from Illinois (Mr. ANNUNZIO) provides for the direct Federal writing of all essential property insurance if first, at the determination of the Secretary, no basic property insurance is available, or two, if the premium rates of basic property insurance exceeds the State manual rate by 175 percent, the Secretary of Housing and Urban Development will be authorized to write essential property insurance directly. This coverage would be limited to \$25 thousand on a single-family structure, and a million dollars on manufacturing and commercial structures. Colleges and universities would be eligible for this direct Federal writing of basic property insurance.

Another provision of this title would set up within the Federal Insurance Administration in HUD an office of review and compliance in order to assure that the operation of this new program and the operation of the State FAIR plans are operating in compliance with the provisions of this new title.

RURAL HOUSING

This title would liberalize the provisions of title V of the Housing Act of 1949 to make more effective the Farmers Home Administration program to provide housing for domestic farm labor by increasing the amount of grant under the section 516 program from 66½ percent to 90 percent of total cost development.

This title would also raise the dollar limitations on special loans for minor improvements under the section 504 program. This provision would increase \$1,500 to \$2,500 the amount of loans that can be made for home improvements. This limit may be raised to \$3,500 where the repairs are needed to bring the dwelling up to acceptable levels of living.

There is a provision in this title that would raise the maximum size of the rural rental housing loans from \$300 thousand to \$500 thousand.

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Finally, this title would authorize the Farmers Home Administration to make its programs available to those towns with populations up to 10,000, an increase over the present population limit of 5,500.

MISCELLANEOUS

This title contains numerous miscellaneous amendments to the bill. A provision is included that would authorize the Secretary of Housing and Urban Development to provide, or to guarantee any bid payment or performance bond applied for, by, or on behalf of a construction contractor. The Secretary would be authorized to make an appropriate charge for such a guarantee, and establish the terms and conditions in connection with this program.

This provision attempts to aid the new, small, or minority owned contracting firms in the construction industry by providing them with required surety bonds.

This title also contains a provision to consolidate the various HUD programs dealing with the advice and assistance with respect to housing for low-income families, and place these programs under a single statutory heading.

A number of savings and loan amendments are included in this title. Among them is a provision to give the Federal Home Loan Bank Board the same regulatory and supervisory power and functions with respect to savings and loan associations doing business in the District of Columbia, as it presently has with respect to Federal savings and loan associations.

Another provision would increase from 15 percent to 20 percent of assets the amount that a Federal savings and loan association may invest in multiple family housing, and would also increase from 1 year to 5 years the maturity on advances which the Federal Home Loan Banks advance to member savings and loan associations. Another important savings and loan provision is the one sponsored by the distinguished gentleman from Missouri (Mrs. SULLIVAN) which provides general authority for the Federal Home Loan Bank Board to regulate the situations in which conflict of interest most frequently appear, or are likely to appear. The regulatory provisions under this section is limited, however, in that it applies only to the relationships and transactions specially referred to in the provision.

Mr. Chairman, this is a big and complex bill, and is the Committee on Banking and Currency's actions to continue to meet our national housing goals. It is a good strong bill which embraces considerable foresight on the problems that we as a nation will experience in the coming decade. I urge the passage of this bill.

Mr. BARRETT. Mr. Chairman, H.R. 19436, the Housing and Urban Development Act of 1970 is a major piece of legislation. It would authorize a significant new community development program and a vehicle for developing and carrying out a national urban growth policy; necessary extensions and additional

funding authorizations for existing Department of Housing and Urban Development—HUD—programs; and an important new program of direct Federal writing of essential property insurance, including insurance against the risks of crime, where the private insurance industry cannot meet the needs of homeowners and small businessmen.

As usual, this legislation is a product of meaningful compromise and cooperation by Members on both sides of the aisle. The ranking minority member of the Subcommittee on Housing, Mr. WIDNALL of New Jersey, has again taken a major leadership role in the development of the bill. He has been ably assisted by several of his party's members on the subcommittee. I commend Mr. WIDNALL and his colleagues for their constructive efforts in bringing this legislation to the floor.

On the majority side, Mr. ASHLEY of Ohio, Mr. MOORHEAD of Pennsylvania, and Mr. STEPHENS of Georgia played key roles in the development of the legislation. As Members know, title I of the bill, which contains provisions dealing with urban growth and new community development, is essentially a product of Mr. ASHLEY's Ad Hoc Subcommittee on Urban Growth which conducted nearly 2 years of hearings in this important area. Of course, the recommendations of that subcommittee have been modified through the legislative process; however, the provisions of title I, passed in substantially the same form by the Senate, stand as solid evidence of the outstanding work of Mr. ASHLEY and his ad hoc subcommittee.

Mr. MOORHEAD is responsible for two important provisions of the bill: namely, those dealing with the financing of dormitory-type housing under the subsidized housing programs and the provisions dealing with the availability of surety bonds for minority contractors. Mr. STEPHENS contributed importantly to the provisions dealing with improving and strengthening the rural housing program.

I wish to commend, also, Mr. PATMAN, the distinguished chairman of the House Banking and Currency Committee, for his prompt action in facilitating the adoption of the legislation by the full committee and for his general leadership role in developing a strong national commitment to our housing and urban development programs. In addition, many Members will join in applauding the efforts of Mr. ANNUNZIO of Illinois, who has led in the effort to provide the Nation's homeowners and small businessmen with adequate insurance protection against the risk of crime and other hazards to property in our urban areas.

MAJOR PROVISIONS OF THE BILL

TITLE I—URBAN GROWTH AND NEW COMMUNITY DEVELOPMENT

Title I of the bill would create a Council on Urban Growth to develop a national urban growth policy and to advise the President on urban growth problems. This council, which would consist of three members to be appointed by the President with Senate approval, has

become a matter of substantial controversy. The administration and the Senate bill take the view that the Congress should not attempt to organize the President's household; that there is already a proliferation of Presidentially appointed councils and commissions; and that, accordingly, the Congress should simply authorize the President to develop an urban growth policy and permit him to call on various elements within his Executive Office to carry out that responsibility.

This dispute was resolved by the committee only after full and knowledgeable debate, and the provisions of the committee bill were sustained by a 2-to-1 margin. I strongly believe that the committee position is the correct one. A Presidentially appointed council will have greater influence and impact throughout the executive branch. Like the Council on Environmental Quality, which was established by the Congress in the face of similar administration protests, such a council would assure a continuing concern with the multifaceted problems involved in encouraging more rational and orderly growth. It could carry out more effectively the crucially important task of evaluating overall Federal efforts which have an impact on that growth. And furthermore, it would be able to concentrate its efforts in this important sphere without utilizing both time and staff on other areas of executive branch activity.

The argument that has been drawn concerning the multidiscipline nature of the Council on Environmental Quality, as opposed to the relatively narrow focus of urban growth and development, is a misleading one. Establishment of an Urban Growth Council does not require that the Council's activities overlap in any way those of other units in the executive branch. The committee fully expects the Council to make use of data concerning population projections, economic analyses, and development policies which are developed by other executive branch units. The Council should concentrate its efforts on analyses of those Federal, State, and local actions which have produced our disorderly and inefficient development and make recommendations for action in these areas.

I urge Members of the House to support the committee position. The Urban Growth Council is needed, and needed now, if the country is to avoid countless repetitions of the horrors of existing development policies.

Title I would also establish a Community Development Corporation—within HUD—to administer a new and expanded program of assistance for the development of new communities. This Corporation would provide planning and financial assistance to publicly sponsored and private new community developments. Both public and private developers would receive Federal guarantees of their obligations for land acquisition and development—100 percent guarantees for public developers and up to 80 percent of land value and 90 percent of improvements for private developers. In the case of public developers, guarantees would be made only where their borrowing was

not tax exempt; in such cases the Corporation would provide grant assistance to make up the difference between the market interest rate on the obligation—with the benefit of the guarantee—and the probable tax exempt rate. In addition, both public and private developers would receive loans to cover their interest payments for up to 15 years, as needed, until land sales are sufficient in volume to permit repayment without assistance.

I wish to stress several important points concerning these provisions. The Federal Government has had a new community development program since 1966, when a modest mortgage insurance program was adopted in the 1966 housing legislation. That program failed to offer adequate financial incentives to private new community developers, and the lack of activity under the 1966 provisions resulted in a new and expanded program in 1968. The 1968 Housing Act established a program of Federal guarantees of the borrowings of private developers, and it was hoped that this new type of financing would encourage and stimulate a solid impetus toward the development of a national new town program.

The 1968 act simply has not worked. Private developers need more than adequate long-term financing; they need financing which is geared to the intricate cash flow problems that characterize large scale new town undertakings. Expenditures for land acquisition and development are extraordinarily heavy during the early years of projects and little or no cash is received from the sale of improved building lots. As a result, developers are simply unable to meet annual debt service requirements in these early years. To solve this basic financing problem, the committee bill authorizes the Community Development Corporation to make direct loans to developers to cover the interest due on their guaranteed obligations for a period of up to 15 years until land sales—for homebuilding and the construction of commercial facilities—are sufficient in volume to permit repayment without such assistance. Repayment of these HUD loans to the Corporation would be deferred until the development was well advanced and the land marketing program was providing an adequate cash flow to the developer. The loans would, of course, be repaid with interest. We have every reason to believe that this new form of assistance will enable us finally to launch an effective new community program.

Title I also provides a dual approach for the development of needed public facilities such as schools, hospitals, water and sewer facilities, and airport facilities. The developer would have the option of financing these facilities through guaranteed private financing, or through the supplemental grant provisions contained in this bill. From funds appropriated to HUD, grants of up to 20 percent of total development cost could be made to the public body providing a facility under any of 14 Federally assisted infrastructure programs. The total Federal contribution with respect to any one facility could not exceed 80

percent of cost. In all likelihood, developers would first attempt to finance needed public facilities through the Federal grant programs, which generally provide half to two-thirds of the funds needed for development. However, where those grant funds are unavailable due to exhaustion of appropriations or inadequate authorizations, the developer would be free to finance those facilities through guaranteed obligations.

These provisions are crucial to the successful development of a new community. Many new communities initiated throughout the country have floundered because of the lack of financing—either through Federal grants or in the private capital markets—for public facilities, without which private development is virtually impossible. These provisions provide a flexible approach which should facilitate the construction of needed public facilities.

Title I also makes an important change in the operation of the urban renewal program, the principal tool for rebuilding and reshaping our cities. Under existing law, in order for a city to undertake an urban renewal project in a particular area, it must make a finding that the land involved is slum and blighted within the meaning of title I of the 1949 Housing Act. However, in recent years, cities have been stymied by this requirement since many areas within their boundaries are in desperate need of redevelopment even though the land does not qualify technically as slum and blighted land.

The bill would make eligible for urban renewal treatment land which is vacant or economically underutilized and which could be developed for housing and other uses—including schools, hospitals, parks, or other public facilities—which are associated with housing for low- and moderate-income families. These provisions would enable cities to obtain additional badly needed sites for low- and moderate-income projects without the necessity to bulldoze existing structures, a process which often produces massive problems of relocation. These provisions would enable all cities to undertake developments similar to the National Training School site development in Washington, D.C., where hundreds of acres of city land have been made available for an impressive new town-in-town project. They would also make possible a greater number of job opportunities quickly in connection with renewal projects by avoiding the long delays which have characterized renewal in our major cities.

Finally, this title would provide HUD grants to State and local public bodies to cover up to 75 percent of the cost of acquiring interests in undeveloped or predominantly undeveloped land which, if withheld from commercial, industrial and residential development, would significantly help in guiding desirable patterns of urban growth. This new grant program would be part of the open space land program under which land is now acquired for recreational and park facilities. These provisions are again extremely important since they would enable States and cities to take an active role in guiding development in a constructive manner.

TITLE II—MORTGAGE CREDIT

Title II would extend all FHA programs to October 1, 1971, except for the three principal housing subsidy programs: the section 235 homeownership assistance program, the section 236 rental assistance program, and the rent supplement program. These programs would be extended to October 1, 1973, with the following increases in authorization:

PROGRAM (In millions)	Fiscal year—			
	1971	1972	1973	1974
	Sec. 235.....	125	30	225
Sec. 236.....	125	30	225	250
Rent supplements.....		80	85	90

¹\$125,000,000 authorized by existing law.

²\$170,000,000 authorized by existing law.

The administration bill (H.R. 16643) contained open-end authorizations for these programs, rather than any specific dollar amounts. On April 27, I asked Housing and Urban Development Secretary Romney to indicate to me the funding authorizations needed for fiscal years 1972, 1973, and 1974 for the four housing subsidy programs in order to assure that the national housing goals could be met with respect to units for low- and moderate-income families. Secretary Romney responded on May 12 with the following figures:

PROGRAM (In millions)	Fiscal year—		
	1972	1973	1974
	Sec. 235.....	200	200
Sec. 236.....	200	225	225
Rent supplement.....	57	75	75
Public housing.....	220	240	300

He indicated, however, that "no provision was made in the estimate for inflation, changes in other economic conditions, or administration priorities," and that "it was assumed that the Congress, in extending the authorizing legislation for the Department's programs, would at the same time reenact all unappropriated authorizations."

Accordingly, the committee has increased the Secretary's recommendations modestly to take into account expected inflation over the next 3 fiscal years. The committee believes that these amounts are absolutely essential in order to enable these programs to continue serving low- and moderate-income families at a time when increased construction, land, and financing costs are placing heavy burdens on our national housing effort.

Title II would also provide for the development of dormitory-type housing projects under the section 236 and rent supplement programs in order to serve a critical and unmet need for a special kind of housing to accommodate displaced low-income single persons under 62 years of age. Because they are primarily designed to assist families, the elderly, and the handicapped, existing Federal housing programs do not adequately serve this single population. This program can

serve a vital function as a relocation resource in connection with numerous central city urban renewal projects. In many cities, redevelopment officials are finding that numerous single nonelderly individuals are unable to find adequate housing containing facilities for common dining halls, kitchens, and other shared facilities. Often these individuals prefer not to live in self-contained apartment units since they are unaccustomed to cooking their own meals. They would prefer to eat in common dining halls. Structures with such common facilities would have the effect of reducing per-unit costs, and thereby meet the needs of such individuals economically and efficiently.

The bill also permits HUD to increase the per-unit cost ceilings under its subsidized multifamily programs—sections 221(d)(3), 236, and rent supplements—by up to 20 percent where necessary to meet increased construction costs. As members know, the record inflation of the past 2 years continues to jeopardize the successful completion of many projects designed to serve low- and moderate-income families. However, the committee recognizes that construction costs fluctuate greatly from area to area, and that local cost factors require flexibility in administration by the Department. The committee provision contains that flexibility: the Secretary is authorized to increase cost limitations in those areas where the existing limitations threaten the completion of multifamily projects. The committee intends that the Secretary exercise this discretion with the utmost care and establish limits which meet with as great precision as possible the specific requirements of each housing market area. Increases should be allowed only to the extent that they are absolutely essential to the continued development of projects in the particular housing market area. Similar authority is provided the Secretary in title III of this bill for the public housing program.

Title II also contains two important provisions dealing with the section 235 homeownership assistance program. First, it would permit up to 30 percent of section 235 payments to be used for existing housing, thus continuing the provisions of existing law through fiscal year 1974. The committee urges the use of this authority by the Secretary with the utmost caution. Widespread reports of the poor quality of existing homes being subsidized under this authority threaten the continuation of the section 235 program. The abuses found by committee staff and reports of abuses throughout the country are being carefully investigated by the committee. Much stricter inspection procedures are absolutely essential if this program is to serve its objectives; FHA personnel need to be constantly urged to understand that this program serves a vital social purpose which is betrayed when inadequate inspections of the quality of homes result in an utter lack of confidence in the ability of government to help low-income homeowners effectively.

Second, the bill would prohibit the use of section 235 funds to help finance housing for families which are eligible for FHA section 203(b) unsubsidized mort-

gages which do not exceed the median mortgage insured by FHA under the 203 (b) program during the most recent 3-month period. This administrative control is needed to prevent the use of subsidy funds where they are not really required because of the availability of adequate housing in a price range that can be afforded by a family whose income is within the limits prescribed by section 235 and who is able to meet the required mortgage payments without a subsidy.

TITLE III—URBAN RENEWAL AND HOUSING ASSISTANCE PROGRAMS

Title III of the bill would authorize an additional \$3 billion for urban renewal grants for fiscal year 1972, and would continue a provision of existing law which reserves not less than 35 percent of funds available for renewal activities in fiscal year 1972 for neighborhood development programs.

This additional authorization is needed in communities of all sizes across the Nation which have pending applications for urban renewal funds. At the start of fiscal year 1971, the backlog of unfunded applications totaled more than \$3 billion, and new applications were coming in at a rate of approximately \$200 million per month. The inordinately long waiting periods now confronting hundreds of communities applying for renewal funds raise important questions concerning the Congress' commitment to renewing and rebuilding our urban areas. The delays of 1, 2, and even 3 years before applications can be approved by HUD result in a general lack of faith in Government promises and, in a practical way, produce havoc with local budgeting and financing plans. For example, a city which applies for renewal funds in January 1971, and as part of its financing plan intends to construct a school as part of its local one-third share, will in all likelihood be required to wait more than 3 years before adequate funds are available to permit approval of its application. Since the urban renewal law provides that, in order to receive credit for its school expenditures, the construction of the school building must commence within 3 years of the approval of the renewal application, this city is likely to lose that credit and be forced to raise the needed matching funds from other sources. This situation is all too common in the renewal program and members annually submit special legislative provisions to the committee to waive the 3-year rule for their cities.

The answer to this problem is not the passage of special legislation waiving essentially sound provisions of law. The answer is an adequately funded urban renewal program which satisfies legitimate urban needs without producing the haphazard and unfair results inevitable in an underfunded program.

Title III increases the authorization for annual contribution contracts under the public housing program by \$150 million upon enactment, by \$275 million in fiscal year 1972, by \$300 million in fiscal year 1973, and by \$350 million in fiscal year 1974. The public housing program has come to a virtual halt in communities throughout the country. Existing authorization has been completely reserved and no new applications are being acted on

by HUD. The \$150 million additional authorization for fiscal year 1971 will enable the Department to resume processing applications and meet the severe housing needs of our lowest income citizens.

The bill would also require that at least 30 percent of public housing units placed under contract with funds authorized by the bill—and subsequent acts—shall be units in private dwellings leased under the section 23 program. In inflationary periods, when land, construction, and financing costs are heaviest, the section 23 leasing program can provide a useful tool for obtaining quickly an adequate number of units for low-income families. Since its inception in 1965, many public housing authorities have made excellent use of this program while facing increasing difficulty in locating adequate sites for conventional construction projects. Requiring at least 30 percent of all public housing units to be provided through the leasing program will assure that units for low-income families will continue to be provided in communities which cannot, for a variety of reasons, proceed with conventional construction projects.

However, as pointed out in connection with the use of existing housing under the section 235 program, the committee would caution the Secretary to use this authority carefully. Not all communities face problems of obtaining adequate sites. The leasing program should be used primarily in areas with relatively high vacancy rates and in which new construction is unlikely to take place in sufficient volume. There is still a need for increasing the housing stock for low- and moderate-income families through conventional construction and the Turnkey method.

TITLE IV—MODEL CITIES AND METROPOLITAN DEVELOPMENT PROGRAMS

Title IV provides additional authorizations for fiscal year 1972 for the model cities program—\$500 million—the comprehensive urban planning program—\$30 million—the water and sewer facilities program—\$500 million—and the neighborhood facilities program—\$50 million. Together with available unused authorizations which would be extended by the bill, the additional amounts would enable these programs to operate at moderately increased program levels. The funds are badly needed to keep pace with the increasing number of applications for aid flowing into HUD.

The provision of an additional \$500 million for the model cities program is made with full recognition of the availability of approximately \$835 million in unused authorization for this program. Although the program has been extremely slow in starting—due both to local organizational and planning problems and changing and often uncertain HUD guidelines and emphases—as of September 1970, more than two-thirds of the cities involved in the program had initiated their first or second action years, and more were nearing completion of the planning phase. It is likely that during fiscal year 1972 nearly all 150 cities will be embarked on action programs, and, accordingly, the demand for supple-

mental grant funds will far exceed present levels. The availability of approximately \$1.3 billion for supplemental grant funds in fiscal year 1972 will permit the administration maximum flexibility in meeting the needs of the 150 model cities.

TITLE V—CONSOLIDATION OF OPEN-SPACE LAND PROGRAMS

Title V would consolidate and improve the administration of three important HUD programs which assist localities in the acquisition of open-space land, urban beautification, and historic preservation. It would rewrite title VII of the 1961 Housing Act to combine four separate but related grant programs into one basic grant authority with a single grant formula and consistent program requirements. Under the consolidated program, grants would be available to States and local public bodies to help finance: first, the acquisition of title to, or other interest in, open-space land in urban areas, and second, the development of open-space or other land in urban areas for open-space uses.

Although the rewrite of the open-space land programs is essentially a technical and administrative consolidation, there would be two substantive changes in existing law. First, the consolidated title would remove the present limitation of assistance to the acquisition of "permanent" interests in open-space land. This would permit localities to acquire leases or other less-than-permanent interests for shorter periods of time which are often more appropriate for intended open-space uses. Acquisition of less-than-permanent interests would in many cases be far more economical as well. Second, the consolidated title would remove the present restriction which limits grants for the development of open-space land to lands acquired with HUD open-space land grant assistance. Removal of this restriction would provide greater flexibility to localities to serve their open-space needs.

The consolidation of the open-space land programs, together with the consolidation of HUD's research and technology authorities—in title VI of the bill—represent first steps in the committee's efforts to simplify and improve the operation of all HUD programs. These consolidations were recommended by the administration and only slightly modified by the committee. The administration is to be commended for its efforts and urged to suggest further such improvements.

TITLE VI—RESEARCH AND TECHNOLOGY

Title VI would consolidate and improve, in essentially the same manner as the previous title, a wide variety of separate research authorizations enacted since 1948. In their place it would substitute a single, general authorization under which the HUD Secretary would be authorized and directed to "undertake such programs of research, studies, testing, and demonstrations relating to the mission and programs of the Department as he determines to be necessary and appropriate."

This extremely broad and flexible research authority should enable the De-

partment to design and implement a truly comprehensive research program into all facets of housing and urban problems. Testimony before the committee by administration witnesses continually calls attention to the lack of up-to-date data and information relating to the Nation's housing needs and resources and urban development trends. Accordingly, I would urge the Department to avoid unduly concentrating its research efforts on major "hardware" programs, at the expense of badly needed "software" research into housing data, statistics, and program analyses.

TITLE VII—THE URBAN PROPERTY PROTECTION AND REINSURANCE AMENDMENTS

Title VII would greatly strengthen the existing HUD program which provides fair access to insurance requirements—FAIR—for urban residents, and expands HUD's activity to include the direct writing of standard lines of property insurance where private insurance is available only at unreasonable premium rates. These amendments are the result of three subcommittee hearings—in Washington, D.C., and Chicago—on the operation and effectiveness of the 1968 urban property protection and reinsurance program, which the committee believes has not provided the adequate insurance coverage intended by the Congress.

HUD would be authorized to offer standard lines of property insurance—including insurance against the risks of crime—whenever the Secretary determines that a serious unavailability problem exists which is not being satisfactorily resolved. It provides for direct Federal writing if insurance rates in the private market exceed 175 percent of the applicable manual rate established by the State insurance regulatory body. HUD would establish rates for its insurance at less than 175 percent of the manual rate, with coverage limited to \$25,000 on single-family structures and \$1 million on manufacturing or commercial structures. Of course, no Federal policy could be written if HUD determines that the property is uninsurable, or if the State insurance commissioner can justify the prevailing higher rates.

Title VII would also, first, require that FAIR plans offer burglary and theft insurance, vandalism and malicious mischief insurance, and coverage during construction and rehabilitation; second, authorize HUD to reinsure losses during construction or rehabilitation in the same manner as now provided for riot and civil disorder losses; and third, eliminate the present requirement that States share in payment of excess riot losses incurred by HUD. These and other minor amendments would greatly strengthen the present FAIR plan program.

TITLE VIII—RURAL HOUSING

Title VIII would make various amendments to title V of the Housing Act of 1949, the law governing the rural housing programs administered by the Farmers Home Administration—FmHA.

First, it would liberalize the existing housing program for domestic farm labor by increasing the amount of grants for domestic farm labor housing projects

from two-thirds to 90 percent of project cost; making nonprofit organizations of farmworkers eligible for such grants; and making loans and grants available to cover the purchase of household furnishings. Second, it would increase from \$1,500 to \$2,500 the amount of loans for minor household improvements, with a further limit of \$3,500 in the case of major water supply or plumbing facilities. Third, it would increase from \$300,000 to \$500,000 the limit on loans for rental housing.

And fourth, the title would authorize the FmHA to make rural housing loans in towns with populations of up to 10,000, rather than the 5,500 population limit in existing law. This provision was contained in the 1969 housing bill passed by the House, but was deleted in conference. At that time, the conferees directed the Secretaries of Housing and Urban Development and Agriculture to make recommendations to the Congress with respect to the jurisdictional areas of the Housing and Urban Development, Federal Housing Administration, and the FmHA; however, no recommendations have been made. Consequently, the committee bill provides authority for the FmHA to make housing credit services available in rural areas and towns which are rural in character and have populations of less than 10,000. The committee believes this additional authority for FmHA will help meet the credit needs of many essentially rural towns which are not effectively served by the Federal Housing Administration.

TITLE IX—MISCELLANEOUS

Title IX contains a number of important provisions designed to improve the operation and effectiveness of various programs and authorities, including a series of amendments dealing with savings and loan associations.

Section 901 would clarify the payment of certain amounts owed by the Federal National Mortgage Association—FNMA—to the Secretary of the Treasury arising out of the reorganization of FNMA in 1968. This provision, agreed to by FNMA's Board of Directors and officials of the Treasury Department, will result in a payment by FNMA of \$68 million to the Treasury. These funds are in a special status account in the Treasury, and will be released upon the joint order of the Secretaries of the Treasury and Federal National Mortgage Association upon enactment of this provision.

Section 902 would authorize the Housing and Urban Development Secretary, whenever any such action is appropriate and would further the purposes of the Small Business Act for section 3 of the 1968 Housing Act, to provide or guarantee performance bonds applied for by or on behalf of small business construction contractors. HUD would be authorized to make appropriate charges for the guarantees and establish other terms and conditions, such as the beneficiaries of the guarantee, methods of payment, and coverage of the guarantee. This new program would be financed through a national surety bond fund and Treasury borrowing authority available under title XII of the National Housing Act—the

Urban Property Protection and Reinsurance program. In addition, it would authorize appropriations of up to \$3 million annually for 3 years to be used by HUD for providing technical assistance to small business contractors.

Section 903 would consolidate several existing authorities under which HUD now provides advice and technical assistance with respect to housing for lower income families. It would place three programs—section 235(e) and 237(e) homeownership counseling services and public housing tenant services grants—under the section 106 program of seed money loans to nonprofit sponsors of Federal housing projects. It would also extend the tenant services grant program to organizations of tenants in public housing projects and nonprofit, cooperative, and limited dividend housing sponsors sponsoring Federally assisted housing projects. This broad authority will enable the Secretary to establish a comprehensive program of technical assistance for cooperative, nonprofit, and limited dividend organizations which are increasingly carrying the burden of sponsoring housing projects for lower income families.

The committee bill continues the tenant services program despite the action of the House Committee on Appropriations, which for the third year has refused to appropriate funds for these grants. The Appropriations Committee takes the position that adequate authority exists under present statutory authorizations to make provision for these services in low-rent public housing projects. We believe, however, that the authority for tenant services grants should be continued until HUD clearly indicates it will provide funds to local authorities through the regular annual contribution contracts and in a manner which will produce the efficient delivery of such services by authorities.

Sections 909 and 913 would amend existing law relating to savings and loan associations by first, permitting associations to invest up to 20 percent, rather than 15 percent, of their assets in multifamily housing; second, permitting advances by the Federal Home Loan Bank Board to individual savings and loans to have maturities of up to 5 years, rather than 1 year; third, providing general authority to the Federal Home Loan Bank Board to regulate specific situations in which conflicts of interest most frequently appear or are likely to appear; fourth, providing criminal penalties for making false statements or reports in connection with loans made by savings and loan associations; and fifth, permitting unpledged deposits in Federal home loan banks to be included in meeting the liquidity requirements of individual savings and loan associations.

CONCLUSION

Mr. Chairman, the bill is obviously very comprehensive, and in some cases controversial. This is, of course, the usual situation. Housing bills go to the heart of renewing our cities, filling our people's housing needs, and enabling our cities to provide basic public facilities.

The comprehensiveness and cost of

housing bills places a great burden on the Housing Subcommittee, the Banking Committee, and the entire Congress. In this connection, I wish to inform the House that the Housing Subcommittee has embarked on a major review, analysis, and evaluation of all housing and urban development legislation in order to enable the Congress to legislate more effectively in this critical area. This review and evaluation will take several months of intensive effort by subcommittee members. However, I expect the effort to yield important insights into the operation and effectiveness of our programs and to provide a basis for a more orderly process of urban legislation.

The following material explains the scope and purposes of the panels and outlines the subject matter of each panel:

[Press release of House of Representatives, Subcommittee on Housing of the Committee on Banking and Currency, Oct. 13, 1970]

HOUSING SUBCOMMITTEE APPOINTS PANELS TO STRENGTHEN HOUSING AND URBAN DEVELOPMENT PROGRAMS

Congressmen William A. Barrett, Chairman of the House Subcommittee on Housing, and William B. Widnall, the Subcommittee's ranking minority member, announced today the formation of three panels of Subcommittee members to (1) conduct a full-scale review and analysis of Federal housing and urban development programs and (2) make recommendations for legislation to strengthen and expand these programs. The panels will begin reviewing the scope and effectiveness of existing programs after the Congressional recess ends on November 16, and then will conduct field trips during which panel members will discuss housing and urban development problems with local governmental officials, homeowners and tenants, builders and developers, and other interested parties. The panels, which will consist of five members each, are as follows—

Panel I, concerned with the production of housing, will be chaired by Mrs. Leonor K. Sullivan (D-Mo.). It will consider problems of producing housing and the methods by which the supply of all housing, and particularly low-cost housing, can be increased. The panel will include the following Subcommittee Members: Mr. Fernand J. St Germain (D-R.I.), Mr. Henry S. Reuss (D-Wis.), Mr. Seymour Halpern (R-N.Y.), and Mr. Benjamin B. Blackburn (R-Ga.).

Panel II, concerned with the demand for housing, will be chaired by Mr. Thomas L. Ashley (D-Ohio). It will focus on the demand for housing and will consider various aspects of sharing housing costs, different methods by which public assistance can be made available to families who cannot afford decent housing, and alternative means of more effectively relating Federal subsidies to housing needs. The panel will include Mr. Robert G. Stephens, Jr. (D-Ga.), Mr. Henry B. Gonzalez (D-Tex.), Mrs. Florence P. Dwyer (R-N.J.), and Mr. J. William Stanton (R-Ohio).

Panel III, concerned with the development and environmental aspects of existing HUD programs, will be chaired by Mr. William S. Moorhead (D-Pa.). It will focus on overall urban development problems, particularly as they relate to the environment and to the creation of a national urban growth policy, and consider new approaches to overall metropolitan development problems, methods of improving the administrative capacity and financial resources of State and local governments, and alternative methods of delivering Federal program assistance. The panel will include Mr. Ashley, Mr. Reuss, Mr. Garry Brown (R-Mich.), and Mr. Blackburn.

REVIEW AND EVALUATION OF HOUSING AND URBAN DEVELOPMENT PROGRAMS BY SPECIAL SUBCOMMITTEE PANELS

PANEL I. THE PRODUCTION OF HOUSING

A. Housing Needs—Review and Evaluation of National Housing Goals:

- (1) The Existing Stock—
 - (a) Number
 - (b) Characteristics (size, type, etc.)
 - (c) Condition
 - (d) Location
 - (e) Costs (rents and sales prices)
 - (f) Removal from Stock (by urban renewal, highway construction, other public and private uses)
 - (g) Patterns and Trends ("filtering down," co-ops versus rental, etc.)

(2) Current Housing Production—Conventional—

(a) Factory-Built, Industrialized, and Modular

- (b) Mobile Homes
- (c) Sales and Rental
- (d) Location and Land
- (3) Current Housing Production—Government Assisted—

(a) Federal—Subsidized (HUD, VA, FmHA, etc.)—Unsubsidized (including HUD, VA, FmHA, etc.)

- (b) State and Local
- (c) Others
- (4) Rehabilitation—
 - (a) Conventional
 - (b) Subsidized
 - (c) Special Efforts
 - (d) Incentives and Constraints
 - (5) Performance—
 - (a) By Need
 - (b) By National Goals
 - (c) By Comparison to Other Developed Nations
 - (d) By Other Projections and Standards (i.e., percentages of GNP)

(6) Projections—

- (a) Next year, five years, decade
- (7) Resources and Restraints—
 - (a) Land
 - (b) Manpower
 - (c) Finance
 - (d) Materials
 - (e) Technology
 - (f) Processing
 - (g) Other

B. Producing Housing—Review and Evaluation of Existing Federal Housing Laws and Programs:

- (1) Who Builds?
 - (a) Private Builders and Developers
 - (b) Limited-Dividends
 - (c) Non-Profits
 - (d) Co-ops
 - (e) Government
 - (f) Large Corporate Enterprises
 - (g) Others
- (2) How Do They Build (A)?
 - (a) Manpower
 - (b) Organization of the Industry
 - (c) Technique and technology
 - Conventional
 - Pre-fabricated
 - Factory Built
- (3) How Do They Build (B)?
 - (a) How much Does It Cost?—Materials—Labor—Land—Financing—Processing

- (b) How Are They Regulated?—Mortgage and Cost Limits—Minimum Property, Design, and Construction Standards—Cost Certification—Davis-Bacon—Amenities—Workable Programs—Local Controls (zoning, building code, and other requirements)—Processing
- (4) Where Do They Build?
 - (a) By Area (SMSA central city core, central city, suburbs, small towns, rural non-farm areas, farm areas)
 - (b) Availability and Costs of Land
 - (c) Zoning and Building Code Restraints
 - (5) Why Do They Build?
 - (a) Development Profit—Land—Fees—Allowances—Equity (Sales)

- (b) Cash Flow
 - Distributions
 - Operating Fees
- (c) Tax Savings
 - Interest
 - Taxes
 - Depreciation
- (d) Residuals
 - Sales
 - Refinancing
 - Non-Profit
 - Taxes
- (e) Yields
- (6) Who is the User?
 - (a) User Needs (income, race, family size, amenities, welfare, etc.)

(b) Operations and Management

C. Increasing Housing Production:

(1) Production Objectives—National Housing Goals—

(a) How Many Units Should be Produced?—Next Decade—Next Five Years—Next Year

(b) What Kinds of Units Should Be Produced?

- Single-family
- Multi-family
- Combinations
- Others

(c) Where Should They Be Located?

- City
- Core
- Suburb
- Rural

(d) How Should They Be Held?

- Rental
- Home Ownership
- Other

(e) How Many Units Should Be Subsidized?—Houses versus People—Income Limits versus Needs

(f) What Kind of Construction Methods Should Be Used—Conventional—Industrialized—Mobile Homes

(g) What Emphasis Should Be Given to Rehabilitation?

(h) Who Should Build These Units?—Organization of the Industry—Private Developers—Limited Dividends—Non-Profits—Co-ops—Government (Federal, State, Local)—Large Corporate Enterprises—Others

(2) What Should the Federal Government's Responsibility Be?

- (a) To Answer These Questions
- (b) To Help Achieve These Objectives
- (3) Range of Government Actions—

(a) Provide Adequate Financing

(b) Reduce Costs—Land Program—Expand and Improve Work Force—Improve Construction Technology—Alter Financing and Processing Methods

(c) Assure the Availability of Adequate Sites—Land for Low and Moderate Income Units—Land for Traditional Housing Needs

(d) Additional Incentive for Private Participation in Federal Programs—Increase Limited-Dividend Return—Tax Incentive—Fees and Allowances—Cost Certification—Davis-Bacon—Mortgage Amounts

(e) Improve Administration of Federal Programs—Housing and Urban Development Act of 1970—Consolidation—Uniformity—Procedure

(f) Other

D. Criteria for Evaluating Federal Housing Production Initiatives:

- (1) Goal To Be Achieved
- (2) Program Specifications
- (3) Priority of Effort
- (4) Administrative Load
- (5) Operating Efficiency
- (6) Comparative Cost of Program Initiative

E. Recommendations:

PANEL II—THE DEMAND FOR HOUSING

A. The Present Subsidy—Review of Existing Federal Laws and Programs:

(1) Characteristics of the Existing Assistance Formula—

(a) To Get Housing Built—The Supply Oriented Subsidy—Project Subsidies Tied to

Project, Specific Unit, Family—Production Subsidies To Promote New Construction and Rehabilitation

(b) To Lower Cost of Occupancy of New Units—Methods Used—Interest Support—Principal Support—Other Operating Support—Need—Allowances for the Purchase or Rental of Standard Housing

(2) Administration of Current Subsidy Devices—

- (a) Techniques—Interest Payments—(Sections 235-236)—Principal Payments—Direct Payments—(Rent Certificates, Rent Supplements)—Public Housing Formula—Loans—(Rehabilitation)—Special Grants and Devices (the Piggy-Back Subsidy)—Taxes—Others

(b) Controls Over the Recipients of Assistance—Income Limits—Income Certifications—Preferences—Rent-Income Ratios—Asset Limitations—Occupancy Rules—Eligibility Rules—Exemptions and Deductions—Others

(c) Operations—How the Subsidy Is Allocated—HUD Central and Local—Public Housing Authorities—Other Local Administration

(3) Beneficiaries of Current Subsidy Devices—

- (a) Rich
- (b) Middle
- (c) Moderate
- (d) Poor
- (e) Very Poor
- (f) Families or Individuals
- (g) Elderly
- (h) Handicapped
- (i) Displaced
- (j) Others

(4) Costs of Current Subsidy Devices—

- (a) Authorizations
- (b) Appropriations
- (c) Indirect—Federal Taxes—Local Taxes—Other

(d) Administration

(e) Other Local Costs

(f) Aggregate Costs

(g) Costs on a per unit basis

B. The Future Subsidy—Improvements in the Existing Subsidy and/or Introduction of a New Subsidy:

(1) Who Needs Assistance To Afford Standard Housing?

(a) How Much Income Should a Family Devote to Housing?

(b) Should Aid Relate to Financial Capacity?

(c) How Many Families Should Be Assisted?

(2) The Nature of the Subsidy—

(a) What is the Goal of the Subsidy? Houses and Production—Should it Stimulate Production Through its Attachment to Dwelling Units?

People and Income—Should it be Tied to Family Need and Should All Those With Need Receive Assistance?

(b) Who Should Receive the Subsidy? What Should be the Coverage of Subsidy Programs?

Should All Those Eligible Receive Assistance?

How Much Subsidy Should be Paid to Upper- and Middle-Income Families?

(c) What Should Receive the Subsidy? New Units

Rental Units

Owned Units

Existing Units

Rehabilitated Units

(d) What Should Be the Extent of the Subsidy?

How Deep Should the Subsidy Be? When Should the Subsidy Stop?

(3) What Other Objectives Besides Decent Shelter Should the Subsidy Seek to Achieve?

(a) Avoid Concentration by Income and Race

(b) Stimulate Individual Choice

- (c) Stress Quality, Design, and Style
- (d) Facilitate Administration
- (e) Provide Social Services
- (4) How Should the Subsidy Be Administered?
- (a) Who Should Pay the Subsidy?
 - Federal
 - State
 - Local
 - Combination
- (b) How Should It Be Paid?
 - Federal
 - State
 - Local
 - Combination
- (c) What Kinds of Standards Should Be Used?
 - Income
 - Eligibility
 - Assets
 - Others
- (5) At What Cost?
 - (a) Costs—Direct—Indirect
 - (b) Priority
- C. Related Programs:
 - (1) How Should Other Government Programs Relate to the Housing Subsidy?
 - (a) The Physical Environment—Urban Renewal and Model Cities—New Communities—Physical Facilities Programs (water and sewer facilities, open space, etc.)
 - (b) Overall Community Development—Tenant Involvement (tenant councils, management and maintenance, planning and construction)
 - Housing Counseling Services
 - (c) Open Communities
 - (d) Welfare and Income Maintenance
 - (e) Social Services—Operation of Related Labor, Health, Welfare, and Education Programs
 - D. Recommendations:
- PANEL III—A SUITABLE LIVING ENVIRONMENT
 - A. Metropolitan Development—Review of Existing Federal Laws and Programs:
 - (1) Central City Development—
 - (a) Urban Renewal—Planning—Action
 - (b) Model Cities—Planning—Action
 - (c) Interim Assistance for Blighted Areas—Planning—Action
 - (d) Neighborhood Facilities
 - (e) Demolition Grants
 - (f) Code Enforcement
 - (g) Urban Beautification and Improvement
 - (h) Historic Preservation
 - (i) Urban Property Insurance
 - (j) Urban Parks
 - (2) Metropolitan, Suburban and Rural Town Development—
 - (a) Public Facilities Loans
 - (b) Open Space Land
 - (c) Water and Sewer Facilities
 - (d) Parks and Recreation
 - (e) Advance Land Acquisition
 - (f) Land Development
 - (g) New Communities
 - (h) Small Town Services
 - (i) Flood Insurance
 - (j) Community Development Training
 - (3) The Planning Imbroglia—
 - (a) Comprehensive Planning Assistance—The Section 701 Family
 - (b) Urban Renewal—Community Renewal Programs—General Neighborhood Renewal Plans—Surveys and Planning—Neighborhood Development Programs
 - (c) Model Cities
 - (d) Public Works Planning
 - (e) Planned Area-wide Development
 - (f) Urban Mass Transportation Planning
 - (g) Social Planning
 - (h) Others
 - (4) Relationship to Other Federal Programs—
 - (a) Transportation
 - (b) Interior
 - (c) Health, Education, and Welfare

- (d) Economic Opportunity
- (e) Labor
- (f) Small Business
- (g) Other
- B. Towards a National Urban Growth Policy:
 - (1) Urban Growth and New Communities—the Housing and Urban Development Act of 1970
 - (a) Unfinished Business
 - (2) What Are the Objectives of National Urban Growth Policy?
 - (a) Choice and Balance in the Development of Human and Physical Resources in Urban Areas
 - (b) Continued Economic Strength in Urban Areas
 - (c) Balanced Migration and Physical Growth
 - (d) Comprehensive Treatment of Unemployment and Poverty
 - (e) Open Communities
 - (f) Strengthened Capacity of Government to Contribute to Coherent Urban Growth.
 - (g) Coordination of Administration of Federal Programs
 - (3) How Should the Federal Government Define and Implement this Policy?
 - (a) Domestic Council and the Executive Office of the President
 - (b) HUD—Organization of Department (1965—1970)—Convener Responsibility
 - C. The Next Steps in Achieving a Policy:
 - (1) Resolving Fiscal Disparities and the Multi-Jurisdictional Metropolitan Problem
 - (a) Need to Encourage Jurisdictions Within Metropolitan Areas to Develop Institutions Which Can Resolve These Questions—Metro Area Political Process in the Inner and Outer City—Metro Area Organization, i.e., City/State/County/Town/Satellite/Suburb/Country—Comprehensive Metropolitan Planning—Proposals, i.e., Federal Incentives for Metropolitan and Regional Administration
 - (b) Need to Equate Service and Development Requirements With Available Fiscal and Administrative Resources—Planning Assistance at Federal, State, and Local Levels—Development Assistance at Federal, State, and Local Levels—Proposals, i.e., Community Development Bank, Planning Assistance, Federal Incentives
 - (2) The HUD Delivery System—Rationalizing the Categorical Grant Program
 - (a) Alternative Methods of Delivering Federal Assistance for Comprehensive Metro Development and for Resolving Problems of Physical Environment
 - (b) Alternative Subsidy Devices for Aiding Development at Different Government Levels
 - (c) The Post-Audit or Performance Approach
 - (d) Proposals (Consolidation, Block Grants, Administrative Decentralization, Others)
 - (3) Improving Administrative Capacity of State and Local Governments
 - (a) Federal Incentives for Shifting Administrative Responsibility for Areawide Functions to Larger Governmental Units
 - (b) Shifting Certain Fiscal Burdens to State or Federal Government (Welfare, Education, Others)
 - (c) Shifting Methods of Raising Revenue—Among Government Levels (State, County, Local)—Among Various Tax Methods (Property, Sales, Income, Other)
 - (d) Professionalism — Pay — Education — Continuing Training
 - D. Recommendations:

Mr. BARRETT. Mr. Chairman, at this time I yield 10 minutes to the gentleman from Ohio (Mr. ASHLEY).

Mr. ASHLEY. Mr. Chairman, I want to take just a few minutes to talk about title I of the bill before us, particularly since it has been the subject of corre-

spondence to all of us, and because in my view that correspondence has misrepresented the purpose and the effect of this title.

It was earlier this year, Mr. Chairman, in January, to be exact, that the President in his state of the Union message called for the development of a national urban growth policy, and for increased Federal assistance to new community development. The reason why President Nixon addressed himself to these areas has since become clear. His statements since his state of the Union message have made clear that he recognizes that perpetuation of the current disorderly patterns of urban growth will only compound the chaos that describes our cities today, and in calling for enlarged new community legislation I think that it is quite clear that the President recognized that the steps taken in previous legislation passed in 1966 and 1968 has fallen far short of the kind of assistance necessary for the promotion and development of new towns in the United States.

Although the President called for positive steps with respect to urban growth policy and new community development, no specific message or messages were forthcoming from the White House nor were there any specific legislative recommendations to back up what he called for in his state of the Union message.

The Department of Housing and Urban Development, however, did prepare draft legislation in many respects strikingly similar to title I that is in the bill today and even more strikingly similar to the title I which will result when an amendment is offered and, I think, adopted, by the gentleman from Georgia (Mr. STEPHENS).

This draft legislation was, it is understood, circulated throughout the administration. It was not forwarded to the Congress. However, technical assistance from HUD was supplied, and I say was supplied graciously with great cooperation and great assistance. In all truth it is implicit in title I of the bill before us today.

I personally met with Secretary Romney on different occasions to discuss the specifics of the emerging title I. The assistance from the gentleman from New Jersey particularly, and other members of the minority on the housing subcommittee, and on the ad hoc subcommittee on urban growth and the full banking committee, has been tremendous.

There has been all but complete agreement on the thrust that title I takes on the necessity, as recognized by the President himself, for an urban growth strategy to help establish guidelines for present and current growth in the United States and for new community development that will offer alternatives to the guidelines, the blight and the desecration of our land, air, and water resources.

I think it is worthy of noting, Mr. Chairman, that title I has won very widespread support from both the public and private interest groups and organizations, from the League of Cities, the Conference of Mayors, the Conference of

Governors, the National Association of County Officials, the American Institute of Planners, the National Association of Housing and Urban Officials and, as I indicated, from a whole host of private new town developers and from corporations entertaining a future interest in new town development.

I want to be perfectly candid with respect to some of the areas of dispute that have been discussed and very largely compromised to the satisfaction of the Department of Housing and Urban Development and with the minority, particularly, Mr. WIDNALL.

The issue with respect to the development of a national urban growth policy that caused difference was the question of the kind of mechanism that could best begin to suggest to the President and to the Congress the specific components of an overall growth strategy.

I have felt very keenly that the best mechanism to achieve this kind of strategy would be a council akin to the Environmental Quality Council, appointed by the President, but enjoying somewhat independent status, and certainly not simply an in-house, coordinating unit, such as is suggested by the President's Domestic Affairs Council.

There has been some considerable insistence upon the part of those who take a different view that in point of fact the President's Domestic Affairs Council is exactly the kind of unit that can begin to spell out or make recommendations for national growth policy. It was with very considerable reluctance that I acceded to the request directly from the Secretary, Secretary Romney, and from the gentleman from New Jersey (Mr. WIDNALL)—and it was really the latter that caused me to change my position in this respect.

So part A of title I now conforms to the administration position, at least as set forth in their draft legislation, and as articulated by Secretary Romney in his discussions with me.

Part B of title I is the part that provides for new community development through a community development corporation established in and under the Department of Housing and Urban Development, and again my original intent and purpose was to have an independent corporation outside of HUD to achieve this purpose. The Secretary asked that I consider putting it within the jurisdiction of the Department, and this ultimately was agreed upon.

I am going to describe the other principal areas where there has been disagreement and that, not surprisingly, is with respect to the costs of title I. It was my original idea that the best approach to helping assist in the financing of the new community development would be through direct loans to new community developers. The administration again made it clear that this would not be considered favorably by the administration, that the budget impact would in years to come prove excessive.

They much preferred reliance on the Federal guaranteeing of bonds and other obligations used to raise money for land acquisition and development in connec-

tion with new communities, and again, Mr. Chairman, this is what we find in the bill. We do not find direct loans for this purpose. We find the form of financing that specifically was suggested by Secretary Romney and others in the administration.

Both in consideration of the rule and the remarks by the gentleman from Pennsylvania, the specific forms of assistance have been generally outlined, and I will not repeat them. I would think it helpful simply to mention that extensive hearings covering 2 years have made it clear to all that failure of the 1966 and 1968 new communities legislation was for the reason that the early year costs are impossible to amortize with the very limited cash flow resulting from limited sales during the early years of new community development. It has been quite clear from the host of witnesses, the literally hundreds of witnesses who have testified, that some kind of interim assistance is necessary during the early years of development of a new community, and this is where the thrust of the assistance under title I is directed.

It has been suggested that there is much that is complex and much that is new in title I. I dispute that, Mr. Chairman. There is nothing all that extraordinary or all that complex about a title that addresses itself to a legislative effort that we have been pursuing for 4 years. It has been suggested that the complexity is such that we would be better advised to wait until next year, when more time can be put into the subject.

I take the view, Mr. Chairman, that it is possible for the House to legislate as competently in December as in May. And I take the view, too, Mr. Chairman, that if we were to defer this until next year, which is what we will do if that is the will of this body, we will still be faced with a rule calling for 2 hours of general debate, followed by a reading of the bill for amendment, and the Members will know no more and no less than they know on the floor this afternoon.

Let me close then, Mr. Chairman, by saying that the President of the United States has called for a national urban growth policy and for increased assistance for new community development. Title I simply carries out what the President requested in his state of the Union message. The administration has been heard both in this body and in the other.

Mr. Chairman, I urge adoption of the measure before us.

The CHAIRMAN. The Chair now recognizes the gentleman from New Jersey (Mr. WIDNALL).

Mr. WIDNALL. I thank the Chair.

Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am pleased we are now obtaining some action on a housing bill for this year. I personally am in opposition to the committee bill which is under consideration, as presently written. I am not unsympathetic to the thrust of the bill, particularly the controversial titles I and VII. I object to the present form and also to the amounts that are included in the

bill. I can predict with certainty the fate of that bill if we accept it in its entirety. It certainly will not become law; neither will the excessive amounts that Congress would have seen fit to authorize.

I want first to compliment our distinguished colleague from Pennsylvania (Mr. BARRETT) for the time, effort, and dedication he has shown in bringing this bill to the House. He has worked for months on this bill with very intelligent effort and has done everything he could to try to bring together ideas offered from many people, from many Members of the House, to bring us something we could consider as a legislative body. He has shown every consideration for the other members of the committee and the Members of the House in the preparation of this bill.

I joined the gentleman in seeking from the Rules Committee permission to bring this bill before the House despite the fact that I had and retain strong reservations with regard to certain provisions of the bill, H.R. 19436. I do believe, however, that we should pass in this session of Congress a housing bill, a good bill of substance.

My reservations and my objections to the bill before us are detailed in the minority views to be found on pages 181-189 of House Report No. 91-1556. I do not believe they need retelling to the Members. They have been available for close to 2 months.

If these reservations and objections can be overcome, I personally believe we can pass a bill which can be enacted into law, and that is certainly my objective and I feel the objective of the majority of the Members of the House.

That is why I chose not to associate myself with H.R. 19851, introduced by our distinguished colleague the gentleman from Michigan (Mr. BROWN) which also has the endorsement of the Secretary of Housing and Urban Development. This is a sadder bill, unconsidered by the Committee on Banking and Currency and its Housing Subcommittee. It is a minimal bill—in some ways more and in some ways less than the committee bill, but mostly less. It avoids the main thrust of the committee bill with the vague promise that these other matters can be considered perhaps next year. It is hardly the work of the House of Representatives.

I personally am willing to wait until next year.

Our colleague, the very distinguished gentleman from Ohio (Mr. ASHLEY), with whom I have differed on approach on a number of things that were his ideas in connection with the bill, has made a very, very substantial contribution to the bill which is before us. Title I of this measure is essentially his title, his idea, the result of his dedication and effort, and the hearings that were conducted by an ad hoc committee of which he was chairman through the months.

Incidentally, I should like to tell the House that that ad hoc committee had some of the finest witnesses before it I have ever heard as a Member of the House. They were unusual witnesses. They were representative of some very different points of view. They brought

new ideas and creative ideas into an area which is extremely important to all of us in the United States.

I think we should all be appreciative of the efforts of the gentleman from Ohio. He has worked at length and with dedicated effort. I thank him for the considerations he has extended to me and to the minority and their views. His efforts of the past year should bear fruit today.

Close to half of the entire bill is the product of efforts of the gentleman from Ohio. Behind it lies better than a year's hearings, and I feel great consideration was given to the development of the new concept.

As to the amounts authorized in this bill, I feel they are not only too large but also unmanageable. For that reason I have worked to develop a substitute for the consideration of the House that would bring the amounts more in line with what we could swallow, usefully use, and promote the progress of better housing in America.

At the present time there is a great drive on to obtain additional funding for 235 FHA financed housing. Let me warn the House against too great generosity in this area. The distinguished chairman of the Committee on Banking and Currency, the gentleman from Texas (Mr. PATMAN) has, with the backing of the entire committee, called for an investigation of the way that 235 funds are being used throughout the country. It may surprise the House to learn that the 235 program, intended mainly to subsidize new construction, has turned over 51 percent of its commitments, according to a recent survey, to the purpose of existing housing. I have seen some of the first results of the chairman's investigation conducted by staff members from both the majority and minority. The results are shocking. The 235 subsidy funds have in many cases gone to the purchase of slum housing. The National Association of Real Estate Boards in their recent convention warned us by resolution of this possibility. I am sure that the House in its authorizations and appropriations never intended 235 funds should be advanced to a lot of speculators for their quick profits. For years I have advocated to the House the oversight function be more widely exercised. I think we are coming to that conclusion, and none too soon.

With this in mind, I am supporting a substitute bill that will be offered by the gentleman from Georgia (Mr. STEPHENS). With the limited time before us in this session, I think we have a very good opportunity to pass a good bill and a much improved one over that now before us and a much more acceptable bill. To that end I solicit the cooperation and assistance of the House. I will speak at greater length when we get into the consideration of the bill itself.

I do believe it is necessary to have a housing bill this year. I think we can work out a sensible bill on the floor of the House that will have substantial agreement of the Members on both sides of the aisle. I urge your earnest consideration of what will be offered to you during the debate on this bill.

Mr. Chairman, I now yield 10 minutes of the gentleman from Georgia (Mr. BLACKBURN).

Mr. BLACKBURN. Mr. Chairman, I want to thank the gentleman from New Jersey for yielding to me so I can give a few observations about the bill that we now find before us.

I would, first, like to make several rather broad observations and then make some specific points about an amendment which I will propose when the bill comes up for reading for amendment.

First, Mr. Chairman, the bill which is before us would involve a statutory authorization in excess of \$7 billion. Now, we know from communications from the White House that the President could not tolerate authorizations of that figure in view of the budgetary restrictions that we are living under today. We know that.

Further, we know that there are provisions in the bill as it is now written that seriously would undermine some of the private sectors of our economy. I have particular reference to the provisions in the bill that now exist that would authorize the Federal Government for the first time to go into the business of writing insurance.

Now, I recognize the fact that there are problems in some areas of our country, and particularly in the high crime areas, where private insurers are not able to write policies under existing regulations and premium rates a person must pay for protection in the form of insurance. This has created a hardship. We called for testimony, however, from the Department of Housing and Urban Development and we were advised that the States themselves and the private insurers themselves are working out solutions to the problem of providing reasonable coverage for high crime and high loss areas. So, why should we suddenly thrust the Federal Government into the business of writing insurance in direct competition with the private insurers?

Mr. Chairman, I am afraid the precedent would be a devastating precedent, because once one man begins receiving the benefits of a direct Federal subsidy for loss of property in high crime areas and high loss areas, then, his neighbor across the street is going to say, "Why can't I get the same benefit?" Before long we will all be getting one of these great free rides with the Federal Government picking up the bill, and we know who pays the bills of the Federal Government, the taxpayers who pick up the losses.

Mr. Chairman, the general experience has been that any time a governmental agency does something that a private agency can perform, the Government agency does it less efficiently, with more redtape, and at far greater administrative expense than if the private sector did it when confronted with the same problem.

But, let me make one other observation, and that is why I voted against the rule on this bill. We on the committee who voted this bill out know that the bill in its present form cannot pass the House and it cannot stand muster as far as the President is concerned. We know that and, so, what do we find ourselves

faced with today? We find some members of the committee have gotten together and have drawn up a bill which they feel will satisfy everyone. Let me ask the Members of this body just how orderly is the legislative process when the committee which brings a bill onto the floor is unable among its own membership to muster sufficient force to ask other Members of this body to vote for that bill in good conscience. It means that the bill is in such very poor condition that the majority of the membership of the committee cannot ask the Members of this body to vote for the bill. But, what happens when legislation is drafted in the Committee of the Whole? We find a few members of the committee have gotten together and drawn up a bill that they think will satisfy everyone. Well, Mr. Chairman, it will not. We as members of the committee are placed in a very awkward position when we find ourselves faced with substitute measures in the last minutes of a rump session of Congress and the members of the Committee of the Whole House on the State of the Union do not have before them at this minute such bill to read section by section with their own eyes and know just exactly what it is we are discussing.

Mr. Chairman, I do not mean this as a criticism of those who attempted to draw up a compromise measure, not at all. I admire them for their courage. But I do say the legislative process is very much in jeopardy when we adopt that procedure time after time. I might say further that it is a rather dismal truism for reference to any committee to have to follow and resort to those procedures.

Now, Mr. Chairman, the particular provision in the bill that I intend to attack is the one which would put the Federal Government for the first time in the business of the direct writing of insurance.

I have heard some people say, "Well, we set a precedent for that when we started writing flood-loss insurance." No, we did not set the precedent for the direct writing by a Federal agency—quite the contrary. Under the flood insurance program we utilized existing insurers and we required the existing insurers to pay a portion of every loss. In this way we use the mechanism of the private insurers for the purpose of writing the policies, for adjusting the claims, for processing the problems that come up in the process of handling losses.

What this bill would do is require a Federal agency to write the insurance itself. There are no limitations in the bill as to what the premiums would be, or any requirements that they meet the cost of writing the insurance; in fact, quite to the contrary, the bill says that whatever losses occur by reason of failure of the premiums to pay the losses, the taxpayers will pick that up out of the appropriation process.

Those of you who are concerned about our fiscal plight—and I can assure you just how valid those concerns are—these concerns cannot be demonstrated if we pass open-ended measures without any limitation on the loss that we can ask the taxpayers of this country to pick up.

Gentlemen, there are many fine provi-

sions in this bill. I can say that there are several provisions that I myself contributed to the bill which I think would materially assist the urban areas of this country in meeting their needs in the coming years but, Mr. Chairman, I am faced with the question of how that which is unacceptable could promote that which is desirable. At this late stage, and at this late date in this session of this Congress, the best course to take from my viewpoint would have to be that we have no major legislation now, but just continue the Department of Housing and Urban Development in its present operations, and come back after the first of the year when we can proceed in a more orderly fashion with a matter which deals with the scope and the size of the Housing and Urban Development Act.

Mr. Chairman, I yield back the balance of my time.

Mr. BARRETT. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. BRASCO).

Mr. BRASCO. Mr. Chairman, I rise in support of H.R. 19436, the critically needed Housing and Urban Development Act of 1970.

This bill is the result of a year and a half of work by the Committee on Banking and Currency and more particularly the industrious and farsighted contributions of the gentleman from Illinois (Mr. ANNUNZIO) and the gentleman from Ohio (Mr. ASHLEY).

The gentleman from Illinois (Mr. ANNUNZIO) contributed the property insurance provision of title VII and the gentleman from Ohio (Mr. ASHLEY) the urban growth communities program of title I.

Further, I wish to commend the chairman of the committee, the gentleman from Texas (Mr. PATMAN), and the chairman of the Subcommittee on Housing, the gentleman from Pennsylvania (Mr. BARRETT) for this comprehensive piece of legislation.

Title I would provide for the development of a national urban growth policy, and would also authorize a new and greatly expanded program of Federal assistance for new community development. This provision would grant a Council on Urban Growth to develop a national urban growth policy and advise the President on urban growth problems. This provision would also authorize a community development corporation to provide planning and financial assistance to public and private new community developments.

Title II of the bill is a very important provision of H.R. 19436, since it authorizes the greatly needed funds for the housing subsidy programs. It would authorize over a 3-year period greatly increased authorizations for the 235 homeownership program and the 236 rental housing program. The 236 program has proved to be one of the most vital programs in my home city of New York in providing a great need for new housing units. The authorizations for these two programs in this bill would be \$585 million for 235 and \$585 million for 236. Every penny of these funds are vitally needed.

Title III would authorize an additional \$3 billion for urban renewal grants for fiscal year 1972. We need all of these urban renewal funds if we are to aid in revitalizing our central cities. This provision would increase the annual contributions for the public housing program beginning in the current fiscal year by providing an additional \$150 million. As of this date, the public housing program is out of money. We would authorize an additional \$275 million for fiscal year 1972, \$300 million for fiscal year 1973, and \$350 million for fiscal year 1974.

Title IV would authorize an additional \$500 million for the model cities supplemental grants and also \$500 million for the water and sewer facilities program. Again, the model cities program has proved to be a vital Federal program for many of our cities, and I applaud the committee's action in providing an additional \$500 million.

The urban property insurance program, as I stated earlier, is one of the most important provisions in this bill, because it provides for small homeowners and small businessmen an adequate access to property insurance at reasonable rates. If the private insurance industry cannot provide these reasonable rates then this bill authorizes the Federal Government to directly write all lines of property insurance and crime insurance at rates that may not exceed 175 percent of the State manual rates. We also in this bill expand the existing Farmers Home Administration program for domestic farm laborers, and I take this opportunity to congratulate the distinguished gentleman from California, my colleague, JOHN TUNNEY, the Senator-elect, for his contribution of this provision.

The final title of the bill contains miscellaneous amendments which would consolidate the Department of Housing and Urban Development programs for advice and assistance for low-income families, and would authorize the Department of Housing and Urban Development to provide or guarantee performance bonds for small construction contractors, and would authorize the increase of the amount a savings and loan association may invest in multifamily housing.

My friends, I am deeply concerned about some of the observations that have been made on the floor of the House this afternoon which indicate to me that we indeed cannot pass this piece of legislation, but what we must have is some kind of a substitute.

The first portion of this bill that people seem to indicate is quite controversial is something that I believe is very desperately needed in this country, and that is some planning for our cities, which the gentleman from Ohio (Mr. ASHLEY), has sponsored in title I, and who has conducted hearings for more than a year, as testified to on the floor of this House.

And who came before the committee? Experts from all over the country, and every one of them agreed that it was good.

The second portion is something that was just commented upon a moment ago, and that is the business of getting the Federal Government in the insurance area.

Mr. Chairman, I represent a district in Brooklyn, and it seems to me to be the height of hypocrisy when we develop all kinds of programs to encourage people in my district as well as districts all over the country to enter into business, and then enact financial programs to assist them in the small business areas, then we pull the rug out from underneath them when they cannot get insurance to protect their investment.

You and I know that one burglary can wipe out the entire investment of a man who goes into a small business.

The insurance companies are not concerned about this. They are very grateful for the premiums as long as they do not have to pay out on claims, and that is what the problem has been.

You know something? It is rather strange to me, my friends, when the gentleman from Illinois (Mr. ANNUNZIO) puts in a great amount of work to resolve this problem to provide reasonable insurance rates to the small property owners and to the small business owners, and it is said that we cannot afford to do it or that it is not good policy—I think that is the best policy for the American people. I defy any one of my colleagues to tell me that the people in their congressional districts with similar circumstances would not welcome and appreciate this piece of legislation with open arms.

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. BRASCO. I yield to the distinguished gentleman.

Mr. ANNUNZIO. Mr. Chairman, I appreciate my colleague, the gentleman from New York, yielding.

Mr. Chairman, I compliment the gentleman for his fine statement. I would like to ask the gentleman a question.

Those people in New York, who are not able to buy insurance like people in all of the large cities and small cities in America—are they taxpayers?

Mr. BRASCO. They certainly are.

Mr. ANNUNZIO. It is the obligation and the responsibility of our Government to protect the taxpayers of this country so that the Federal Government can receive revenues from these taxpayers and not run the deficits that we are running in the Federal budget?

Mr. BRASCO. I certainly do think that is our prime responsibility.

Mr. ANNUNZIO. I thank the gentleman.

Mr. BRASCO. Then, finally, Mr. Chairman, it is said to be objectionable that this bill authorizes \$7 billion. You know that is a rather interesting observation. This is a 4-year program. There are some 50 States in this Nation that draw upon this money and I would like to know how many cities in each State. When you find out what you are giving to rebuild our cities and to do something about housing in this Nation with \$7 billion over 4 years, you find we are doing absolutely nothing unless we pass this bill as

reported by the Banking and Currency Committee.

Mr. WIDNALL, Mr. Chairman, I yield 5 minutes to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan, Mr. Chairman, I thank the gentleman from New Jersey (Mr. WIDNALL) for yielding.

Mr. Chairman, what we are talking of today is not whether or not we agree on the needs, the goals and the objectives in the area of housing and urban development. What we are differing about today is how is the best way to meet these needs, these goals and these objectives.

As many of you know, all of you I hope, and it has been alluded to here in the well of the House already—two of my colleagues and I have circulated a letter to the membership of the House requesting support of a substitute housing bill.

Now, is the intent of this substitute a negative intent? Certainly not.

We find that there are certain objections to the committee bill and it would probably be best to use the words of the Secretary of Housing and Urban Development, Secretary Romney, in explaining the position or the posture of those of us who will be supporting the substitute and in explaining why the substitute rather than the committee bill should be adopted.

In a letter to me dated December 1, 1970, the Secretary stated as follows:

DEAR MR. BROWN: This responds to your request for my views on H.R. 19851, the substitute Housing and Urban Development bill which you and Representatives Johnson and Williams of Pennsylvania introduced, and on the analysis of pending legislation in this field which you made available to your colleagues in the House.

I agree with your analysis. It seems to me that the national interest would be served at this time by the enactment of legislation along the lines of H.R. 19851. The bill would extend, adequately fund, and improve existing housing and urban development programs. Its enactment would permit the programs to go forward without loss of momentum, thereby giving the Congress an opportunity, early in the next session, to consider with care the far-reaching proposals contained in H.R. 19436 as reported to the House by Chairman Patman.

As you know, the Administration's legislative program for 1970 sought to consolidate, simplify and rationalize the many separate and overlapping housing programs that have come into being over the past 33 years. While this objective was generally accepted, it is not reflected in H.R. 19436, the Committee bill. Instead, the bill incorporates other major provisions which are novel, complex and controversial.

The Administration hopes to work in close cooperation with the Congress to devise, as soon as possible, sound solutions to the urgent problems of urban growth and development. I believe that the enactment of the Brown substitute would advance this work while the enactment of the Committee bill would set it back. My reasons for this conclusion follow.

AUTHORIZATIONS

H.R. 19851 would provide extensions and authorizations to permit all HUD programs to continue without loss of momentum until the next Congress has had the opportunity to carry out the planned re-examination of the programs. The basic FHA Insurance authority is extended to July 1, 1971. Additional authorizations would be provided for:

Public Housing Annual Contributions: Section 3 of your bill would increase the authorizations for public housing annual contribution contracts by \$220 million on July 1, 1971. This is a \$50 million increase over the 1971 level, thereby allowing for increased program costs and subsidies. The Committee bill would provide \$275 million additional authority for fiscal 1972 and would also provide \$150 million in fiscal 1971, \$300 million in fiscal 1973 and \$350 million in fiscal 1974.

College Housing Debt Service Grants: Section 4 of your bill would increase the college housing debt service grant authorization by \$15 million on July 1, 1971, whereas H.R. 19436 would increase this authorization by only \$12 million. The higher figure is warranted by recent increases in financing and construction costs.

Open Space Land Grants: Section 5 would authorize \$90 million for this purpose for fiscal 1972 which is the same as H.R. 19436.

Comprehensive Planning Grants: Section 6 would authorize \$100 million additional authority for comprehensive planning grants for fiscal 1972, whereas H.R. 19436 would authorize only \$30 million additional. The higher figure would permit an expansion of this important program to reflect increased interest in various forms of planning by many localities.

Neighborhood Facility Grants: Section 7 would authorize a \$20 million increase in this program for fiscal 1972 which, along with estimated unused authorization of \$26 million, would permit it to continue in fiscal 1972 at more than its current \$40 million annual level. H.R. 19436 would authorize a \$50 million increase in place of the \$20 million increase.

Model Cities Grants: Section 9 would extend unused authorizations (estimated at \$837.5 million) for grants under this program, thereby permitting the program to continue at its current \$575 million level, or higher. H.R. 19436 would extend the additional authorization and add \$500 million of authorization for fiscal 1972 which cannot be effectively utilized.

Then the Secretary goes on to point out where he differs with the committee bill. He says:

Among the provisions of the Committee bill which I believe to be especially undesirable are the following:

Urban Renewal Grants. The bill would increase the urban renewal grant authorization for fiscal 1972 by \$3 billion. Your bill provides for no such increase. It is now estimated that at the end of fiscal 1971, about \$1.2 billion will still be available for the program. Along with the other excessive authorizations, this section is especially inappropriate at a time when we are seeking to reestablish fiscal responsibility.

White House Council on Urban Growth. The bill would establish in the Executive Office of the President a statutory Council on Urban Growth. Its functions would overlap those of the President's recently-established Domestic Council. In effect, the bill would reorganize the White House just as the major reorganization initiated this year by the President and approved by the Congress is being implemented.

New Communities. The Committee bill would authorize a greatly expanded new communities program, with important implications for long resource allocation. It would do so before White House studies are completed concerning national growth policies and their relationship to national programs and policies with respect to population, urban development and redevelopment, and the natural environment.

In addition, the new communities title

as drafted contains a number of undesirable provisions. It provides for a direct Federal program for the development of new communities on federally-owned lands, with funds to be provided by the Congress. This is a task that can best be done by private enterprise in partnership with State and local governments.

It would also authorize direct Federal payments, for periods of as long as three years, of ordinary municipal expenses incurred by new communities. The provision is inappropriate in view of the many other aids that would be given to new communities. It would be discriminatory against older communities which are already faced with serious financial difficulties.

The Secretary continues and criticizes the new property insurance program, saying:

Title VII of the Committee bill would establish a new program of direct Federal property insurance whose cost and impact on the existing system of private insurance and State regulation are certain to be extensive. The program would unwisely bring the Federal Government into competition with the private property insurance industry with respect to a broad range of coverage, not limited to losses from crime, at a time when the States and private industry are attempting to resolve the problem.

Additional Federal action in the field should supplement, rather than supplant, actions that would be taken by the insurance industry and the States.

I believe that the enactment of your substitute bill, H.R. 19851, would best serve the immediate needs of the nation allowing us to continue to move forward in developing long range improvements in our programs.

Signed George Romney, Secretary.

Now let me recap what the substitute will do. First of all, all FHA insuring authority is continued to July 1, 1971.

All existing HUD programs are continued under existing authorizations, many of which have not even been utilized on a current basis.

Additional authorization through fiscal year 1972 is provided for those programs which have exhausted existing authorizations.

Certain other desirable and noncontroversial sections which are already in the committee bill are included. These include a section which extends the expiration date, until July 1, 1971, of the Secretary's discretionary authority to use up to 30 percent of section 235 contract funds for existing housing to July 1, 1974.

Another section removes requirements that sellers of mortgages to FNMA buy FNMA stock equal to at least 1 percent of mortgage amount. FNMA with HUD approval is to set the level of stock purchase.

Another section—901 of the committee bill—settles the amount of remaining payments owed Treasury by FNMA in connection with its partition in 1968.

One other section of my substitute authorizes early closeout of urban renewal projects, which provision is included in sections 310 and 311 of the committee bill, and another section of the substitute increases the maximum amount of grants the Secretary of Agriculture may make to improve farm housing from \$1,500 to \$2,500, or \$3,500 in cases of im-

provements involving plumbing facilities. That is in section 803 (a) of the committee bill.

Another section—909 of the committee bill—increases the percent of assets savings and loan associations may invest in multifamily housing from 15 to 20 percent. Another section extends allowable maturity of Federal home loan bank advances to member associations from 1 to 5 years, which is in section 910 of the committee bill.

Now what is the cost comparison between the two bills? There is a cost of \$7.7 billion for the committee bill and \$695 million for the substitute.

Is the substitute bill an end in and of itself? No; it is an adequate vehicle which provides for continuation of programs until the housing bill contemplated for early next year by both the administration and the committee chairman can be enacted.

Does the gentleman from Pennsylvania, the chairman of the Housing Subcommittee, or do even the majority members of the committee think this is the time for such comprehensive legislation?

Let me, in answer to that question, read from the committee report, which, of course, the majority members and the chairman have signed. This is from page 4 of the report, which says:

The committee bill does not include the major revisions of the FHA and public housing programs recommended by the administration. These comprehensive and far-reaching proposals could not be adequately examined in the brief period available to the committee during a year when two other major bills—the Urban Mass Transportation Act of 1970 and the Emergency Home Finance Act of 1970—occupied much of the committee's attention and effort.

Let me suggest that if there was not time for consideration of a well-worked-over administration bill, how can we justify supporting a bill, several sections of which were adopted in a few minutes of the final markup session of the committee with little or no effective discussion, with little or no opportunity for discussion.

I would like to ask the chairman of the Subcommittee on Housing whether or not he proposes to report to the House for consideration a housing bill early next year? I am sure he does intend to do that. In fact, to that end he has already appointed three panels to examine into every aspect of the problem. These panels will report back early next year so that we can come up with a comprehensive housing bill that will have received the deliberation a problem of this nature and magnitude deserves.

Is it not also true that there is an investigation going on of the section 235 program at least and other programs that the Banking and Currency Committee has ordered and is conducting?

Is it not also true at least it is alleged, that a major scandal in this program may result from this investigation?

I say to the Members of the House, how can we, in our right minds, pass legislation which increases authorizations and extends for 2 additional years programs which are so suspect, or even as some have suggested, even scandalous?

I hope, when the time comes, Members will support the substitute I shall offer.

Mr. BARRETT. Mr. Chairman, I yield such time as he may consume to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Chairman, again, I come before the House on the issue of the need to study the question of national development from an overall viewpoint. On September 23, and again on Tuesday of last week, I urged an end to the narrow limits within which we have confined our attack on this problem.

On both occasions, I proposed the establishment of a Select Committee on National Development as a vehicle for achieving this goal.

My concern is with a failure of the present programs to deal comprehensively with overall problems of housing and development facing this Nation.

The bill before us today, the Housing and Urban Development Act of 1970, is a fresh example of the narrowness of scope with which all too many of us view this problem. Its opening section is titled "Urban Growth and New Community Development."

It is obvious to builders of most anything that you cannot have a sound development with a weak foundation. The foundation of this Nation has, since its founding, been rooted in rural areas and small towns. Yet, we persist in concentrating almost all our efforts on the forest of problems caused by overexpansion of our major cities and metropolitan areas. It seems, that too many of us are ignoring the truth that many members of the struggling, undereducated, unskilled, or semiskilled masses which cause us so much concern in the cities are refugees from rural areas and small towns.

They have been forced to come to the cities in search of a new beginning.

The move has been made necessary by the advance of agricultural technology which has eliminated many of their jobs and the inability of their home areas to develop new job opportunities for them.

And, even when the smaller towns have an opportunity to lure new industries and new businesses into their area, they are hampered by the lack of housing for the welcome influx of new workers. There are also the budget-breaking problems of providing the needed public services for the new citizens and economic development.

Unless we can stem the flow of rural and smalltown residents into our cities, we cannot cure their ills of poor housing, crowded schools, overstrained budgets, and floundering governmental institutions.

And, we cannot put an end to the migration unless we alleviate its cause. We must take a broader look at the problems. We must provide the developmental and redevelopment assistance rural areas and small- and medium-sized municipalities are in critical need of.

It is not my intention to deny the need of extensive aid to metropolitan governments. The crisis in this area is undeniable. Nor, is it my intention to deny the need for the development of new com-

munities. Urban development must be decentralized in order to insure the continuing operation of big city and metropolitan governments.

It is my intention, though, to plead with you to take the blinders off. Try looking at the forest as well as the trees. The existing rural communities, small- and middle-sized towns, provide an ideal nucleus around which to begin the community development vital to this Nation's well-being in the years to come.

Let us put an end to the split vision with which we have been viewing rural and urban problems. Let us, at last, take a comprehensive look at the needs of all this Nation's people. Let us get to the work of developing a national growth policy—not an urban growth policy—not a rural growth policy—but, a national growth policy.

Mr. BARRETT. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Chairman, I thank the chairman of the committee, the gentleman from Pennsylvania (Mr. BARRETT).

Mr. Chairman, first, let me wholeheartedly endorse the legislation before this body, for I think it is a good piece of legislation and one that will go a long way toward helping the housing industry in our country. However, I want to speak particularly to title VII, the Urban Property Protection and Reinsurance Amendments of 1970, which has become known as the Annunzio bill.

Basically, title VII would provide direct crime insurance coverage from the Federal Government to homeowners and small businessmen. The Government would step into the picture only when private industry charged more than 175 percent of the manual rate for such coverage. The premium for such policies will be 175 percent of the manual rate. No policy will be written if the Secretary of Housing and Urban Development determines that the property is uninsurable, or if the State commissioner can justify the excessive rate. In addition, the policy will not be written unless the homeowner or businessman meets minimum standards to be established by the Secretary. The so-called FAIR plans established in the 1967 housing bill are continued. However, we include, in addition to fire and extended coverage, vandalism and malicious mischief, and burglary and theft in the FAIR plan. As you can imagine, these lines of insurance are most important to inner-city property owners.

Other much-needed reforms contained in the bill are:

First. Eliminates discrimination in brokers' and agents' commissions. This will encourage brokers and agents to sell the FAIR plan insurance.

Second. Provides Federal guarantees for performance bonds for small business construction contractors and subcontractors. For over a year, black contractors have complained about their inability to engage in so-called black entrepreneurship programs because they cannot get performance bonds.

Third. Provides for reinsurance of losses which occur during the construc-

tion or rehabilitation of habitational property. Many homes and apartments being constructed or rehabilitated even under our Federal programs are uninsured during the building or remodeling period. By offering the same kind of insurance against such losses that is now provided for riot losses, these properties will be insured during the crucial construction stage.

Fourth. Eliminates State sharing in riot loss payments. Present law provides that the States must pay up to 5 percent of the total property premiums written in the State toward riot losses. Many States have been very reluctant to assume this obligation since they do not have the money. Yet, unless the State enacts legislation providing for this State share, the insurance companies in that State are ineligible for riot reinsurance. One of the purposes of this State share was to encourage the States to take measures to eliminate riots and civil disorders. Experience has taught us the expense of such endeavors far outweighs the advantages to be gained.

Fifth. Provides for an Office of Review and Compliance in HUD to be operated under the supervision of the Office of the Federal Insurance Administrator. At present, the Federal Insurance Administrator has virtually no policing powers over the operation of the program. The only way he hears about complaints or inadequacies comes through letters from Congressmen or the innercity property owners. The Insurance Administrator should have the authority to check on the operation of these programs and take such steps as may be necessary to make them more effective.

These are the more salient substantive provisions of the bill. It does not provide for any new financing. The direct Federal insurance program will hopefully be paid for through the premiums collected. In the event losses exceed premiums, then the bill authorizes the Secretary to draw on the same funds which have already been made available for the payment of riot losses.

Now I would like to take a few minutes to discuss title 7, and I think that perhaps the newspapers in recent days have quite dramatically emphasized the problem to which title 7 speaks. In short, it is impossible for small businessmen in our major cities to obtain crime insurance and in many instances it is impossible for them to obtain fire insurance.

Title 7 would allow the Federal Government, through HUD, to write crime insurance and other essential property insurance in any area, be it the inner city, residential or rural, where the rate charged for the insurance was 175 percent above the normal rate for such insurance.

Now, I realize that putting the Government in the insurance business immediately raises eyebrows, but let me make it clear, and I have found no one who has been able to dispute this fact, that unless the Government writes this insurance, we will have no more small businesses in the downtown portion of our major cities, particularly the inner cities. In every major city, small businesses are

closing their doors by the hundreds, and every time one of the small businesses folds, we have lost another source of tax revenue.

It has further been argued that by providing such crime insurance, we do nothing to solve the crime problem, and I would be the first to agree with that premise. However, why should the small businessman have to shoulder all of the burden because too few people are willing to do something about crime. I do not want to go into the psychological reasons for the crime increase nor do I wish to attempt to affix the blame for the problem. We have heard a great deal about who is responsible for controlling crime. I do know one thing though. It is not the small businessman who is responsible for the crime rise; it is not the small businessman who can crack down on the increase of crime; but it is the small businessman who is paying for the effects of criminal acts. If ever there were an innocent victim of crime, it is the small businessman of our country.

If we fail to pass this bill, we are saying to small businessmen that we expect you to suffer the financial losses because too little is being done to prevent crime.

The insurance industry has steadfastly refused to come to grips with this problem or take any action to provide insurance. Therefore, I see no reason why the Government should not get into the picture. It cannot be argued that it is not proper for the Government to get into the insurance business since the Government is already probably the biggest insurer in the country. We insure banks, savings and loans, crops, and we insure against floods, and yesterday the committee voted overwhelmingly to put the Government in the business of insuring savings in credit unions. The insurance industry, which argues against Government involvement in insurance, at the same time is seeking legislation that would have the Government insure insurance companies against losses.

Mr. George Bernstein, the Federal Administrator of Insurance, has formulated the plan under which the States would do something about the crime insurance situation or they would lose their coverage under the FAIR plan. The basic flaw with this is that every State that has been questioned about the Bernstein plan has stated that it could not support it and the insurance industry is not in support of the Bernstein plan. In addition, the Bernstein plan would have a year delay in its effectiveness, and I do not feel that we, as a Congress, can tell the small businessman that he will have to go without insurance for another year. The problem is in our hands. The insurance industry has placed it there, and the small businessmen of America are looking at this body today to see if we, as responsible legislators, will take the lead in making certain that small business in our great cities will be able to purchase insurance at a reasonable rate.

Mr. Chairman, at first glance a 175-percent rate for crime insurance may seem like a great amount, but, as I am certain you have found out in your hear-

ings, rates for crime insurance that are 500 and 600 percent above manual are not uncommon.

Within a few weeks, the House of Representatives will have an opportunity to vote on the crime insurance package while, at the same time, the Senate is considering legislation that contains many of the features of my bill with two major exceptions. My legislation would allow the Government to write not only crime insurance on a direct basis, but basic property coverage if such coverage is not available within the 175-percent range. In addition, my bill would go into effect immediately. The Senate bill does not provide for basic property coverage and has a year delay in its effective date.

Mr. Chairman, we cannot wait another year, nor can we ask the small businessmen of America to wait for another year. Each day that we delay in granting relief to small business sees another group of small businessmen close their doors.

Quite clearly, Mr. Chairman, something must be done if small business is to survive in our major cities. I do not come here as a prophet of doom or gloom, but I do feel quite certain that unless crime insurance, at reasonable costs, is made available to small businessmen, the time is not too far off when there will be no small businesses in our inner cities. The trend has already begun and it is time now to take action.

I first began work on this problem in 1967, when I introduced the Small Business Protection Act to provide for a study to determine the best ways that small businessmen could protect themselves from criminal acts.

I do not contend that the study is the solution to the crime problem but rather that it does set out areas of investigation where a majority of efforts should be concentrated in solving the problem. I am unhappy that the study devotes too much space to the statistical side of crime against small business and not enough space in telling the small businessman how to safeguard his property from hoodlums and vandals.

Mr. Chairman, when I introduced my crime study bill in 1967, I did so in hopes that it would cause the insurance industry to do something about making crime insurance available to small businessmen. When I introduced the study bill, a member of my staff received a telephone call from an insurance executive inquiring whether the bill contained any provision for a direct program of Government insurance. The insurance executive was told that the bill did not contain such a provision but that if insurance was not made available that my next step would be in that area. The insurance executive assured my staff member that would not be necessary since the insurance industry was ready to come to grips with the problem and to find ways to help the small businessman.

That was more than 3 years ago, Mr. Chairman, and we still have not seen any progress on the part of the insurance companies.

Mr. Chairman, recently the Depart-

ment of Housing and Urban Development published its long-awaited study on "The Availability of Crime Insurance and Surety Bonds in Urban Areas." The Annunzio bill provides a workable solution to the problem of crime insurance in our urban areas, while the plans put forth by the Federal Insurance Administrator represent nothing more than protracted delays in solving the problem.

For instance, the plan put forth by the Federal Insurance Administrator would require the States to make crime insurance available at reasonable rates in urban areas by August of 1971. If this was not done, the Insurance Administrator would withdraw the Federal riot reinsurance coverage in those States. I do not feel that this will solve the problem and, of course, it will not guarantee that crime insurance will be made available since States may be willing to do without riot reinsurance, particularly if we have gone through a long period without any major riots in our cities.

The Insurance Administrator suggests that following this, he could order that crime insurance be made available under the so-called FAIR plans, a suggestion that I made in 1968 as an amendment to the Urban Property Insurance Act. However, in an earlier part of his report, the Insurance Administrator suggests that the inclusion of crime insurance in FAIR plans is not the answer. If crime insurance can be offered within the FAIR plans in those States which do not comply with the 1-year edict of the Federal Insurance Administrator, why is it that such coverage cannot be made available immediately. In short, if such a method of providing coverage is a good idea at one time, it is a good idea at all times, or, if it is a bad idea at one time, it is always a bad idea.

Mr. Chairman, if I felt the suggestions made by the Federal Insurance Administrator would provide meaningful solutions to helping people obtain crime insurance, I would endorse the report wholeheartedly, but in the language of our current younger generation, the report is "a cop out." It does nothing more than buy time for the insurance industry in the hope that those of us who want to provide solutions to the problem will back off and shift our attentions to some other area.

It has been suggested that my bill will cost the Government money. I do not accept this premise, but even if Government funds are expended on the program, think of the money that is lost in tax revenues to city, county, State, and Federal governments each time a small businessman goes out of business because he cannot obtain insurance.

Mr. Chairman, in April of last year, Congressman MOORHEAD and I conducted hearings on the insurance problem here in Chicago. We were amazed at what we uncovered. Huge areas of the city were redlined by the insurance industry and denied insurance coverage. Homeowners had their insurance policies dumped into the FAIR plan, where their premiums were sometimes as high as 5 and 6 percent of what they formerly had been paying. In other cases, hundreds of home-

owners had their insurance policies canceled for no apparent reason. I am certain that your subcommittee has found that many of these practices still exist.

In conclusion, Mr. Chairman, let me point out that unless a program of direct Federal insurance, such as that contained in my bill, is enacted, the insurance problems will only worsen and that the ghost towns that are tourist attractions in the West may well have a new rival in the inner cities of America.

Mr. BARRETT. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. I thank the gentleman from Pennsylvania (Mr. BARRETT) for this privilege, Mr. Chairman.

Mr. Chairman, the Housing and Urban Development Act of 1970, which this body has under consideration, contains the seeds for expanded housing development in our urban centers. Moreover, if adequately funded, the provisions of this bill will provide relief from the already exorbitant rents for thousands of middle-income Americans.

Several particular provisions of the bill will have a direct effect on the housing and rent crisis in New York City. The 1968 act excluded many cooperative housing projects financed by State or local assistance programs such as the New York State Mitchell-Lama program.

Provisions to correct this deficiency have been written into both the committee bill and the substitute bill now before us. As I have often said during this Congress, to exclude housing developments, such as Co-op City in the Bronx, which will eventually be the largest such development in the world, could not be tolerated if we are to really alleviate the housing scarcity and halt the spiraling maintenance costs now experienced by our large city cooperatives. I am pleased that this Congress has been fit to help these people.

Beyond this however, adequate funding of sections 235 and 236 of the housing act is essential if the benefits envisioned by Congress are to reach all those eligible and are truly to solve the housing crisis.

What exactly do the benefits of this act mean in terms of dollars and cents to the individual cooperator? Whenever, through Federal assistance, the interest rate goes down 1 percent the rent per room per month goes down \$4. This means that if for example Co-op City were to receive sufficient assistance to reduce its mortgages financing costs from the approximately 5 percent it now pays to 1 percent, the cost of a two-bedroom apartment would be reduced by \$64 per month.

That is a lot of money to a family earning a moderate income in New York City.

Moreover, the provisions would benefit new projects, many of which will be abandoned without some assistance to hold down the rents. The fact is, there is not that great a demand for apartments if you have to earn over \$20,000 to afford one.

Whether or not the intent of Congress to help ease the housing crisis for the

thousands of middle-income Americans is carried out, however, hinges on adequate funding. During the current fiscal year demand for such assistance from eligible projects in New York City was \$58 million. Yet, only about \$3 million was allotted. Hardly enough.

It is my hope—and my intention—that with the substitute bill being only an interim measure, next year's bill will greatly increase the funding under sections 235 and 236. The law is only a lot of talk as it now stands. This measure could be a big help in holding down rents for the vast majority of those Americans who are crying for such assistance, but they are cut off because the money is not there.

Moreover, the lack of housing in our urban centers will grow more acute as time passes. It will be too late to spend the money when people are out in the streets for lack of shelter.

Although I have backed the compromise measure extending the programs for 1 year, I will not just extend the bill again next year. We must have adequate funding and I sincerely hope that the intervening months will enlighten a sufficient number of my colleagues so that a truly helpful measure will emerge from the next Congress.

Mr. BARRETT. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. RYAN).

Mr. RYAN. Mr. Chairman, I rise in support of H.R. 19436 and commend the committee for bringing this bill to the floor.

In the Housing Act of 1949, the Congress made a ringing and impressive statement of our national housing policy:

The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation.

In the Housing and Urban Development Act of 1968, the Congress affirmed the national goal set forth in the Housing Act of 1949 of "a decent home and a suitable living environment for every American family" and found:

This goal has not been fully realized for many of the Nation's lower income families; that is a matter of grave national concern; and that there exist in the public and private sectors of the economy the resources and capabilities necessary to the full realization of this goal.

The Congress further quantified this goal by projecting the construction or rehabilitation of 26 million housing units, 6 million of which would be for low- and moderate-income families, within the ensuing 10 years.

Thus far, we have fallen grievously short of meeting with performance the glowing rhetoric. Total production in the

last fiscal year amounted to only about 1,850,000 units—and this total included a large number of mobile homes, for which no allowance had been made in the initial housing production schedule presented in the President's First Annual Report on National Housing Goals last year.

So, in the President's Second Annual Report on National Housing Goals, issued on April 1 of this year, the President stated:

Housing production has declined sharply in the past year, and over the last 4 years has been more than 1 million units short of the volume needed to keep pace with the Nation's growing population and replace inevitable losses of dwellings. Insufficient progress has been made in replacing or rehabilitating some 6 million substandard units. Too many other units continue to be allowed to slip into disrepair.

The situation is dire. New York City, and other metropolitan areas across the country, are facing the worst housing shortage since World War II, and the prospects for alleviation of this crisis remain dim.

The bill before us today, H.R. 19436—the Housing and Urban Development Act of 1970—offers substantial hope for the basic steps which must be taken to revive the housing industry, and for bringing decent housing within the reach of all Americans. The essentiality of these steps is highlighted by the administration's economic policies, which have contributed so much to the malaise gripping this industry, and to the exorbitant interest rates and other costs which in turn have caused housing costs to skyrocket.

There are several aspects by virtue of which H.R. 19436 is particularly significant. It provides, in title I, for the development of a national urban growth policy. The same title authorizes a new and greatly expanded program of Federal assistance for new community development.

Several other titles of H.R. 19436 embody key perfecting amendments to existing law. In some instances, these amendments create new approaches—such as section 204's assistance for dormitory housing. In other instances, existing provisions of the law are refined so as to make them more workable and more beneficial.

Finally, authorizations for essential housing and renewal programs are significantly expanded—a necessary step which must be followed by a far greater receptivity on the part of the Appropriations Committee and the Congress to greatly increased allocations of money for these programs.

I am particularly pleased that my bill, H.R. 49—companion bill H.R. 4308—has been adopted by the Committee on Banking and Currency as section 209 of the Housing and Urban Development Act of 1970. However, I think the committee would agree that further work will remain for the Congress, even after this bill is passed, and I hope that other bills which I have introduced to comprise a comprehensive package of housing legislation will be subsequently favorably considered by the committee.

I look forward to the conclusions of the panels established by the Subcommittee on Housing to conduct a full-scale analysis of existing housing programs and of the needs for additional legislation, such as that which I discussed with the subcommittee in my testimony, prior to the creation of these panels.

SECTION 236

Clearly one of the most important Federal programs for the bringing of decent housing to moderate-income families in urban areas is the section 236 rental assistance program, created by the Housing and Urban Development Act of 1968.

This program is the prime subsidy vehicle available to the largely apartment dwelling populations of the cities. It is therefore particularly important to analyze the impact of H.R. 19436 on the program.

Section 209 embodies my bill, H.R. 49—companion bill H.R. 4308—for which I testified before the Subcommittee on Housing of the Committee on Banking and Currency on June 3. Accompanying me was a panel from Manhattan's West Side, including State Senator Manfred Ohrenstein, and the New York State Commissioner of Housing and Community Renewal, Charles J. Urstadt.

Section 209 makes State and locally financed limited profit housing projects—such as those constructed under the State and city Mitchell-Lama program in New York—which were built prior to December, 1968, eligible for section 236 rental assistance, as well as for rent supplements. Thus far, only projects built or rehabilitated subsequent to enactment of the Housing and Urban Development Act of 1968 were eligible—this a consequence of an earlier amendment of mine incorporated into that act.

The need for this expansion of section 236's parameters is particularly important. As I stated earlier, section 236 is absolutely vital for the bringing of decent rental housing to lower-income families in urban areas. Its use in tandem with State and locally financed limited-profit programs—such as that in New York—has been particularly beneficial. Similar programs exist in several States, including Connecticut, Delaware, Illinois, Massachusetts, Michigan, New Jersey, Pennsylvania, and West Virginia. I think Commissioner Urstadt's testimony, when he appeared before the Subcommittee on Housing on June 3, aptly states the matter:

We heartily endorse Congressman Ryan's proposal that the 236 program be extended to completed projects built under State or local programs. In New York State, for example, the Mitchell-Lama program makes available long-term, low-interest mortgages to regulated housing companies who agree to limit the profit on their equity investment, the development costs, architectural and legal fees, and the rentals they may charge. The regulations are enforced either by the State commissioner of Housing and Community Renewal or by the supervising municipal agency, depending upon the source of financing.

In addition, municipalities are authorized to grant real estate tax abatement of up to all but 10 percent of the shelter rent of the project. Financing of construction of these projects is made available through the sale by the city or the State housing finance

agency of temporary bond anticipation notes. Often, however, when these temporary notes, which may have been sold at 5 percent, are replaced with permanent financing, at more than 7 percent, the impact on the rents or carrying charges is extreme. Each percentage point of interest translates into approximately \$4.50 per room per month.

Thus, on a typical four and one-half-room apartment, the total rent increase attributable to the financing costs alone may be for as high as \$40 per month. Extending the 236 program to these projects could ease the burden of this increase for these tenants and we strongly urge any action which can retain the original nature of these State and local programs in serving middle income families.

Some discussion of the Mitchell-Lama program should be helpful in demonstrating the need for legislation making section 236 rental assistance subsidies more readily workable in conjunction with this program. I should stress that I use the Mitchell-Lama program as an example—similar difficulties face the similar programs in other States.

As of April 1, 1970, there were 87 city Mitchell-Lama developments, comprising 173 buildings, and totaling 32,383 dwelling units. In construction as of that date were 19 developments, comprising 36 buildings with 7,233 dwelling units. Those projects which had been approved by the New York City Board of Estimate as of June 1, 1970, and which were pending contracting amounted to 12, comprising 60 buildings and 4,610 dwelling units. In the planning stage were 35 developments, comprising 73 buildings and 15,723 dwelling units.

The State Mitchell-Lama program has also provided significant housing in New York City. In the city, there are 51 completed State projects, with a total of 57,128 apartments. An additional 10 projects are under construction which will provide 20,246 apartments. Eight more State projects for New York City are in the planning stage, and when completed, these will add 9,271 apartments.

Outside of New York City, 24 State Mitchell-Lama projects have been completed, comprising 3,635 apartments. Another eight are under construction, and will provide 1,194 apartments. Finally, four projects are in the planning stage, and they account for 468 apartments.

Unfortunately, circumstances largely beyond the control of all but the Federal Government have very seriously damaged the Mitchell-Lama program. Money has become so tight, interest rates so high, and construction costs so great that the effectiveness of the program—to provide low-interest mortgage money for housing—has been seriously impaired as the rate of interest that must be paid on municipal bonds has increased.

New York City's recent long-term bonds, for example, went for 7.4 percent.

In 1957, the program was providing 3-percent money, building housing for \$25 per room a month, and serving incomes of \$5,000 to \$10,000. Today, it is 7½-percent money to 7¾-percent money, projected room rentals of as high as \$80 per month, and incomes of \$11,000 to \$20,000 which are served. And these enormous rents already reflect the impact of

an 80-percent tax abatement program and often a land writedown.

Clearly, there is a very real, very serious problem. The most important single housing program for middle-income families in New York City is facing the most dire difficulties. Rentals are increasing enormously, and in most instances, these increases are imposing an unacceptable burden upon tenants who, often subsisting on fixed incomes, cannot meet the additional expense.

Two years ago the Housing and Urban Development Act of 1968 incorporated my bill to make State and locally financed limited-profit middle-income housing programs, such as Mitchell-Lama, eligible for section 236 interest subsidies and rent supplements. This was an important step forward.

However, already existing developments were not covered. Yet, clearly, this assistance is necessary, since many Mitchell-Lamas are still under temporary financing. To provide this assistance, which would apply to all Mitchell-Lama-type programs—in Connecticut, Illinois, Massachusetts, Michigan, New Jersey, New York, and Pennsylvania—I introduced H.R. 49 on the first day of the 91st Congress. I subsequently introduced this bill, H.R. 4308, with the following 11 cosponsors: Messrs. BIAGGI, CONYERS, FARBSTEIN, GAYDOS, HALPERN, HELSTOSKI, JOELSON, KOCH, MCCARTHY, NIX, and ROSENTHAL.

The aim of the bill was to allow existing housing projects to apply for the relief they need to keep rents, carrying charges, and interest rates within the reach of the middle-income residents whom the projects are designed to serve. It does little good to construct new projects if facilities already in existence cannot maintain costs that are commensurate with the means of their tenants. And in light of the exorbitant interest rates that now exist, these costs are reaching such heights that in some way they must be stemmed.

An important advantage of this proposal is that it would cost the Federal Government less to subsidize the interest rate on a Mitchell-Lama housing project down to 1 percent than to subsidize a privately financed project down to an interest rate of 1 percent. This is because interest rates for the Mitchell-Lama program are already at levels which are lower than the regular market rate. Since the State does not finance the interest rate—but simply offers a below-market interest return to the holders of its bonds—the Federal subsidy would not constitute a second subsidy. I should note, also, that subsidization down to 1 percent is of course the optimum, but, as section 236 is written, subsidization could be down to 3 or 2 percent and the relief afforded would still be significant and welcome.

I should also like to quote from a response I offered to a question asked by the distinguished chairman of the Subcommittee on Housing when I appeared before his subcommittee on June 3, as this response also details the need for H.R. 49:

H.R. 49 would solve the problems of a significant number of Mitchell-Lama tenants

and co-operators facing drastic rent-carrying charge increases by making pre-1968 projects eligible for interest subsidies and rent supplements. At present, many Mitchell-Lama dwelling units are under temporary financing. When they do go into permanent financing—and the maximum period for which they can remain under temporary financing is 7 years—the high interest rates of today's money market will come into full play. Let me give you an example.

The generally accepted rule of thumb proven out by numerous analyses, is that for every percentage point of interest, there is an increase in rents-carrying charges of \$4.50 per room per month. Now, four and five and six years ago, Mitchell-Lama projects were coming in at 3.5 and 4 percent interest rates. To this would be added 0.5 percent for service charges. Today, the total is up to 7.7 percent—that means, 7.2 percent interest and 0.5 percent service charge. So, this represents an increase from 3.2 to 3.7 points. Figuring that each point of interest raises rents by \$4.50 per room per month, this means rent-carrying charge increases of from \$14.40 to \$16.65 per room month. A family of two living in a four-room, one-bedroom apartment would therefore face, when its building goes into permanent financing, an increase ranging from \$57.60 up to \$66.60 per month.

I don't think I have to make any comment. The figures speak for themselves—shocking!

Now, as for the number of units that are presently under temporary financing, there are the following:

Units of State Mitchell-Lamas in New York City in 10 projects.....	2,588
Units of State Mitchell-Lamas outside New York City in 4 projects...	853
Units of City Mitchell-Lamas in 52 projects	20,208

While not all of the city Mitchell-Lamas will experience a rent-carrying charge increase when they go into permanent financing because of contractual provisions in the original instruments of financing, some of them will, as will all of the State units. And, if they are forced to go into permanent financing in an interest market comparable to that which exists today, the effect will be devastating. The rent-carrying charge increase will literally drive the tenants and co-operators out of their apartments.

But, permanent financing is not the only peril. Currently, temporary financing is achieved through the issuance of bond anticipation notes. As interest rates increase, the money the city must pay to sell these notes becomes more costly and in turn the added costs are passed on to the tenants-cooperators. So, we hear people like Warren Holder and Edna Luftig describing their rental increases, and we read news stories such as that in the April edition of the New York Daily News with the headline "Whopping Raises Hit Middle-Income Housing Tenants," with the lead sentence:

"From vast Co-Op City in the Bronx to Manhattan's West Side, tenants in the city's middle-income developments are being soaked with sharp increases in rent, in some cases less than a year after moving in. * * *

So, passage of H.R. 49 is urgently needed in order that these buildings will be eligible for section 236 interest subsidies.

It is H.R. 49 which is incorporated as section 209 of the Housing and Urban Development Act of 1970. Needless to say, I appreciate this action by the subcommittee and full committee in adopting my bill. I know that my distinguished colleague from New York (Mr. HALPERN), who is a cosponsor of the bill, and my distinguished colleagues, the gentleman from Ohio (Mr. ASHLEY), the gentleman from Pennsylvania (Mr. MOORHEAD), and

the gentleman from Texas (Mr. GONZALEZ), as well as the distinguished chairman of the subcommittee, the gentleman from Pennsylvania (Mr. BARTLETT), and the other members of the subcommittee, are particularly concerned with the plight of New York City residents, as well as tenants across the country facing enormous rental increases.

Another very important provision of H.R. 19436 which affects the section 236 program is section 205, which would permit the Secretary of Housing and Urban Development to raise per unit cost limits. The Secretary in addition to his existing authority, is granted further authority to raise the limits by up to 20 percent in areas where he finds this necessary to meet increased construction costs.

In simple terms, this means that the section 236 program is made far more workable for New York City and other metropolitan areas, where construction costs are particularly high. For example, between 1957 and 1970, per room construction costs for city-financed Mitchell-Lama rental projects, which are eligible for section 236 assistance by virtue of my amendment adopted in 1968 and my amendment embodied in section 209 of this bill, experienced a per unit construction cost increase of 138 percent, from \$2,870 in 1957 to \$6,831 in 1970.

In light of the prime importance of the section 236 program to New York City and New York State, the necessity for enhancing the workability of the program is urgent. Again, the subcommittee and full committee are to be commended for their sensitivity in responding to our urgings and our depiction of the massive housing crisis facing New York City.

Finally, H.R. 19436 provides, in section 211, for the inclusion of certain costs in section 236 projects. Again, this is an important provision for Mitchell-Lama projects; it authorizes the Secretary of Housing and Urban Development, in computing the amount of rental assistance payments, to treat fees and charges imposed on mortgagors participating in State or locally financed mortgage lending programs to be treated in the same manner as FHA-charged mortgage insurance premiums. And section 215 of the bill amends section 236 to authorize the use of available facilities in section 236 rental or cooperative housing projects for classroom purposes where public schools are overcrowded, due in part to the project.

H.R. 19436 also provides for the extension of the section 236 program until October 1, 1973, as well as for urgently needed increased authorizations. Section 202 of the bill before us today increases the aggregate amount of contracts that the Secretary of Housing and Urban Development may enter into under the section 236 program by \$25 million as of July 1, 1970, by \$30 million as of July 1, 1971, by \$225 million as of July 1, 1972, and by \$250 million as of July 1, 1973.

The need for funds for this essential program are urgent, and these increased authorizations reflect that need. New York City alone, as of July 2, 1970, reports a need for \$41,332,000 in section 236 funds. This figure does not even in-

clude the projects being developed in New York City by the New York State Housing Finance Agency or the New York State Division of Housing and Community Renewal. If New York City were to receive the funds to cover this needed total, in fiscal year 1971 alone 23,995 dwelling units would be produced.

Needless to say, New York City has not in fact received adequate funds—nor has any other large city. The Congress has failed to appropriate sufficient funds, and the administration has failed to request sufficient funds.

Thus, the fact is that as of October 7, 1970, the total of section 236 funds which have been distributed by the New York City FHA Regional Office amounts to only \$19,903,515. In this fiscal year, from July 1, 1970 to October 7, 1970, \$6,353,618 of that \$19 million overall total were distributed.

State and local Mitchell-Lamas received \$5,068,020 of the overall total, and only \$363,191 in this fiscal year through October 7.

Yet, the backlog of requests for section 236 funds as of October 30 reported by the New York City FHA Regional Office amounted to \$22 million, of which \$20 million is needed just for Mitchell-Lama projects in New York City.

Hopefully, the increases in authorizations embodied in H.R. 19436 will serve as a spur to increased actual funding, as well.

DORMITORY-TYPE HOUSING

Another key provision of the bill before us authorizes the Secretary of Housing and Urban Development to provide assistance for dormitory-type housing under the section 236 and rent supplement programs. In brief, section 204 of H.R. 19436 aims at the problems of SRO dwellings, for example, single-room occupancy housing. I know that our distinguished colleague from Pennsylvania (Mr. MOORHEAD) deserves particular credit for this provision.

The problem of SRO's is a critical one in New York City, where the Planetarium Neighborhood Council, of which Mr. John Kowal is chairman and Mrs. Jeanne Miles is chairman of the housing committee, has been particularly active. This problem, of particular concern in my own congressional district, is concisely described in an August 1969 report, entitled "A Program for Tenants in Single Room Occupancy (SRO) and for Their New York City Neighbors":

New York City, particularly the West Side of Manhattan, has a problem population of single "roomers" housed in what are sometimes called slum hotels. Many of these roomers' lives are deteriorated by severe physical or emotional problems, by excessive use of alcohol and drugs, by advanced age, and by the condition of their housing . . .

These citizens live in buildings technically classified as single room occupancy facilities—SRO—and in SRO-type buildings, such as hotels, rooming houses and lodging houses. It has been estimated that there are approximately 100,000 units of SRO and SRO-type housing in New York City. Of these, 20,000 to 25,000 are on the West Side of Manhattan, between 72d and 110th Streets. Of the West Side units, 14,500

of them are in buildings classified as SRO; 15,500 to 20,500 are in SRO-type buildings. This concentration of SRO facilities and people led someone to describe the West Side as the "rooming house center of Manhattan."

The SRO problem has been long in the making. In the forties, faced with a critical housing shortage, conversion of buildings from class A self-contained apartments to single rooms with shared facilities was frequently permitted and even encouraged by the city. Large apartments were hastily and shoddily subdivided into six to eight single rooms, usually lined up off a railroad hallway. Bathrooms and kitchens were shared. From the very outset, the units thus created afforded a minimum of living amenities. Over the years these facilities have sunk into disrepair. Overuse and deferred maintenance have taken their toll with the result that they now provide a poor environment for a very needy segment of the city's population.

I should also like to quote from an article by Kitty Hanson which appeared in the May 18, 1970, issue of the New York Daily News. Entitled "All the Lonely People," this article movingly describes the plight of SRO dwellers:

It is morning. They waken on stale, used mattresses to the smell of stale, used air and the sound of silence. Outside, a spring sun filters through the New York City smog, lighting but not warming the brick and stone of the austere West Side block where they live. The city roared to life hours ago, but inside their gloomy walls, they fumble slowly into awareness. No time clock waits for them.

In solitary silence they rise and dress. In solitary silence, they leave their rooms and lock their doors and venture into another empty day, unnoted, unknown and often unfed.

"They" are the rooming house poor, the most deprived of all the forgotten men and women who live in New York's hidden City of Furnished Rooms: population, approximately 100,000; principal industry, survival.

These are the people who live in the poor hotels, the rooming houses, the SROs (single-room-occupancy buildings) which are serving the city of New York as the 20th century version of the 18th century poorhouse. Inside, they provide a marginal subsistence for their occupants; outside, a festering source of blight for entire neighborhoods.

Here you will find the elderly and the eccentric, the widows and widowers, the divorced and separated and never-marrieds. Here are alcoholics and addicts and prostitutes; and quiet working people who labor at low-skill, low-pay jobs and mind their own business and like it that way. Here are college students—and the mildly retarded. And here are the physically and mentally ill—not ill enough to merit a hospital bed or the wards of a state institution, not well enough to function in the world outside their furnished rooms.

Rundown relics of a better day, these "private poorhouses" are pockets of blight in neighborhoods of the affluent, the middle class and the making-it. The buildings themselves are an offense to the eye; the loiterers, the drunks, the petty criminals a danger to children; the shouts, the noise and sporadic outbursts of violence a threat to peace of mind and a good night's sleep.

To the average citizen, the SRO is a place to leave, but for thousands of New Yorkers it is the only place in which they can continue to live.

Thus far, Federal low- and moderate-income housing programs have been chiefly aimed at assisting families and the elderly or handicapped. The low-income, single person under 62 years of age has to a large extent been ignored. Particularly today, when the demand for housing grossly exceeds the supply, and living costs continue to soar while the administration pursues misplaced economic policies and ignores the tools which could be employed to halt inflation, the needs of this population group are increasingly critical.

The program authorized by section 204 of H.R. 19436 would channel assistance through the rent supplement and section 236 programs to provide dormitory-type rental housing. Up to 10 percent of the total amount of interest reduction payments contracted for under appropriations for the section 236 program, and for the rent supplement program, would be available for the dormitory-type projects.

I must express my reservations about the approach envisioned by the committee report, House Report No. 91-1556, which at page 12 stresses "maximum feasible use" of community kitchens, common dining areas, and other shared facilities. Communal facilities are not really the answer to the needs and wants of SRO residents, the language of the committee report notwithstanding.

RENT SUPPLEMENTS

As I have noted, section 209 of the Housing and Urban Development Act of 1970 embodies my bill, H.R. 49—companion bill H.R. 4308—which makes State and locally financed limited-profit projects—such as Mitchell-Lamas—eligible for rent supplements. This is a significant step which broadens the provision in existing law—which included my 1968 amendment—making post-1968 Mitchell-Lamas eligible for rent supplements.

In addition, H.R. 19436 extends the rent supplement program to October 1, 1973, and it increases the aggregate amount of contracts that the Secretary may enter into to make rent supplement payments by \$80 million on July 1, 1971, by \$85 million on July 1, 1972, and by \$90 million on July 1, 1973.

The dormitory-type housing program authorized by the bill before us today is also involved with the rent supplement program, inasmuch as section 204 provides that rent supplements may be used for dormitory-type rental projects.

The rent supplement program has been one of those programs with particular potential for benefiting low-income families who desperately need decent housing, yet cannot afford it, which has been a stepchild of the Congress. Only a few of us have fought for it, and it has never received more than minimal appropriations. Hopefully the increased authorizations embodied in H.R. 19436 will rouse the Congress henceforth adequately to fund this program.

URBAN RENEWAL

Section 301 of H.R. 19436, the Housing and Urban Development Act of 1970, increases the amount of grant funds available for urban renewal by \$3 billion as of

this fiscal year. The section also reserves not less than 35 percent of the funds available for renewal activities in fiscal year 1972 for neighborhood development programs.

The urban renewal program has, in large part, been successful. Serious flaws have been revealed, such as the failure to adequately provide for the individuals and families displaced by renewal programs. These flaws cannot be countenanced, and corrective action must be taken. But, these flaws do not dispute the basic concept—it is the implementation which must be remediated.

One reflection of the concern which some of us have voiced regarding these flaws is seen in the statistics comparing low- and moderate-income housing construction on renewal sites in the 16 fiscal years preceding June 30, 1966, and the 3 fiscal years since. During this latter 3-year period, the number of new low- and moderate-income units started on renewal sites was virtually equal to the total of all such units during the preceding 16 years. During this 3-year period, two-thirds of all new units started on renewal land were for low- and moderate-income use, compared to only 40 percent of total renewal housing starts during the preceding years.

Granted, the problem is still a severe one. But it is improving, and we will continue to press for truly adequate and beneficial relocation, as well as for adequate construction of housing on renewal sites.

The value of the urban renewal program is well known. As I said last week, when the Independent Offices and the Department of Housing and Urban Development appropriations bill for fiscal year 1971—H.R. 19830—was before the House:

In money terms alone, and this seems to be the language which the Administration likes to play with, the values added by redevelopment of renewal sites have resulted in a 240 per cent increase in assessed value of taxable land and a corresponding increase in tax revenues. . . .

In human terms, of course, urban renewal is a program which is intended to accomplish what its very name states—the renewal of urban areas, the environment in which more than one-half of this country's population lives.

And on June 25, also, I detailed some of the benefits of the urban renewal program:

Since 1949, over 1,000 communities—in all 50 States—have participated or are participating in the urban renewal program. Over half of these communities have a population below 25,000; and over \$8.2 billion has been approved in Federal grants to assist the over 1,000 participants.

Under the urban renewal program over a quarter of a million new or rehabilitated housing units have already been started or completed, 53 per cent of which are low- and moderate-income housing. When all redevelopment in programs approved through June 30, 1969, is completed, it will have generated nearly 1.3 million housing units, of which 66 per cent are low and moderate income.

Urban renewal activity has generated about 500,000 permanent jobs. When present planned redevelopment is complete, over 2.2 million jobs will have been generated. Ap-

proximately \$5.30 of local private and public investment has been generated for each urban renewal dollar. The assessed tax valuation of land and improvements has increased an average of 240 per cent in completed renewal projects, thereby expanding the local tax base.

What is needed now, in addition to perfecting legislation and adequate funding of other programs—such as section 236—which enable housing reconstruction, is sufficient funds for the urban renewal program itself. The October issue of the Journal of Housing reports that localities have applications in the pipeline for renewal grants in a total of \$3.7 billion. As the article in the Journal, entitled "Urban Renewal—In Review; In Prospect" states:

That is more than three times the amount of federal grant funds presently in prospect for this fiscal year.

The needs of New York alone are enormous. On July 8, when the conference report on the vetoed appropriation bill which was the predecessor of H.R. 19830 was being considered, I detailed some of these:

Allow me to point to the needs in New York State for a moment. There are currently 204 projects involving a grant reservation of \$1.08 billion in the State; 86 cities have pending or proposed applications amounting to \$356.5 million. New York City alone currently has four unfunded urban renewal projects pending.

I commend the Subcommittee on Housing and the full Committee on Banking and Currency on providing for an increased authorization of \$3 billion. The need is clearly demonstrable; the benefits are clearly apprehensible. Only the will to provide sufficient funds has been lacking. At least now, a respectable authorization figure will exist.

PUBLIC HOUSING

Title III of H.R. 19436, the Housing and Urban Development Act of 1970, contains particularly important provisions concerning public housing. Section 302 increases the authorizations for annual contribution contracts under the public housing program: for fiscal year 1971, the bill as reported out of committee, increases the authorization by \$150 million. The increase is \$275 million for fiscal year 1972, \$300 million for fiscal year 1973, and \$350 million for fiscal year 1974.

The crisis in public housing extends across the country, and the lack of funds is the basis of this crisis. For this reason, section 302 is particularly crucial. A recent publication of the Urban Institute, entitled "Operating Costs in Public Housing—A Financial Crisis," and written by Frank de Leeuw, details the problem:

Public housing costs have been rising rapidly in recent years, and rental income has been running well below operating costs for many local housing authorities, the agencies that manage federally supported public housing. With federal government payments restricted until late 1969 to capital costs (and small supplementary payments for the elderly and a few other groups), the result has been a rapid growth in operating deficits. "Crisis" is not too strong a word to describe the situation.

The central finding of the de Leeuw study is that—

Price and wage inflation is the major cause of increased operating costs in public housing.

And Mr. de Leeuw's findings lead to the conclusion:

The gap between costs and rents almost certainly will continue to emerge and grow for many local housing authorities in the near future, certainly so long as prices and wages continue.

In other words, the deficits being experienced by public housing authorities across the country are not, as some would have it, the products of mismanagement, but rather, they are the result of the economic situation which grips this country.

This need for funds was highlighted only a few days ago, when Simeon Golar, chairman of the New York City Housing Authority, disclosed that services and maintenance at public housing projects were being sharply curtailed because of lack of money. Mr. Golar was reported as estimating, in a New York Times story of November 20, that the authority's deficit would come to almost \$20 million by the end of the year, and he was quoted as stating:

I would assume that by the end of next year, in the federally assisted program, for instance, we will have virtually depleted our reserves, and really won't be able to cover our next payroll at some point in time.

He also pointed out while there are nearly 500,000 people seeking accommodations in public housing, fiscal shortages threatened new construction.

Thus, the increased authorizations provided in section 302 are essential.

Section 308 is also very important, especially to New York City. This provision permits the Secretary of Housing and Urban Development, in areas where he finds it necessary in order to meet increased construction costs, to increase by up to 20 percent the public housing per dwelling unit cost limits in existing law. In light of the tremendous increase in such costs in New York City, as well as other metropolitan areas, this provision is key.

SECTION 23 LEASING PROGRAM

Two provisions of the Housing and Urban Development Act of 1970 concern the section 23 leasing program. These are sections 303 and 304. The section 23 program, embodied in the Housing and Urban Development Act of 1965 as an amendment to the U.S. Housing Act of 1937, provides for the leasing of private housing units at current private market rental levels by local public housing agencies and the subsequent subleasing of these units to public housing tenants at lower rents.

Major credit for the section 23 program is due our distinguished colleague from New Jersey (Mr. WIDNALL), and section 303 of the bill before us today is in large part the result of his concern for this program. This section provides that at least 30 percent of the dwelling units for which annual contribution contracts for public housing are entered into shall be section 23 units. Section 304 extends the maximum term of the contracts between local public housing agencies and

housing owners, in the implementation of the section 23 program.

The particular importance of this program to New York City is well detailed in a report issued by the Citizens Budget Commission, Inc., headed by John M. Leavens, in July of this year. As the report concludes:

There are few programs in the housing field which work. Most fall far short of expectations and fail to match the rhetoric which heralded their arrival. The Section 23 program is one of the few programs that really works.

As of July 1970, 16,380 units had been leased to public housing tenants in the northeastern region. Over 1,700 units had been leased under section 23 in New York City; leasing, in fact, accounted for 18.1 percent of the 3,373 units of public housing which were provided under various housing programs in New York City in 1969.

Under section 23, the New York City Housing Authority leases units on the private market at rentals averaging \$32.90 per room per month, and then subleases them to public housing tenants at a rate averaging \$17.50 per room per month. The rent differential is subsidized by the Department of Housing and Urban Development, which contracts with the housing authority.

Unfortunately, despite my protestations and those of others of my colleagues, the administration undertook this year a severe cutback of the section 23 program. Consequently, section 303, requiring that at least 30 percent of the units for which public housing contracts are entered into must be section 23 units, was necessary to force the administration to support a valuable program.

Section 303 removes the administrative discretion that the Department of Housing and Urban Development has abused, and forces an adequate allocation of funds to the section 23 program. And this is necessary, for as the Commission report states:

The section 23 program can quickly provide needed housing in New York City in a way that no other program can match. The need to expand the public leasing program is hampered by lack of Federal funds.

One caveat must be entered. The commitment to adequate allocation of funds to the section 23 leasing program carries with it the concomitant necessity to assure that the public housing program is sufficiently funded, since it is public housing funds which are employed for the leasing program. A diversion of funds to the section 23 program, to the detriment of the regular public housing program, cannot be sanctioned. This is added warrant, therefore, for the increased authorizations for public housing contract contributions provided by section 302 of the Housing and Urban Development Act of 1970.

SECTION 235

The provisions of the section 235 homeownership assistance program are amended by several provisions of H.R. 19436. Generally, this program is not too useful in New York City, which is characterized by such a large proportion of apartment units. However, one provision of the Housing and Urban Development

Act, as it applies to section 235, does have particular relevance. This is section 210, which would permit homeownership assistance payments to be made on behalf of lower income members of cooperative housing projects financed with aid under a State or local program. Thus, Mitchell-Lama cooperatives will be eligible for assistance.

Unfortunately, section 210 only makes eligible projects constructed or rehabilitated after the enactment of H.R. 19436—much the same situation as that existing under section 236 with regard to rental assistance payments which my bill, H.R. 49, embodied in section 209 of the bill before us today, remedies. However, this initial step is a commendable and needed one.

Section 201 of H.R. 19436 extends the section 235 program through October 1, 1973. Thereby, the future of this program for the next few years is assured. Section 202 concerns authorizations. This provides that the aggregate amount of contracts that the Secretary may enter into to make homeownership assistance payments is increased by \$25 million as of July 1, 1970, by \$30 million for fiscal year 1972, by \$225 million for fiscal year 1973, and by \$250 million for fiscal year 1974.

MODEL CITIES

Section 401 of H.R. 19436, the Housing and Urban Development Act of 1970, authorizes an additional \$500 million in grant authority for model cities for fiscal year 1972. Again, we see a worthwhile program which has been shortchanged in its funding. While New York City has been a major recipient of model cities funds, the need for funding continues.

MINORITY ENTERPRISE

Each housing program works, either directly or indirectly, to provide jobs. Housing production and rehabilitation creates jobs. The provision of decent housing encourages people to remain in the urban environment, and thereby jobs are generated through increased services and goods which are required. And, because, a significant percentage of urban residents are members of minority groups, our encouragement of the development of housing necessarily redounds to their benefit, as it does to the benefit of all Americans.

Section 902 of the Housing and Urban Development Act of 1970 takes a significant step by addressing another aspect of the problem of minority group individuals—the inability of small business contractors, many of whom are such individuals—to obtain surety bonds. This situation not only impedes the opportunities of those individuals already in the construction business, but it also very severely precludes their entrance into this industry. Thus, only 2,000 out of 870,000 general and specialty contractors are black. This represents only two-tenths of 1 per cent—a level of participation in the housing industry which is far, far too low.

Section 902 authorizes the Secretary of Housing and Urban Development to provide or guarantee any bid, payment, or performance bond applied for by or on behalf of a construction contractor or subcontractor to enable such concern to

furnish such bond in connection with any construction contract.

I am gratified to see the Committee on Banking and Currency at work in this area, particularly inasmuch as I have introduced legislation directed at this problem, as to which I testified before the Subcommittee on Housing on June 3 of this year. My bill, H.R. 13735, would permit the Small Business Administration to provide a Federal guarantee of certain types of construction—including bid bonds, payment bonds, and performance bonds. While the approaches are somewhat different, both I and the committee obviously have the same aim—alleviation of a problem which I discussed on September 24, 1969, when I explained the legislation I had introduced:

Without performance bonds, it is virtually impossible to get construction work. In Harlem, for example, black contractors are unable to work in the community because they cannot convince surety companies to provide them with performance or payment bonds.

WATER AND SEWER FACILITIES

Section 403 of the Housing and Urban Development Act of 1970 authorizes, beginning in the next fiscal year, additional grant authority of \$500 million for basic water and sewer facilities, and \$50 million for neighborhood facilities. This authorization, like the expanded authorizations for the other programs which I have discussed, is urgently needed.

NATIONAL URBAN GROWTH POLICY

Title I of the Housing and Urban Development Act of 1970 provides for urban growth and new community development. This major provision is in large part due to the work of our distinguished colleague from Ohio (Mr. ASHLEY). It constitutes significant recognition of the haphazard patterns of urban growth which in the past have characterized the development of our cities, and response to the large part this past and present polyglot growth plays today in the blight and decay which afflict our metropolitan areas.

In addition, title I aims at fostering the development of new communities, possessed of the benefits of rational planning. The title also aims at the creation of major well-balanced additions to existing communities, and the renewal of innercity areas. For example, part C of title I would make eligible for urban renewal grants the acquisition by local public agencies of vacant or inappropriately used land or space which could be developed for housing and other uses, including schools, parks, and hospitals.

Title I constitutes a major breakthrough in trying to order the formation and rehabilitation of the environment in which more than half of our population lives. Rational growth is the only alternative we have to the decay of our urban centers, and we cannot reject that alternative.

URBAN PROPERTY PROTECTION AND INSURANCE

I am particularly pleased to note the inclusion in the Housing and Urban Development Act of 1970 of H.R. 14043, the urban property protection and reinsurance amendments. This bill, of

which I am a cosponsor and of which our distinguished colleague, the gentleman from Illinois (Mr. ANNUNZIO) is the chief sponsor, is directed at improving the urban property protection and reinsurance program which was first instituted under the Housing and Urban Development Act of 1968.

The premise for this program stems from a recommendation of the President's Commission on Civil Disorder, which was concerned with the fact that the disorders that occurred in many of our cities from 1964 through 1968 had caused the insurance industry to either withdraw its basic property insurance from many of our large cities or to increase the premiums to excessive rates.

The 1968 legislation proved to be deficient in some respects. Title VII is aimed at correcting the deficiencies. I commend the subcommittee and the full committee for their inclusion of this title, which is recognition of the plight of many small businessmen and residents of our major cities.

AGENDA FOR THE FUTURE

While the Housing and Urban Development Act of 1970 is an important piece of legislation, sensitive to many of the housing needs of the Nation, I think it safe to say that, even following its enactment into law, there still will be much left to do. One aspect of the agenda for the future is executive commitment—this is essential, since administration of legislation is so crucial in determining the effect it will have. Another aspect of this agenda for the future is the enactment of additional legislation. And in this regard, I should like to discuss some of the legislation which I have introduced and upon which I urge the subcommittee to act. I know that in part it has already done so by setting up panels to analyze existing programs and to assess the need for additional legislation, and I look forward to the reports of these panels.

When I appeared before the Subcommittee on Housing to testify on June 3, there were two other bills—in addition to H.R. 49, which has been incorporated in section 209 of the bill before us today—which I particularly stressed. Both of these bills—H.R. 14435 and H.R. 17885—amend section 236. H.R. 14435 reduces the rent-income ratios for section 236 and rent supplements from 25 percent down to 20 percent. This bill was adopted on the floor last year when I offered it as an amendment to the Housing and Urban Development Act of 1969. Unfortunately, it was deleted in the Senate-House conference. H.R. 17885 substitutes administrative flexibility for the rigid income eligibility requirements of section 236.

While under the section 235 homeownership program, the owner of a private home has to pay only 20 percent of his income and, in addition, he receives a tax deduction on the interest payments that he makes, the section 236 renter not only has to pay 25 percent of his income as rent, but he also receives no tax deduction. The inequity is apparent and itself justifies—even apart from the difficult financial burden imposed on renters and

cooperators paying carrying charges—adoption of H.R. 14435.

Let me explain the current costs of Mitchell-Lamas apartments—which are ostensibly constructed for middle-income families—and that will give some picture of the burden currently being borne. Rent carrying charges are now as high as \$48 per room per month. Projects are now in the process of construction with contemplated rent-carrying charges in the middle \$60's. And the New York City Board of Estimates has recently approved \$80 per room per month.

Now, in figuring what this means in terms of rents per apartment, the following standards have been set. An efficiency apartment is deemed to equal a three-room apartment if it has a balcony, and a 2½-room apartment if it does not. So, an elderly widow living in an efficiency apartment is today facing rents as high as \$144 per month, or \$1,728 a year. This clearly is an enormous chunk of money for a retired person, seeking to subsist on social security, and perhaps limited savings.

A one-bedroom apartment is computed as comprising four rooms; a two-bedroom apartment comprises five rooms; and a 3-bedroom apartment is figured at 6½ rooms.

With a section 236 subsidy, rental-carrying charges planned to run in the \$60's could be reduced to the \$30's if the subsidy were down to a 1-percent interest rate. Of course, subsidization down to 3 percent or 2 percent would be of significant aid, as well, although not as great.

Actually, there are not that many families in Mitchell-Lamas now paying more than that 20 percent of their income for rent, so passage of H.R. 14435 would not represent opening the door to a tremendous depletion of section 236 funds just for these families. It has been estimated that there are only 7,200 families and individuals in city Mitchell-Lamas paying in excess of 20 percent of their income for rent.

Finally, I would stress that the benefits of H.R. 14435 really are in no way limited to New York, but would apply across the country to all those families and individuals who do not currently qualify for a section 236 subsidy or the rent supplement program, yet who are paying in excess of 20 percent of their income for rent.

H.R. 17885 also should be passed. Currently, section 236 sets income eligibility limits for all but 20 percent of the families in a subsidized building at 135 percent of the maximum income limits for public housing in the area, or 90 percent of the limits set for section 221(d)(3) housing. Actually, in New York City, the 135 percent of public housing limits formula and the 90 percent of section 221(d)(3) formula come out quite close.

The simple fact of the matter is that these eligibility limitations are too stringent. There are many families for whom section 236 subsidization is necessary, yet whose incomes exceed the present statutory limits. H.R. 17885 rectifies this problem by abolishing the percentage limits now in the law, and substituting in their stead the administrative discretion of the Secretary of the Department of

Housing and Urban Development to set income limits taking into account the housing costs of the area in which the project receiving subsidization is located.

Obviously, the extremely high costs in metropolitan areas will persuade the Secretary to set income limits sufficiently high to meet the needs of those families who, while possessed of income apparently sufficient in amount, actually cannot pay the rentals which follow upon these high costs.

Let me give an example. Under the present adjusted annual maximum income limits for Section 236 subsidized housing, a single person can only have a maximum income of \$5,835. So, if a widow has an annual income of \$6,000, she is ineligible for section 236 subsidy. Yet, if she is living in an efficiency apartment at the current rates in some buildings of \$48 per room per month, she is paying \$1,728 a year for rent, or 28.8 percent of her income. And if she is not yet living in a Mitchell-Lama unit, and moves into one of the units being constructed which run at \$65 per room per month, she will be paying \$2,340 a year. This amounts to 39 percent of her income. Simply incredible.

So, H.R. 17885, removing the current income limits and allowing the Secretary of Housing and Urban Development to set limits in light of local costs, is really essential.

By this approach, middle-income families and individuals whose incomes exceed the present eligibility limits, yet who cannot afford conventional housing, would be made eligible.

In addition to H.R. 14435 and H.R. 17885, I have also introduced several other bills which I believe to be particularly important.

A. PUBLIC HOUSING

H.R. 601 would amend the Housing Act of 1937 to remove the existing 15 percent limit on the amount of assistance which may be provided thereunder for low-rent public housing in any one State. Public housing should be built where the need is greatest and not on the basis of an artificial quota system which has the untoward result of smaller nonrural areas receiving a disproportionate share of public housing units.

H.R. 602 would remove the existing dollar limit on the amount of annual contributions which may be contracted for by the Department of Housing and Urban Development. This bill would also serve to insure that the program is based on the demand and need for the program rather than a statutory contract authority limitation. With so many of our low-income people living in substandard housing and with inadequate funding by the Congress of the complementary rent supplement program, it is essential that the public housing program be utilized in relation to the need and demand for low-income housing.

H.R. 604 would amend the Housing Act of 1937 to provide that a tenant in a low-rent public housing project may not be evicted without a public hearing. H.R. 604 is consistent with the American ideals of justice and asks only that a public hearing be given to a tenant regarding his proposed eviction, that the decision of

the local public housing agency be based on the record of the hearing, and that such decision be subject to judicial review in the courts. It is hardly necessary to state that it is only fair that public housing tenants be accorded the same standards of justice that exist for those more fortunate.

B. RENT SUPPLEMENT PROGRAM

I have introduced a bill, H.R. 608, to amend section 101 of the 1965 HUD Act to provide increased rent supplement payments in the case of tenants with larger families. The bill causes the annual payments which a tenant makes on his house to reflect the size of his family by providing that the portion of his income which is taken into account in determining his rent supplement is reduced by \$200 for each member of his family—other than himself and his spouse—who has no income. H.R. 608 would help to alleviate the situation under which the rent supplement program presently operates, which does not adequately take into consideration large income families, especially in our larger metropolitan areas.

C. URBAN RENEWAL

We know from 20 years' experience that most of the land that has been utilized for the urban renewal program was originally occupied by low- and moderate-income housing. We also know from 20 years' experience that the urban renewal program has not been sufficiently responsive to the needs for housing of the poor and near-poor.

To insure that the urban renewal program does not continue to operate oblivious to the housing needs and gaps facing this country, I have introduced H.R. 597, to amend title I of the Housing Act of 1949 to prohibit the construction of luxury housing in the redevelopment of urban renewal areas. My bill would go beyond the requirements set forth in the Housing and Urban Development Act of 1969. The 1969 act amended section 105 of the Housing Act of 1949 to provide that if any urban renewal project receiving Federal recognition after enactment of the 1968 act included the demolition or removal of any residential structures, there must be provided, by construction or rehabilitation, standard housing units for occupancy by low- and moderate-income families at least equal in number to the number of units occupied by such families and which were demolished and removed.

H.R. 597 would insure that all of the housing built on renewal sites be low- and moderate-income in nature. This Congress and this country are being self-contradictory if on the one hand they state—as they did in the 1968 HUD Act—that we must achieve the goal of 6 million units of low- and moderate-income housing in the next decade, and then on the other hand, allow the renewal program to be utilized for the construction of luxury housing which can be provided through the private marketplace and which, furthermore, is not a critical need at this point in our history.

RELOCATION

One of the most often criticized aspects of the urban renewal program has been its relocation procedures. Seven bills—H.R. 597, 598, 599, 600, 609, 10266, and 10651—which I have introduced would substantially improve these procedures and insure that relocation is carried out in the future on a fair, just, and humane basis. Too often in the past renewal administrators have allowed the poor and displaced to bear an unnecessary and unwarranted share of the costs—both human and financial.

H.R. 598 would amend title I of the Housing Act of 1949 to require the establishment of more effective procedures for the relocation of individuals, families, and business concerns from the area of urban renewal projects. The major provisions of this bill would: First, insure that no property on an urban renewal site was disposed of until relocation and replacement sites of standard housing had been completed; second, relocation would be carried out by the local public housing agency without contracting their relocation to private agencies, institutions, or organizations.

In far too many cases, a local public agency does not have adequate standard housing available for displacements, but will move such persons out regardless. The tendency has been for public agencies to view relocation as a "ground-cleaning operation," rather than as an essential and important part of the total renewal operation—that is, to both renew and to provide adequate housing. Local agencies have for too long failed to realize that relocation is a component in the national housing policy for adequate housing for every American family. H.R. 598 also would require local public agencies to undertake relocation rather than some less responsive or detached private organization undertaking such a contract for profit.

H.R. 599 would amend title I of the Housing Act of 1949 to provide that individuals, families, and business concerns shall have a priority of opportunity to relocate in the renewal project area after its redevelopment. Generally, renewal has meant the displacement of the poor and near-poor by upper-middle and upper-income groups. As I stated earlier, a basic intent of the Housing Act of 1949 was the provision of low- and moderate-income housing through the redevelopment of land sites. The 1968 Housing and Urban Development Act reaffirmed our efforts to provide decent and safe housing for these income groups. H.R. 599 would insure that those displaced by renewal have priority of opportunity to return and relocate in the renewal area after redevelopment. This is a companion bill to H.R. 597, which would require only moderate- and low-income housing on renewal sites. These two bills together would insure that we make steady progress toward the national housing goal of 6 million new and rehabilitated low- and moderate-income housing units over the next 10 years.

H.R. 600 would amend title I of the Housing Act of 1949 to provide more

adequate relocation payments for individuals, families, and business concerns displaced from urban renewal areas. The important provision of H.R. 600 is that the provision of losses and expenses to tenants and business concerns be equal to actual losses rather than a statutory payment limitation, as exists now. Tenants should be paid an amount equal to the difference for 1 year between original rent and rent paid for accommodations at the replacement site. Small business concerns could include an amount equal to their loss of profit for the first year after relocation; also, they could, after reasonable efforts to obtain a suitable replacement site failed, include an amount equal to the fair and reasonable market value of their trade or business unless they are offered a priority of opportunity in connection with the development project.

The present method of relocation payments unjustly penalizes the poor and small businessmen who find that inadequate payments drive them into either overcrowded and substandard housing or bankruptcy and foreclosures. The primary policy objective of relocation should be to make it possible for a family or a business to move into decent homes and business sites with a minimum of sacrifice on their part.

H.R. 609 is also related to relocation, but to relocation as it is applied to all Federal and federally aided programs. This bill would amend title I of the Housing Act of 1949 to provide more adequate relocation payments to extend the requirement of such payments to persons displaced under all Federal and federally aided programs and to establish in the Department of Housing and Urban Development a central relocation agency which will actually make relocation payments and provide assistance to displaced persons in obtaining them.

These seven bills dealing with relocation would ensure fair, just, and humane relocation procedures. They would strengthen the capacities of local agencies to deal with relocation problems and would provide those displaced with the resources to improve their homes and living environment.

D. COOPERATIVE HOUSING

A cooperative is a consumer enterprise owned and operated by its members on a nonprofit basis. It offers a rather unique form of homeownership that could not only benefit middle-income groups but also lower-income as well.

Cooperative housing offers many benefits, including income tax deductions for the tenants' share of local taxes and interest on the mortgage; building up equity; little or no losses from vacancies and collection difficulties; and cheaper maintenance costs.

I have introduced two bills, H.R. 51—the Cooperative Rehabilitation Housing Act—and H.R. 596, to deal with cooperative housing. The Cooperative Rehabilitation Housing Act would provide Federal assistance to enable tenants of multifamily housing in low- and moderate-income urban areas, organized as cooperatives, to acquire and rehabilitate

such housing. This act would further the opportunities for homeownership similar to the provision for section 235 homeownership for lower-income families programs authorized in the 1968 Housing and Urban Development Act.

This act would enable local groups to rid the slums of absentee landlords who have failed to keep up their properties while at the same time charging exorbitant rentals. As the act states:

It is the purpose of this Act, by providing Federal financial and other assistance, to enable the occupants of multi-family housing in low- and moderate-income urban areas to acquire and rehabilitate the structures in which they live.

This bill provides a low-interest, revolving fund for acquisition and rehabilitation. It enables tenants to negotiate a sale directly with a private owner or to acquire the dwelling from a municipality. There are also incentives for municipalities to acquire, through condemnation, or otherwise, dwellings which are in repeated violation of local building codes or health codes, for the purpose of eventually transferring them to resident cooperatives.

H.R. 51 also has a provision for a technical assistance service in HUD to facilitate the organization and management of such cooperatives.

H.R. 51 is also important because it proposes a direct loan fund. I have long held the belief that direct loans are insufficiently utilized in Federal housing programs. The success of New York's Mitchell-Lama law demonstrates that direct loan programs are able to meet the needs of low- and moderate-income housing.

H.R. 596 would amend title II of the National Housing Act to provide Federal Housing Administration mortgage insurance for individuals purchasing dwelling units in cooperative housing projects in the same way that such insurance is provided for individuals purchasing other single-family residences. This bill would heighten the probability of low-income public housing occupants and middle-income persons becoming homeowners. Through long-term, low-interest loans insured by FHA, cooperative apartments could be made available, thus promoting the concept of homeownership.

OTHER HOUSING PROPOSALS

H.R. 605 would amend the Internal Revenue Code of 1954 to require the owner of an apartment building or other multifamily structure to establish and utilize a repair, replacement, and maintenance reserve as a condition of the allowance of a depreciation deduction with respect to such a structure. This bill is designed to take the profit out of the slums. As it exists now, slumlords can fail adequately to maintain their properties while still receiving a depreciation allowance for that property. The owner wins on both ends; the tenants pay exorbitant rents for unsuitable structures and the Government gives him an allowance. H.R. 605 would also require demonstration by the taxpayer that the reserve fund is being used for the intended purpose. In this way, landlords will be discouraged from making a profit by per-

mitting the deterioration of homes in which low-income people must live.

The availability of space for construction in our crowded cities lessens daily. H.R. 12462, which I cosponsored, would ease the scarcity of space by making possible the construction of low- and moderate-income housing, of the type covered by a mortgage insured under section 221(d)(3) of the National Housing Act, or low-rent housing assisted under the U.S. Housing Act of 1937, in the airspace over any public building of the Federal Government. The administrator of General Services is authorized to transfer such airspace without consideration whenever he determines that it is not needed to carry out a governmental function. Thus, the airspace over post offices, which often are structures with few stories, could be utilized to provide much needed housing.

H.R. 607 broadens the opportunities under the Housing Act of 1937 for occupants of dwelling units in low-rent housing projects to purchase such units. The Housing and Urban Development Act of 1968, section 205, states that tenants can purchase public housing units only if "the property to be acquired is sufficiently separable from other property retained by the public housing agency to make it suitable." H.R. 607 would also permit purchase for "the disposition of all or part of the project to, and the operation and management by, a nonprofit cooperative housing corporation or trust formed by occupants of the project." Thus, H.R. 607 would make it possible for all or part of a public housing project to be converted to a nonprofit cooperative housing corporation or trust fund formed by occupants of the project.

CONCLUSION

Any realistic discussion of housing legislation must include some discussion of the administration of the laws which Congress passes. Innovative, effective legislation has been enacted into law. Rational, dynamic programs exist on the statute books. But without executive commitment to implement these programs, little can be accomplished.

And this is only one part of the practical considerations. A major factor in the production of decent housing is the state of the economy. Again, unless the executive undertakes to engender and nurture a sound economy in the appropriate manner, good housing legislation falls victim to deleterious external circumstances.

Both in implementation of Federal housing programs, and in management of the economy, the administration has impeded the effective implementation of the laws which have been enacted.

Two examples of maladministration of existing law should suffice. One concerns the section 23 program. The administration undertook a serious curtailment of this program. Yet, putting aside those local organizations which have attested to the efficacy of the leasing program, we need only look to the report of the President's own Task Force on Low Income Housing, which said the following about the section 23 program in its May, 1970 report, entitled "Toward Better Housing For Low Income Families."

The Task Force has a favorable impression of recent programs which make use of leased housing facilities (Section 23 leased housing programs). These programs have flexibility, provide for private development and ownership, include opportunities for homeownership, and have been concentrated largely on properties that remain on community tax rolls.

The consequence of the administration's hostility to the section 23 program is seen in section 303 of the Housing and Urban Development Act of 1970. This requires that at least 30 percent of annual public housing contributions be employed for section 23 units. Legislative force is being exerted, because this appears to be the only way to effect full implementation of the section 23 program.

The other example of administrative hostility to public law was demonstrated this year by the implementation of the so-called Brooke amendment, which was incorporated in section 213 of the Housing and Urban Development Act of 1969. This was aimed at providing additional funds for local public housing authorities so that they would neither have to raise rentals nor sacrifice needed services. The regulations issued by the Department of Housing and Urban Development clearly demonstrated a posture of antipathy toward this amendment by their restrictive language and by the bars they erected to a straightforward—not to mention generous—interpretation of legislative intent.

The consequence has been that the Senate, in the version of the Housing and Urban Development Act which it passed on September 23—S. 4368—included new provisions which will require that the intent of the Brooke amendment is realized.

Then there is the matter of the economy. The administration's policies have engendered exorbitant interest rates. These have in turn been passed on to the public by means of high interest mortgages, and excessive rentals caused by the high rates.

Thus, the administration has failed to help us meet the promises of the legislation which we have passed, and which past Presidents have signed into law.

Certainly, the distinguished members of the Subcommittee on Housing, chaired by our eminent colleague from Pennsylvania (Mr. BARRETT), and of the full Committee on Banking and Currency, chaired by our distinguished colleague from Texas (Mr. PATMAN), deserve our commendation. The Housing and Urban Development Act of 1970 is a sensitive, responsible piece of legislation. So, too, is the past housing legislation which they have produced. But we must continue to insist upon similarly sensitive, responsible implementation of this legislation.

This is not to say that reasonable men cannot differ. Nor is it to say that the Department of Housing and Urban Development has not performed well in implementing some programs. But it is to say that the successive promises made over the years to all Americans that they will have the opportunity to live in decent housing, in a decent environment, must be kept.

Mr. WIDNALL. Mr. Chairman, I yield

5 minutes to the gentleman from New York (Mr. HALPERN).

Mr. HALPERN. Mr. Chairman, as one of the sponsors of the Housing and Urban Development Act of 1970, I should like to say why I believe this is a good measure and one which should be enacted by this body.

Before that I wish to commend the chairman of the subcommittee, the distinguished gentleman from Pennsylvania (Mr. BARRETT), and I wish to compliment our ranking minority member, the able gentleman from New Jersey (Mr. WIDNALL), for their time-consuming work and persistent dedication to getting decent and adequate housing moving in this country of ours. Likewise, I wish to commend the committee for bringing this bill to the floor.

First, it is a future-looking bill which, for the first time, puts the Federal Government in a position of planning for tomorrow's housing needs and expansions. We have long needed a national urban growth policy to prevent the unplanned extensions of cities into new areas. This bill provides for the development of such a policy.

As I fly to and from my district each week, I pass over the urban corridor in which the greatest megalopolis ever seen in this country is expanding at a fabulous rate. Title I of our bill will permit this expansion to be accomplished in an intelligent manner, rather than the helter-skelter fashion that exists in many areas.

The way title I would work—in addition to simply creating an intelligent policy and providing needed planning—is to provide grants under an open space land program which could be used to buy up land that could be withheld from immediate development in order to control the urban growth patterns in various areas. I would also permit urban renewal to go into areas that are economically underutilized or have natural hazards, thus permitting these projects to go into other than simply slum or blighted areas as they do now. Also, this section authorizes a new and expanded program of financial assistance for developing new communities. Other grants and guarantees are made available for private and public developers who undertake projects that are consistent with orderly growth policies.

The second major goal of this housing bill is to raise the monetary authorizations of the various housing programs. As I look at the effect that inflation and spiraling costs have had on New York City in general and on my Queens district, in particular, these raised authorizations seem modest. Frankly, if we are going to come even close to our announced housing goals for the decade of the seventies, these raised authorizations are essential. Especially vital for New York City and other metropolitan areas are the provisions that raise the per unit cost limitations by 20 percent in the subsidized multifamily programs of FHA and raise by 20 percent the public housing per dwelling unit cost limits where necessary to meet increased construction costs. In these programs, the city of New York—and, I am sure, other cities in the

country, as well as areas which have been hard hit by inflationary pressures—has been forced to dip into its own capital funds in order to make the programs go at all. These raised ceilings will permit the programs to work in these areas without this added hardship. I think we should point out that these raised ceilings are not automatic; they will apply only in areas where construction costs and interest rates have risen so high that a discretionary raise is necessary.

Two provisions in title II, which I sponsored and consider to be most important, are directed to the cooperative projects for moderate-income families and, especially, to those projects that were sponsored or underwritten by States or municipalities. One of the provisions would give eligibility to those projects which were completed prior to the 1968 Housing and Urban Development Act, and the other would expand the eligibility of these projects to participate in Federal housing programs. Both are vital to this very important housing component, and I would like you all to support these provisions.

Another key provision of this bill is the crime insurance title, introduced by my colleague from Illinois (Mr. ANNUNZIO). This would permit the direct Federal writing of essential property insurance by HUD, including crime lines, if insurance rates in the prevailing private market are larger than 175 percent of the manual rates. It limits coverage on private homes to \$25,000 and on industry and commercial enterprises to \$1 million. I am sure that many of you, like myself, have received letters from constituents telling how they have paid premiums on their insurance policies and, after 20 years of paying, they get a letter from their carrier telling them their insurance is canceled. This is happening all too often in my own district and, I am sure, in many others. It is a much needed program and, while I think the Federal Government should not step in if private industry or if the State or municipality is taking effective steps to insure adequate coverage for everyone, we should enact a backup measure that can be used when no other program is effective or available.

There are other important measures in this bill. I do not claim this bill is the "be all and end all" in housing legislation. You may be aware that we in the Housing Subcommittee are taking a fresh look at all of the housing legislation, and the administration is doing the same thing. We will probably return in the next session with a far-reaching housing act that will clarify and modify many of the existing laws. What I am asking today is that you enact all of these measures which are so vitally needed now—let us not wait for the big debate of next year.

Mr. BRASCO. Mr. Chairman, will the gentleman yield to me?

Mr. HALPERN. I will be very pleased to yield to the gentleman.

Mr. BRASCO. I just wanted to comment that I am very happy and proud to serve on the Banking and Currency Committee with you. I am not a member of the Housing Subcommittee, but I have

watched the deliberations of that committee very closely. I want to take this opportunity to commend you personally for the great job you did on that subcommittee in developing programs which were vital to the urban centers, particularly the great State and city of New York which we represent.

Mr. HALPERN. I, in turn, would like to thank the gentleman for his valuable contributions to this bill.

I would also like to thank the gentleman sitting to his right, our distinguished and able colleague from New York (Mr. RYAN) for the very valuable contributions he has made to this legislation through his appearances before our subcommittee and for the amendments he recommended. They are highly commendable. They are vitally necessary, particularly for our city of New York, and I certain trust that they will prevail.

Mr. RYAN. Will the gentleman yield?

Mr. HALPERN. I am happy to yield to the gentleman.

Mr. RYAN. Let me say how much I appreciate the gentleman's kind remarks, and let me reciprocate by saying how much his service on the committee is valued by the people of his district and the people of the city and State of New York.

Mr. HALPERN. I thank the gentleman.

Mr. BARRETT. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. MINISH).

(Mr. MINISH asked and was given permission to revise and extend his remarks.)

Mr. MINISH. Mr. Chairman, I rise in support of the Housing and Urban Development Act of 1970. This omnibus housing measure would provide for the development of a national urban growth strategy, authorize an expanded program of new community development, extend and improve existing housing programs, and establish a significant new program of Federal property insurance where such insurance is unavailable at reasonable rates.

The bill would create a Council on Urban Growth in the Executive Office of the President to develop a national urban growth policy and advise the President on urban growth problems. It would also establish a Community Development Corporation within HUD to oversee assistance for the development of new communities.

Under title II, all FHA programs are extended to October 1, 1971, with the exception of section 235, homeownership; section 236, rental and rent supplements, which would be extended to October 1, 1973.

Title II, section 215, contains an amendment which I offered in committee to meet the problem of overcrowded schools in urban areas. The amendment provides that the Secretary of Housing and Urban Development may permit the use of available federally subsidized housing for classroom purposes when he finds that public schools in a community are overcrowded due in part to the attendance at such schools by residents of the subsidized project.

The need for this provision in the

housing law came to my attention earlier this year when a group of tenants in a federally subsidized apartment building in Newark, N.J., supported by the mayor, the board of education, and the city's housing authority, petitioned HUD for permission to use a small number of vacant apartments as classrooms in order to alleviate overcrowding in their schools.

Despite clear flexibility in the present law, HUD officials protested that, while they were sympathetic, they could not act without specific congressional authorization for classrooms in subsidized buildings. Section 215, which has already been approved by the Senate, contains the necessary authorization.

H.R. 19436 extends and increases the authorization for a number of valuable programs: \$3 billion is allotted to urban renewal for fiscal year 1972—a barely inadequate amount in view of the fact that Secretary Romney himself has stated that there is a \$3 billion backlog of applications for urban renewal money. An additional \$500 million is authorized for water and sewer facilities grants. Presently, there are \$5 billion worth of pending requests for these funds.

The legislation increases fiscal 1972 model cities authorization by \$500 million. Model cities constitutes one of the most promising programs ever developed to assist blight-ridden urban centers. As originally conceived the program called for a comprehensive approach—a total attack—on the myriad problems which have adversely affected the quality of life in American cities. Unfortunately, due in large part to inadequate funding, model cities has yet to fulfill the great expectations which accompanied its enactment in 1966. We must halt the practice of underfunding this worthwhile program.

Title VII incorporates legislation which I have cosponsored to permit direct Federal writing of essential property insurance if insurance rates in the private market exceed reasonable limits.

Mr. Chairman, legislation of this type deserves top priority if we are to rebuild and revitalize American cities. I urge passage of the Housing and Urban Development Act of 1970.

Mr. ST GERMAIN. Mr. Chairman, I rise in support of H.R. 19436, the Housing and Urban Development Act of 1970. I believe the bill is essential if we are to continue the attack on housing and urban development problems to which the Congress has committed itself.

I would like to bring to the attention of the House one important matter. There are widespread reports that many beneficiaries of section 235 homeownership assistance payments are, in fact, earning more income than the amount certified by lenders to the FHA. The reason for this is that until recently HUD required certification of income by the lender only every 2 years—this despite my objections at the committee hearings. In many cases, family income rises significantly within that period. However, the increase need not be reported by either the section 235 occupants or the lender.

Any decrease in income immediately results in an increase in the subsidy.

This is a serious problem and one that should concern the Congress, the Department of Housing and Urban Development, lenders, and section 235 occupants alike. Abuses relating to the amount of income being earned by a family result in less subsidy funds for other families which need housing. Furthermore, these abuses greatly reduce public acceptance of the program which is intended to benefit hard-working families who simply cannot afford adequate housing without subsidy.

On Wednesday, November 25, FHA Secretary Gullidge announced a substantial change in the present policy dealing with recertification of a family's income in the section 235 program. He stated that FHA has developed new procedures which will require annual recertification of income and also interim reporting of changes in employment and family composition.

These changes, I hope, will substantially meet the problem to which I have called attention and which has concerned me since the program was adopted. I commend the Department for this policy change and specifically urge that interim reporting of changes in employment and income be sufficiently frequent to effect a prompt reduction of subsidy for families which experience a rise in income over, perhaps, a 6-month period.

I believe such policies and procedures will put a stop to these abuses, so that this program may continue to serve needy families and at the same time retain the confidence of the public.

If these policies do not result in the proper administration of this subsidy program, I shall in next year's housing bill offer an amendment that will put the burden on the borrower who is receiving the subsidy. The amendment will be very specific and state that the failure of the borrower to report an increase in income that persists for a 6-month period will in effect be considered a default and the mortgage will then be subject to foreclosure.

There are too many deserving families waiting in line for the few section 235 homes available. The least that can be expected of those who receive such a mortgage is that they be honest in their payments and not receive a subsidy in excess of that to which they are entitled.

Mr. ADDABBO. Mr. Chairman, I rise in support of H.R. 19436, the Housing and Urban Development Act of 1970. There are many important provisions therein which will help to fill the disastrous housing shortage.

I particularly support the section which will make State and city Mitchell-Lama projects constructed prior to 1968 eligible for section 236 rental assistance for rent supplements. This section embraces many provisions of legislation which I was happy to have cosponsored.

For the information of my colleagues I submit a telegram from our former colleague and now mayor of the city of New York, the Honorable John V. Lindsay:

I respectfully urge your support for the 1970 Housing and Urban Development bill,

which is vital to New York City's housing. Any diluted alternative measure would be seriously damaging to our city. Crucial items include increased authorizations for the current fiscal year for section 236 and public housing. Bill also authorizes retention for fiscal year 1972 for urban renewal, model cities, and rent supplement. Also essential to the maintenance of housing production in New York City and other high cost areas is the 20 percent increase in FHA subsidized and public housing mortgage and construction cost limits contained in the House committee bill.

Kind regards,

JOHN V. LINDSAY,
Mayor.

Mr. BINGHAM. Mr. Chairman, the Committee on Banking and Currency in the House has done an excellent job in evaluating and responding to our national housing needs. The Housing and Urban Development Act of 1970, H.R. 19436, currently before the House is an excellent bill. It contains many new and promising provisions—programs for the development of urban growth policies and new communities; badly needed authorizations for urban renewal, housing assistance, and model cities; and a new program of urban property insurance to better protect city dwellers against crime and vandalism. I want to congratulate the committee for bringing this excellent bill to the floor, and to indicate my strong and enthusiastic support for this legislation.

It is especially noteworthy that the Committee on Banking and Currency in this legislation has finally approved a provision that will make publicly assisted housing built between 1960 and 1968, such as the Mitchell-Lama projects in New York, eligible for Federal help under the rent supplement and rental assistance programs.

I have long urged and supported such a provision. In December 1968, as the senior Democratic member of the New York congressional delegation on the Banking and Currency Committee which has responsibility for all housing legislation, I noted the plight of Mitchell-Lama residents and announced my plans to introduce legislation to help rescue them from rising costs by making Federal rental assistance available. I introduced that legislation—H.R. 402—on the opening day of this Congress in January 1969, along with other members of the New York delegation.

In July 1969, at my invitation, a number of community leaders came to Washington to join me in testifying before the House Banking and Currency Committee in support of H.R. 402 and similar bills. That group included then-New York State Assemblymen Benjamin Altman, now New York City Commissioner of Rent and Housing Maintenance; Robert Abrams, now Bronx borough president; Mr. Jerome Belson, director of housing for the Amalgamated Meat Cutters and Butcher Workmen of North America; Mr. Jack Braunstein, legislative director of the Council of Limited Profit Mutual Housing Companies; and Mr. Harold Ostroff, executive vice president of the United Housing Foundation.

The need to bring existing Mitchell-Lama-type housing under Federal rent

supplement and rental assistance programs is even more acute now than it was in 1968 when we began this legislative effort and I strongly urge the House to endorse this provision of the Housing and Urban Development Act of 1970. Housing costs have skyrocketed to the point where what was once low- and middle-income housing has become housing which only high-income families can afford. Net rents for city-financed Mitchell-Lama units have increased 167 percent since 1957, much of that increase in the last 2 years.

Per room costs have increased by \$4,855—149 percent. As a result, this housing has become less and less accessible to low-income families, and families who occupy these projects have had to strain and sacrifice severely to meet the costs and retain their apartments. Increasingly, Mitchell-Lama projects built between 1960 and 1968 have become affordable only by families with relatively high incomes.

To deny Mitchell-Lama projects the benefits of Federal rental assistance programs, in effect, penalizes New York and New Yorkers for their initiative and foresight in developing creative programs to provide housing for low- and middle-income families nearly 10 years before the Federal Government took action to meet that need. Furthermore, our Federal housing programs must do more than expand the supply of low- and middle-income housing. They must also assure that the low- and middle-income housing we have built remains fully available to low- and middle-income families.

The provision contained in this legislation providing rental assistance and rent supplements to existing Mitchell-Lama projects will undoubtedly do much to relieve the financial pressures on residents of these projects. But current law provides strict maximum limits on total income for families in eligible projects to receive rental assistance. As a result of the rising costs I have described, and the generally high rents in the New York area, the incomes of many Mitchell-Lama families now exceed these limits, and section 209 of this legislation making existing Mitchell-Lama projects eligible for rental assistance would be much more helpful and applicable to New Yorkers if it were accompanied by a change in these income limits. I intend, at the appropriate time, to offer an amendment which would remove the present rigid family income limits, and give the Secretary of Housing and Urban Development authority to set limits based on local needs, giving preference, as before, to families with incomes within the lowest practicable limits. I proposed such a change in my bill, H.R. 6469, which I also recommended to the committee in my 1969 testimony and which was cosponsored by 11 other members of the New York delegation. Without this additional provision, the provision now in this bill will have a disappointingly limited impact on behalf of hard-pressed low- and middle-income families in New York. I respectfully urge my colleagues in the House to give this

amendment careful and favorable consideration.

Mr. PRICE of Illinois. Mr. Chairman, the unavailability of crime insurance at reasonable rates remains a hinderance to the small businessman. As cosponsor of previous legislation, that would provide Government-sponsored small business crime insurance, I am gratified to have included in the Housing and Urban Development Act of 1970 provisions for a Federal reinsurance program.

We have waited long enough to correct the insurance problems that trouble the small businessman. Private insurance companies have shown they are not going to initiate crime insurance programs providing affordable rates. It remains our responsibility to agree to a program of Federal reinsurance.

I have for some time maintained contact with the Illinois Insurance Commissioner concerning policy cancellations in my area. The situation for many months has deteriorated—insurance companies are simply more and more unwilling to offer affordable rates on crime insurance to the small businessman.

The difficulty of acquiring crime insurance at reasonable rates or at all hits hardest those businesses in the inner cities, where insurance is most needed. The average small businessman obviously cannot afford to pay double or triple insurance premiums; and when he does have a policy, he is often unwilling to report minor crime damages for fear the insurance company will cancel his policy. In my district, this situation has resulted in portions of the inner city business district completely closing down—some business moving elsewhere and others totally failing. This obviously intensifies conditions in slum areas. I am hopeful that a Federal reinsurance program, initiated immediately, can alleviate the pressures on these businesses.

It must be realized that this legislation does not require the Federal Government to write insurance on all property. In the first place, there would be direct Federal writing only if the private rates were excessive. Second, if a property is deemed uninsurable, no insurance need be written. The Federal Government, therefore, is not expected to wastefully expend money.

Without a Federal reinsurance program, there can be no financing of new businesses in inner cities and many of these businesses still in those areas will be forced to close down.

I trust that the necessity for such a Federal program as this is clear. I urge that the Housing and Urban Development Act of 1970 be passed with the inclusion of this program.

Mr. BARRETT. Mr. Chairman, I have no further requests for time.

Mr. WIDNALL. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

Mr. GHAIMO. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Forty Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 378]

Abbutt	Evins, Tenn.	Nedzi
Adair	Fallon	Nichols
Aspinall	Farbstein	O'Konski
Baring	Fascell	Ottinger
Bell, Calif.	Feighan	Patman
Berry	Fish	Pickle
Blatnik	Foreman	Podell
Boland	Frelinghuysen	Powell
Bolling	Gilbert	Price, Tex.
Brock	Gray	Purcell
Burton, Utah	Green, Ore.	Reid, N.Y.
Bush	Hanna	Relfel
Button	Harsha	Rivers
Carey	Hawkins	Robison
Celler	Hébert	Rooney, Pa.
Chamberlain	Jacobs	Roudebush
Chappell	Kastenmeier	Satterfield
Chisholm	Kazen	Saylor
Clark	King	Schadeberg
Clausen,	Kuykendall	Scheuer
Don H.	Landrum	Shriver
Clay	Leggett	Slack
Cohelan	Long, La.	Steiger, Ariz.
Collins, Ill.	Lujan	Stokes
Collins, Tex.	McClure	Sullivan
Conyers	McKneally	Thompson, N.J.
Corbett	MacGregor	Tierman
Corman	Maillard	Tunney
Cramer	Marsh	Waldie
Cunningham	Mathias	Watson
Daddario	May	Whalley
de la Garza	Mayne	Wiggins
Denney	Meskill	Wilson, Bob
Dennis	Mikva	Wilson,
Dent	Mink	Charles H.
Diggs	Morton	Wold
Dowdy	Murphy, Ill.	Wright
Esch	Murphy, N.Y.	Wyatt

Accordingly the Committee rose; and the Speaker pro tempore (Mr. Moss) having assumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 19436, and finding itself without a quorum, he had directed the roll to be called, when 321 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the bill by title.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing and Urban Development Act of 1970."

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. STEPHENS

Mr. STEPHENS. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. STEPHENS:

That this Act may be cited as the "Housing and Urban Development Act of 1970".

TITLE I—URBAN GROWTH AND NEW COMMUNITY DEVELOPMENT

SHORT TITLE AND STATEMENT OF PURPOSE

SEC. 100. (a) This title may be cited as the "Urban Growth and New Community Development Act of 1970".

(b) It is the policy of the Congress and the purpose of this title to provide for the development of a national urban growth policy and to encourage the rational, orderly, efficient, and economic growth, development, and redevelopment of our States, metropolitan areas, cities, counties, towns,

and communities in predominantly rural areas which demonstrate a special potential for accelerated growth; to encourage the prudent use and conservation of our natural resources; and to encourage and support development which will assure our communities of adequate tax bases, community services, job opportunities, and well-balanced neighborhoods in socially, economically, and physically attractive living environments.

PART A—DEVELOPMENT OF A NATIONAL URBAN GROWTH POLICY

FINDINGS AND DECLARATION OF POLICY

SEC. 101. (a) The Congress finds that the rapid growth of urban population and uneven expansion of urban development in the United States, together with a decline in farm population, slower growth in rural areas, and migration to the cities, has created an imbalance between the Nation's needs and resources and seriously threatens our physical environment, and that the economic and social development of the Nation, the proper conservation of our natural resources, and the achievement of satisfactory living standards depend upon the sound, orderly, and more balanced development of all areas of the Nation.

(b) The Congress further finds that Federal programs affect the location of population, economic growth, and the character of urban development; that such programs frequently conflict and result in undesirable and costly patterns of urban development which adversely affect the environment and wastefully use our natural resources; and that existing and future programs must be interrelated and coordinated within a system of orderly development and established priorities consistent with a national urban growth policy.

(c) To promote the general welfare and properly apply the resources of the Federal Government in strengthening the economic and social health of all areas of the Nation and more adequately protect the physical environment and conserve natural resources, the Congress declares that the Federal Government, consistent with the responsibilities of State and local government and the private sector, must assume responsibility for the development of a national urban growth policy which shall incorporate social, economic, and other appropriate factors. Such policy shall serve as a guide in making specific decisions at the national level which affect the pattern of urban growth and shall provide a framework for development of interstate, State, and local growth and stabilization policy.

(d) The Congress further declares that the national urban growth policy should—

(1) favor patterns of urbanization and economic development and stabilization which offer a range of alternative locations and encourage the wise and balanced use of physical and human resources in metropolitan and urban regions as well as in smaller urban places which have a potential for accelerated growth;

(2) foster the continued economic strength of all parts of the United States, including central cities, suburbs, smaller communities, local neighborhoods, and rural areas;

(3) help reverse trends of migration and physical growth which reinforce disparities among States, regions, and cities;

(4) treat comprehensively the problems of poverty and employment (including the erosion of tax bases, and the need for better community services and job opportunities) which are associated with disorderly urbanization and rural decline;

(5) develop means to encourage good housing for all Americans without regard to race or creed;

(6) define the role of the Federal Government in revitalizing existing communities

and encouraging planned, large-scale urban and new community development;

(7) strengthen the capacity of general governmental institutions to contribute to balanced urban growth and stabilization; and

(8) facilitate increased coordination in the administration of Federal programs so as to encourage desirable patterns of urban growth and stabilization, the prudent use of natural resources, and the protection of the physical environment.

URBAN GROWTH REPORT

SEC. 102. (a) In order to assist in the development of a national urban growth policy, the President shall utilize an identified and adequately organized and staffed unit of the Domestic Council, and the capacity of the departments and agencies within the executive branch, to collect, analyze, and evaluate such statistics, data, and other information (including demographic, economic, social, land use, environmental, and governmental information) as will enable him to transmit to the Congress, during the month of February in every even-numbered year beginning with 1972, a Report on Urban Growth for the preceding two calendar years which shall include—

(1) information and statistics describing characteristics of urban growth and stabilization and identifying significant trends and developments;

(2) a summary of significant problems facing the United States as a result of urban growth trends and developments;

(3) an evaluation of the progress and effectiveness of Federal efforts designed to meet such problems and to carry out the national urban growth policy;

(4) an assessment of the policies and structure of existing and proposed interstate planning and developments affecting such policy;

(5) a review of State, local, and private policies, plans, and programs relevant to such policy;

(6) current and foreseeable needs in the areas served by policies, plans, and programs designed to carry out such policy, and the steps being taken to meet such needs; and

(7) recommendations for programs and policies for carrying out such policy, including such legislation and administrative actions as may be deemed necessary and desirable.

(b) The President may transmit from time to time to the Congress supplementary reports on urban growth which shall include such supplementary and revised recommendations as may be appropriate.

(c) To assist in the preparation of the Report on Urban Growth and any supplementary reports, the President may establish an advisory board, or seek the advice from time to time of temporary advisory boards, the members of whom shall be drawn from among private citizens familiar with the problems of urban growth and from among Federal officials, Governors of States, mayors, county officials, members of State and local legislative bodies, and others qualified to assist in the preparation of such reports.

PART B—DEVELOPMENT OF NEW COMMUNITIES

FINDINGS AND PURPOSES

SEC. 120. (a) The Congress finds that the Nation is likely to experience during the remaining years of this century a population increase of about 75 million persons.

(b) The Congress further finds that continuation of established patterns of urban development, together with the anticipated increase in population, will result in—

(1) inefficient and wasteful use of land resources which are of national economic and environmental importance;

(2) destruction of irreplaceable natural and recreational resources and increasing pollution of air and water;

(3) diminished opportunity for the pri-

vate home building industry to operate at its highest potential capacity in providing good housing needed to serve the expanding population and to replace substandard housing;

(4) costly and inefficient public facilities and services at all levels of government;

(5) unduly limited options for many of our people as to where they may live, and the types of housing and environment in which they may live;

(6) failure to make the most economic use of present and potential resources of many of the Nation's smaller cities and towns, including those in rural and economically depressed areas, and decreasing employment and business opportunities for their residents;

(7) further lessening of employment and business opportunities for the residents of central cities and of the ability of such cities to retain a tax base adequate to support vital services for all their citizens, particularly the poor and disadvantaged;

(8) further separation of people within metropolitan areas by income and by race;

(9) further increases in the distances between the places where people live and where they work and find recreation; and

(10) increased cost and decreased effectiveness of public and private facilities for urban transportation.

(c) The Congress further finds that better patterns of urban development and revitalization are essential to accommodate future population growth; to prevent further deterioration of the Nation's physical and social environment; and to make positive contributions to improving the overall quality of life within the Nation.

(d) The Congress further finds that the national welfare requires the encouragement of well-planned, diversified, and economically sound new communities, including significant additions to existing communities, as one of several essential elements of a consistent national program for bettering patterns of development and renewal.

(e) The Congress further finds that desirable new community development on a significant national scale has been prevented by difficulties (1) in obtaining adequate financing at moderate cost, for enterprises which involve large initial capital investment, with extensive periods before investment can be returned and irregular patterns of return, (2) in the timely assembly of sufficiently large sites in economically favorable locations at reasonable cost, and (3) in making necessary arrangements, among all private and public organizations involved, for providing site and related improvements (including streets, sewer and water facilities, and other public and community facilities) in a timely and coordinated manner.

(f) (1) It is therefore the purpose of this part to provide private developers and State and local public bodies and agencies (including regional and metropolitan public bodies and agencies) with financial and other assistance necessary for encouraging the orderly development of well-planned, diversified, and economically sound new communities, including significant additions to existing communities; to strengthen the capacity of State and local governments to deal with local problems; to preserve and enhance both the natural and the urban environment; to increase for all persons, particularly members of minority groups, the available choices of locations for living and working, thereby providing a more just economic and social environment; to encourage the fullest utilization of the economic potential of older central cities, smaller towns, and rural communities; to assist in the efficient production of a steady supply of residential, commercial, and industrial building sites at reasonable cost; to increase the capability of all segments of the homebuild-

ing industry, including both small and large producers, to utilize improved technology in producing the large volume of well-designed and reasonably priced housing needed to accommodate population growth; to help create neighborhoods designed for easier access between the places where people live and the places where they work and find recreation; and to encourage desirable innovation in meeting domestic problems, whether physical, economic, or social.

(2) It is also the purpose of this part to improve the organizational capacity of the Federal Government to carry out programs of assistance for the development of new communities and the revitalization of the Nation's urban areas.

**SUBPART 1—DEVELOPMENT ASSISTANCE
GENERAL AUTHORITY FOR ASSISTANCE**

SEC. 121. (a) The Community Development Corporation established by subpart 2 of this part (referred to hereinafter as the "Corporation") shall carry out the purposes set forth in section 120 by extending assistance as hereinafter provided to eligible new community developers for planning and carrying out new community development programs in accordance with this part.

(b) No assistance shall be provided under this subpart with respect to any new community development program unless the Corporation has determined that the new community or other development proposed under the program—

(1) will include, to the extent appropriate taking into consideration the size and nature of the development, most, if not all, of the basic activities generally associated with a city or town—housing, commerce, industry, and recreation—combined in a balanced and harmonious whole creating an attractive environment in which to live, work, and shop.

(2) will have a favorable impact on the development, growth, and stabilization of the area in which it is located.

(3) will be designed for the fullest possible range of individuals and families of different compositions and incomes and will be open to members of all national and racial groups.

(4) will contain an adequate range of sale and rental housing for people of all incomes, ages, and family composition, including a substantial amount of housing which is designed for people of low or moderate income and which is located in proper relation to schools, shopping, and neighborhood facilities in order to minimize segregation by income levels and social groups, and

(5) is planned in such a way as to be responsive to the needs of present and future residents.

NEW COMMUNITY DEVELOPMENT PROGRAMS

SEC. 122. (a) A new community development program is eligible for assistance under this part only if the Corporation determines that the program (or the new community it contemplates)—

(1) will provide an alternative to disorderly urban growth, helping preserve or enhance desirable aspects of the natural and urban environment or so improving general and economic conditions in established communities as to help reverse migration from existing cities or rural areas;

(2) will be economically feasible in terms of economic base or potential for economic growth;

(3) will contribute to the welfare of the entire area which will be substantially affected by the program and of which the land to be developed is a part;

(4) is consistent with comprehensive planning, physical and social, determined by the Corporation to provide an adequate basis for evaluating the new community development program in relation to other plans (including State, local, and private plans) and activities involving area population, housing

and development trends, and transportation, water, sewerage, open space, recreation, and other relevant facilities:

(5) has received all governmental reviews and approvals required by State or local law, or by the Corporation;

(6) will contribute to good living conditions in the community, with such community being characterized by well-balanced and diversified land use patterns and including or being served by adequate public, community, and commercial facilities (including facilities needed for education, health and social services, recreation, and transportation) deemed satisfactory by the Corporation;

(7) makes substantial provision for housing within the means of persons of low and moderate income, with such housing constituting an appropriate proportion of the community's housing supply; and

(8) will make significant use of advances in design and technology with respect to land utilization, materials, and methods of construction, and with respect to the provision of community facilities and services.

(b) A new community development program approved for assistance under this part shall be undertaken by an eligible new community developer approved by the Corporation on the basis of financial, technical, and administrative ability which demonstrates capacity to carry out the program with reasonable assurance of its completion.

SPECIAL PLANNING AND TECHNICAL ASSISTANCE

SEC. 123. (a) The Corporation is authorized to make grants to, and to contract with, eligible new community developers to provide financial assistance, not to exceed 75 per centum of the costs involved, for planning new community development programs, including planning work which the Corporation determines will have special value in assuring that such programs will be fully responsive to social and environmental problems related to the public purposes of new community development or will adequately provide for, or encourage the use of, new or advanced technology in support of program objectives.

(b) The Corporation shall provide planning assistance under subsection (a) only with respect to new community development programs which have been approved, or are being actively considered for approval, having met such initial feasibility criteria as the Corporation may have prescribed. Such assistance shall be subject to such terms and conditions, which may include provision for repayment where appropriate, as the Corporation may prescribe.

(c) The Corporation is authorized to provide, either directly or by contract or other arrangements, technical assistance to eligible new community developers or State and local public bodies and agencies to assist them in connection with planning and carrying out new community development programs.

(d) There are hereby authorized to be appropriated for activities under this section not to exceed \$5,000,000, which limit shall be increased by \$5,000,000 on July 1, 1971. Any amount appropriated pursuant to this section shall remain available until expended.

FINANCIAL ASSISTANCE FOR APPROVED NEW COMMUNITY DEVELOPMENT PROGRAMS

SEC. 124. (a) (1) The Corporation is authorized to guarantee, and enter into commitments to guarantee, the bonds, debentures, notes, and other obligations issued by or on behalf of new community developers for the purpose of financing real property acquisition and land development and to compensate for the use of real property or the removal of liens or encumbrances on such property, pursuant to the new community development programs approved by the Corporation. The Corporation may make such guarantees and enter into such commitments

upon such terms and conditions as it may prescribe consistent with the limitations and conditions contained in section 127: *Provided*, That no obligation of any new community developer shall be guaranteed under this subsection if the income from such obligation is exempt from Federal taxation.

(2) The full faith and credit of the United States is pledged to the payment of all guarantees made under this subsection with respect to principal, interest, and any redemption premiums. Any such guarantee made by the Corporation shall be conclusive evidence of the eligibility of the obligations for such guarantee, and the validity of any guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligation.

(3) The outstanding bonds, debentures, notes or other obligations guaranteed under this subsection with respect to a single new community development program shall involve a principal obligation in an amount (A) in the case of a public new community developer, not exceeding 100 per centum of the sum of the Corporation's estimate of the value of the real property before development and its estimate of the actual cost of the land development, or (B) in the case of a private new community developer, not exceeding the sum of 80 per centum of the Corporation's estimate of the value of the real property before development and 90 per centum of its estimate of the actual cost of the land development.

(4) The outstanding principal obligations guaranteed under this subsection with respect to a single new community development program shall at no time exceed \$50,000,000.

(5) The aggregate of the outstanding principal obligations guaranteed under this subsection shall at no time exceed \$650,000,000.

(b) The Corporation is authorized to make grants to a public new community developer the obligations of which are guaranteed under this subsection (a) in amounts estimated by it not to exceed the difference between the interest paid on such obligations and the interest on similar obligations the income from which is exempt from Federal taxation.

(c) (1) The Corporation is authorized subject to the limitations and conditions contained in section 127 to make, and enter into agreements to make, loans to, or on behalf of, new community developers for the purpose of assisting them to make interest payments on indebtedness incurred by them to finance new community development programs approved by the Corporation. Loans under this subsection shall be in amounts which do not exceed the amount of interest the Corporation estimates is payable on indebtedness attributable to land acquisition or land development, and shall be made only with respect to interest payments on indebtedness outstanding during an initial development period not exceeding fifteen years which the Corporation estimates to be prior to the time when land marketing activity is of sufficient volume to permit continued development under the new community development program without the benefit of further loans under this subsection.

(2) The Corporation shall require that loans under this subsection shall be repaid, with interest and on terms and conditions satisfactory to it, commencing at such time as development progress and marketing under the new community development program permit such repayment, but in any case not later than fifteen years after the date the loan is made. Interest on such a loan shall be payable at an annual rate which the Secretary of the Treasury shall specify as applicable to the six-month period, ending either June 30 or December 31, during which the contract for the loan is entered into, which rate for each such six-month period shall be determined by the Secretary of the Treasury by estimating the average

yield to maturity price to the beginning of such period on all outstanding marketable obligations of the United States having a maturity date three or more years from the time the estimate is made, plus one-eighth of 1 per centum per annum.

(3) The principal amount of the loans outstanding at any time under this subsection with respect to a single new community development program shall not exceed \$20,000,000.

(4) The aggregate principal amount of the loans outstanding under this subsection shall at no time exceed \$240,000,000.

(d) No assistance shall be provided under this subpart to any new community developer (or public body) after June 30, 1975, unless adequate planning of the kind assisted under section 701(j) of the Housing Act of 1954, covering the area for which the assistance is proposed, has been initiated and is being carried out to the satisfaction of the Corporation.

PUBLIC SERVICE GRANTS

SEC. 125. (a) In addition to providing assistance under the preceding section, the Corporation may make public service grants (in such amounts and on such terms and conditions as it deems appropriate) to a public new community developer or to the State or local public body having responsibility for providing the services involved to cover the cost of providing during an initial period (not exceeding three years) essential public services (including educational, health, and safety services) which the Corporation deems necessary adequately to serve the needs of the residents of the development prior to completion of permanent arrangements for the provision of such services.

(b) There is authorized to be appropriated not to exceed \$5,000,000 for the fiscal year ending June 30, 1971, and for each of the next two fiscal years, to carry out the purposes of subsection (a). Any amounts appropriated pursuant to this subsection shall remain available until expended, and any amounts authorized for any fiscal year under this subsection but not appropriated may be appropriated for any succeeding fiscal year ending on or before June 30, 1973.

SUPPLEMENTARY GRANTS FOR PUBLIC FACILITIES

SEC. 126. (a) The Corporation is authorized to make supplementary grants to any State or local public body or agency carrying out a new community assistance project, as defined in subsection (c), if the Corporation determines that such project is necessary or desirable for carrying out a new community development program. In no case shall any grant under this section exceed 20 per centum of the cost of the new community assistance project for which the grant is made; and in no case shall the total Federal contributions to the cost of such project be more than 80 per centum.

(b) In carrying out its authority under this section, the Corporation shall, with respect to any new community assistance project assisted by grants administered by a Federal department or agency, consult with such department or agency concerning the project; and it shall, for the purpose of subsection (a), accept the certification of such department or agency as to the cost of such project.

(c) A new community assistance project is a project assisted by grants under section 3 of the Urban Mass Transportation Act of 1964; section 120(a) of title 23, United States Code; section 19 of the Airport and Airway Development Act of 1970; title VI of the Public Health Service Act; title II of the Library Services and Construction Act; section 5 of the Land and Water Conservation Fund Act of 1965; title VII of the Housing Act of 1961; section 703 of the Housing and Urban Development Act of 1965; section 702 of the Housing and Urban Development Act

of 1965; section 8 of the Federal Water Pollution Control Act; section 306(a)(2) of the Consolidated Farmers Home Administration Act; section 103 of the Higher Education Facilities Act of 1963; section 104 of the Higher Education Facilities Act of 1963; or section 101(a)(1) of the Public Works and Economic Development Act of 1965 in the case of a project of a type eligible for assistance under any of the other provisions of law listed in this subsection.

(d) There are authorized to be appropriated for supplementary grants under this section not to exceed \$36,000,000 for the fiscal year ending June 30, 1971, not to exceed \$66,000,000 for each of the fiscal years ending June 30, 1972, and June 30, 1973, and such sums as may be necessary thereafter. Any amount so appropriated shall remain available until expended, and any amounts authorized for any fiscal year ending on or before June 30, 1972, but not appropriated may be appropriated for any succeeding fiscal year ending on or before June 30, 1973. In addition, the amounts authorized to be appropriated for grants under section 412 of the Housing and Urban Development Act of 1968 and the amounts appropriated thereunder shall be available for carrying out this section and shall remain available until appropriated and expended.

LIMITATIONS ON GUARANTEES AND LOANS

SEC. 127. (a) No guarantee or loan shall be made under this part unless the corporation has determined that the new community development program involved represents an acceptable financial risk to the United States, taking into consideration (1) the financial and security interests of the United States, including the manner in which the developer proposes to schedule and provide non-Federal financing for land acquisition, land development, marketing, and any other improvements and physical operations which may be required in connection with the program, and (2) the public purposes of this part and the special problems involved in financing new communities, including (A) the large amount of initial capital required to finance sound new communities, (B) the extended period before initial returns can be expected, and (C) the irregular pattern of cash returns characteristic of this type of development.

(b) The Corporation shall take such steps as it considers reasonable to assure that bonds, debentures, notes, and other obligations which are guaranteed, or for which loans are made, under this part, will—

(1) be issued to investors approved by, or meeting requirements prescribed by, the Corporation, or if an offering to the public is contemplated, be underwritten upon terms and conditions approved by the Corporation;

(2) bear interest at a rate satisfactory to the Corporation;

(3) contain or be subject to repayment, maturity, and other provisions satisfactory to the Corporation; and

(4) contain or be subject to "provisions with respect to the protection of the security interests of the United States, including any provisions deemed appropriate by the Corporation relating to subrogation, liens and releases of liens, payment of taxes, cost certification procedures, escrow or trusteeship requirements, or other matters.

FEES AND CHARGES

SEC. 128. The Corporation is authorized to establish and collect fees for guarantees under this part, and may make such charges in connection with guarantees, loans, and technical and other assistance under this part as it considers reasonable for the analysis of applications, appraisals, inspections, and other activities related to such assistance. On or before March 1, 1973, the Corporation shall make a report to the Congress con-

cerning the fees and charges for guarantees under this part that it estimates will be adequate to provide income sufficient for a self-supporting guarantee program and concerning the relationship of other charges to costs incurred under this part.

ENCOURAGEMENT OF SMALL BUILDERS

SEC. 129. The Corporation shall adopt such requirements as it deems necessary to assure that new community assistance under this part will (1) help maintain a diversified local homebuilding industry; (2) increase the capability of all segments of the homebuilding industry, including both small and large producers, to participate, through an increased supply of building sites at reasonable costs and through improved technology, in producing the needed large volume of well-designed, inexpensive housing; and (3) encourage broad participation by the homebuilding industry, particularly small builders.

NEW COMMUNITY DEMONSTRATION PROJECTS

SEC. 130. Upon specific authorization by the President and under applicable Federal law respecting the use of federally owned lands, the Corporation, utilizing funds made available for the purpose by the Congress, is authorized to plan and carry out large-scale projects demonstrating the development of new communities, which shall be designed to contribute to the achievement of the purposes of this part and serve as models for new community developments which could feasibly be carried out by other public and private developers.

MISCELLANEOUS PROVISIONS

SEC. 131. (a) All laborers and mechanics employed by contractors or subcontractors in work assisted under section 124 shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No assistance shall be extended under section 124 for any community growth and development program without first obtaining adequate assurance that these labor standards will be maintained upon the construction work involved in such work. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267), and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

(b) Nothing in this part shall be construed to exempt any real property that may be acquired and held by the Corporation as a result of the exercise of lien or subrogation rights under this subpart from real property taxation to the same extent, according to its value, as other real property is taxed.

(c) If real property acquired for the purpose of carrying out a new community development program assisted under this part is determined by the Corporation, pursuant to regulations prescribed by it, to have been acquired as a result of the exercise or possible exercise of powers of eminent domain under State law, and if displacement occurs as a result of such acquisition, the Corporation shall require the developer to make relocation payments to displaced individuals, families, business concerns, and nonprofit organizations, in accordance with regulations prescribed by the Secretary to assure that the payments provided are the same as those provided under subsections (b), (c), and (e) of section 114 of the Housing Act of 1949 with respect to projects assisted under title I of such Act: *Provided*, That this subsection shall not apply with respect to such a displacement if the Secretary determines that equivalent relocation payments are available under any other law.

(d) Insofar as they relate to any guarantee, loan, or grant made under this subpart,

the financial transactions of recipients of such assistance may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by such recipients pertaining to such financial transactions and necessary to facilitate the audit.

(e) The consent of the Congress is hereby given to any two or more States to enter into agreements or contracts, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in carrying out or implementing any of the purposes of objectives of this subpart, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.

JOINT FUNDING

Sec. 132. Funds made available under any Federal assistance program for projects or activities approved as part of, or pursuant to, a new community development program may be used jointly with funds made available for such projects or activities under any other Federal assistance program, subject to regulations prescribed by the President. Such regulations may include provisions for common technical or administrative requirements where varying or conflicting provisions of law would otherwise apply, for establishing joint management funds and common non-Federal shares, and for special agreements, or delegations of authority, among different Federal agencies in connection with the supervision or administration of assistance. Such regulations shall in any case include appropriate criteria and procedures to assure that any special authorities conferred, which are not otherwise provided for by law, shall be employed only as necessary to promote effective and efficient administration and in a manner consistent with the protection of the Federal interest and program purposes or statutory requirements of a substantive nature. For purposes of this section, the term "Federal assistance program" shall have the same meaning as under the Intergovernmental Cooperation Act of 1968.

DEFINITIONS

Sec. 133. As used in this subpart—

(1) the term "new community development program" means a program which is intended to result in a newly built community or a significant addition to an existing community, and which may include the establishment of one or more wholly new communities, satellite cities, or new-towns-in-town, the development or redevelopment of existing communities having a special potential for accelerated growth;

(2) the term "new community developer" means a public new community developer or a private new community developer;

(3) the term "public new community developer" means any State or local public body or agency (including a body or agency created by or under the laws of two or more States) having authority to act as developer in carrying out one or more new community development programs;

(4) the term "private new community developer" means any private entity organized in a form satisfactory to the Corporation for carrying out one or more new community development programs;

(5) the term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of any of the foregoing;

(6) the term "land development" means the process of clearing and grading land, making, installing, or constructing water

lines and water supply installations, sewer lines and sewage disposal installations, steam, gas, and electric lines and installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the Corporation deems necessary or desirable to prepare land for residential, commercial, industrial, or other uses, or to provide facilities for public or common use. The term "land development" shall include construction of public facilities, but shall not include construction of any other building unless it (A) is needed in connection with a water supply or sewage disposal installation or a steam, gas, or electric line or installation, or (B) is to be owned and maintained by residents of the new community under joint or cooperative arrangements approved by the Secretary;

(7) the term "actual cost" means the costs (exclusive of rebates or discounts) incurred by a new community developer in carrying out the land development assisted under this Act. These costs may include amounts paid for labor, materials, construction contracts, land planning, engineers' and architect's fees, surveys, taxes and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Corporation, and other items of expense incidental to development which may be approved by the Corporation. If the Corporation determines that there is an identity of interest between the developer and a contractor, there may be included as a part of actual cost an allowance for the contractor's profit or risk in an amount deemed reasonable by the Corporation;

(8) the term "Secretary" means the Secretary of Housing and Urban Development; and

(9) the term "Corporation" means the Community Development Corporation established under subpart 2.

TECHNICAL AND CONFORMING PROVISIONS

Sec. 133. (a) No bonds, debentures, notes, or other obligations shall be guaranteed under title IV of the Housing and Urban Development Act of 1968 after the effective date of this part except pursuant to a commitment to guarantee or project approval made before that date: *Provided*, That a new community developer whose new community development project has, as of the effective date of this part, been approved by the Corporation under title IV shall be eligible with respect to obligations thereafter issued by him for guarantee assistance as authorized either by title IV or by this part, and such guarantee, assistance may be given without any further determination by the Corporation under section 121(b), 122(a), or 127: *Provided further*, That if the Corporation finds that an applicant for title IV assistance has submitted complete financial and internal development plans and related materials pursuant to section 404 of such title IV, or major elements of such plans or materials, the Corporation may accept such plans and materials or major elements, respectively, as fully or partially satisfying the requirement under this part for the submission of a new community development program: *And provided further*, That all receipts, funds or other assets and all liabilities of the revolving fund established pursuant to section 407 of the Housing and Urban Development Act of 1968 (including liabilities arising under guarantees made pursuant to such title IV and this section) shall become and be assets and liabilities of the revolving fund established pursuant to this part, as if such assets and liabilities had been received or incurred pursuant to this part, and shall be paid over, held and accounted for accordingly.

(b) Section 202(b)(4) of the Housing Amendments of 1955 is amended by inserting before the period at the end thereof "or under part B of the Urban Growth and New Community Development Act of 1970".

(c) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the period at the end of the fourth sentence thereof the following: "or under part B of the Urban Growth and New Community Development Act of 1970".

(d) The twelfth paragraph of section 5(c) of the Home Owners' Loan Act of 1933 is amended by inserting in the last sentence immediately after "under title IV of the Housing and Urban Development Act of 1968" the following: "or under part B of the Urban Growth and New Community Development Act of 1970".

(e) Section 701 of the Housing Act of 1954 is amended—

(1) by striking out "approved" in subsection (a) (4), and inserting before the semicolon at the end thereof the following: "or under part B of the Urban Growth and New Community Development Act of 1970";

(2) by inserting in subsection (b) after "(2) areas described in" the following: "subsection (a) (4) and"; and

(3) by striking out "No" at the beginning of the third sentence of subsection (b) and inserting in lieu thereof "Except for planning for areas described in subsection (a) (4), no".

SUBPART 2—COMMUNITY DEVELOPMENT CORPORATION

CREATION OF CORPORATION

Sec. 141. (a) There is hereby created a body corporate to be known as the Community Development Corporation, which shall be in the Department of Housing and Urban Development. The Corporation shall be an instrumentality of the United States and shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue, to be a resident thereof; but agencies or offices may be established by the Corporation in such other places as it may deem necessary or appropriate in the conduct of its business.

(b) All of the powers and duties of the Corporation shall be vested in its Board of Directors, under the direction of which the Corporation shall be administered and which shall have power to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon the Corporation by law.

BOARD OF DIRECTORS

Sec. 142. (a) The Corporation shall have a Board of Directors (hereinafter referred to as the "Board") which shall consist of five members as follows:

(1) the Secretary of Housing and Urban Development, ex officio, who shall be Chairman of the Board;

(2) one person who shall be appointed by the President by and with the advice and consent of the Senate, who shall be the General Manager of the Corporation and shall serve at the pleasure of the President and until his successor has been appointed and has qualified, and who shall receive compensation at the rate provided for positions at level IV of the Executive Schedule (5 U.S.C. 5315); and

(3) three persons who shall be appointed by the Secretary of Housing and Urban Development and who shall serve at the pleasure of the Secretary and until their successors have been appointed and have qualified: *Provided*, That not more than one such person shall be selected from among officers or employees of the Department of Housing and Urban Development.

Members of the Board who are regular full-time officers or employees of the Federal Government shall receive no additional compensation for their services as Board members. Other members shall receive for their services, as members, the per diem equivalent to the rate for level IV of the Federal Executive Salary Schedule under section 5315 of title 5 of the United States Code when en-

gaged in the performance of their duties. Each member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of such title for persons in the Government service employed intermittently.

(b) The Board shall meet at the call of its Chairman, who shall require it to meet not less often than monthly.

MANAGEMENT OF CORPORATION

SEC. 143. The management and administration of the Corporation shall be vested in the General Manager of the Corporation, who shall act under the Board's general direction.

FINANCING OF CORPORATION'S ACTIVITIES

SEC. 144. (a) (1) To carry out its functions under this part, the Corporation is authorized and directed to establish a revolving fund which shall be used for (A) the timely payment of any liabilities incurred as the result of guarantees made under section 124 (a); (B) making grants and loans authorized under section 124 (b) and (c); (C) payment of obligations issued to the Secretary of the Treasury under subsection (b) of this section; and (D) any other program expenditures, including administrative and non-administration expenses.

(2) The revolving fund shall be comprised of (A) receipts from fees and charges; (B) recoveries under security, subrogation, and other rights; (C) repayments, interest income, and any other receipts obtained in connection with guarantees or loans made under this part; (D) proceeds of the obligations issued to the Secretary of the Treasury pursuant to subsection (b) of this section; and (E) such sums, which are hereby authorized to be appropriated, as may be required for the payment of the obligations issued to the Secretary of the Treasury, for the payment of grants to new community developers under section 123 (b), and for other purposes under this part.

(b) The Corporation may issue obligations to the Secretary of the Treasury in an amount sufficient to enable the Corporation to carry out the functions authorized by this part. The obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Corporation issued under this subsection, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under such Act are extended to include purchases of the Corporation's obligations hereunder.

(c) Notwithstanding any other provision of law relating to the acquisition, handling, improvement, or disposal of real and other property by the United States, the Corporation shall have power, for the protection of the interests of the revolving fund authorized under this section, to pay out of such fund all expenses or charges in connection with the acquisition, handling, improvement, or disposal of any property, real or personal, acquired by him as a result of recoveries under security, subrogation, and other rights.

GENERAL POWERS OF THE CORPORATION

SEC. 145. (a) The Corporation (subject to its bylaws) shall have power—

(1) to adopt, alter, and use a corporate seal, which shall be judicially noted;

(2) to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, territory, or possession, or the Commonwealth of Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation;

(3) to execute all instruments necessary or appropriate in the exercise of any of its powers;

(4) in its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Corporation or against the Corporation with respect to its property;

(5) to conduct its business without regard to any qualification or similar statute in any State of the United States, including the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States;

(6) to lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, complete, maintain, modernize, renovate, improve, use, administer, operate, and otherwise deal with such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time, in such manner, and to such extent as the Corporation may deem necessary or appropriate;

(7) to provide by contract, whether before or after any default, for the extinguishment, upon default, of any redemption, equitable, legal, or other right, title, or interest of a new community developer in any mortgage, deed, trust, or other instrument held by or on behalf of the Corporation for the protection of the security interests of the United States;

(8) to foreclose on any property or commence any action to protect or enforce any right conferred upon it by law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which it has provided assistance pursuant to this part, and to pursue to final collection by way of compromise or otherwise all claims acquired by it in connection with any security, subrogation, or other rights obtained by it in administering this part;

(9) to prescribe, repeal, and amend or modify rules, regulations, or requirements governing the manner in which its general business may be conducted;

(10) to accept gifts or donations of services, or of property, real, personal, or mixed, tangible or intangible, in aid of any of its purposes; and

(11) to do all things which are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

(b) Except as may be otherwise provided in this part, in the Government Corporation Control Act, or in other laws specifically applicable to Government corporations, the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for.

(c) The Corporation, including its franchise, capital, reserves, surplus, mortgages or other security holdings, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the Corporation acquired as a result of the exercise of lien or subrogation rights under this part shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

(d) The Board shall have power to select and appoint or employ such officers, attorneys, employees, and agents of the Corporation, to vest them with such powers and duties, and to fix and to cause the Corporation to pay such compensation to them for their services, as it may determine, subject to the provisions of title 5, United States Code, governing appointments in the com-

petitive service and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates. With the consent of any Government corporation or Federal Reserve bank, or of any board, commission, independent establishment, or executive department of the Government, the Corporation may avail itself on a reimbursable basis of the use of information, services, facilities, officers, and employees thereof, including any field service thereof, in carrying out the provisions of this part.

(e) The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Corporation, for its own account or as fiduciary, and such banks shall be reimbursed for such services in such manner as may be agreed upon; and the Corporation may itself act in such capacities, for its own account or as fiduciary, and for the account of others.

(f) Moneys of the Corporation not currently needed for the purpose of this part shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.

AUDIT OF FINANCIAL TRANSACTIONS

SEC. 146. (a) The financial transactions of the Corporation shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporation transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the accounts are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the Corporation and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians.

(b) The expenses of any audit performed under this section shall be borne out of appropriations to the General Accounting Office, and appropriations in such sums as may be necessary for this purpose are authorized. The Corporation shall reimburse the General Accounting Office for the full cost of such audit as billed therefor by the Comptroller General, and the General Accounting Office shall deposit the sums so reimbursed into the Treasury as miscellaneous receipts.

(c) A report of each such audit for a fiscal year shall be made by the Comptroller General to the President and to the Congress not later than six months following the close of such fiscal year.

ANNUAL REPORT

SEC. 147. The Corporation shall, as soon as practicable after the end of each calendar year, prepare a report of its operations and activities which shall be included as a part of the annual report submitted by the Secretary of Housing and Urban Development for such year under section 8 of the Department of Housing and Urban Development Act.

PART C—DEVELOPMENT OF INNER CITY AREAS PURPOSE

SEC. 151. It is the purpose of this part to provide our cities, which urgently need to augment their inventories of housing (particularly housing for low and moderate income families) and to find sites for essential public facilities and additional sources of employment but have virtually no vacant land upon which to build, with a program which will make possible the more rational use of urban land and space that is currently occupied by industrial or commercial uses

which though not physically blighted are functionally obsolete or uneconomic, or of land and space that is not usable in its present state because of natural hazards or inadequate development, so that in appropriate cases major rebuilding projects (including new towns in town) may be undertaken without major residential clearance activities and with minimal displacement.

AMENDMENTS TO TITLE I OF THE HOUSING ACT OF 1949

SEC. 152. (a) The proviso in section 103(a) (1) of the Housing Act of 1949 is amended by inserting after "open land" the following: "except for land within the purview of section 110(c) (1) (v) and".

(b) Section 110(c) (1) of such Act is amended—

(1) by inserting before the first proviso the following: ", or (v) land or space which (A) is vacant, unused, underused, or inappropriately used (including infrequently used rail yards and rail storage facilities, and excessive or vacated railroad rights-of-way; air rights over streets, expressways, railroads, waterways, and similar locations; and land which is occupied by functionally obsolete nonresidential buildings or is used for low-utility purposes or is covered by shallow water or is subject to periodic flooding or consists of unused or underused slips or dock areas or other waterfront property); and (B) the Secretary determines may be developed (at a cost reasonably related to the public purpose to be served) without major residential clearance activities, and with full consideration to the preservation of beneficial features of the urban, and natural environment, for such uses as are consistent with emphasis on housing for low- and moderate-income families, including the provision of schools, hospitals, parks, and other essential public facilities, and, where appropriate, all uses associated with new-towns-in-town or similar large-scale undertakings related to inner city needs, including concentrated sources of employment"; and

(2) by striking out "clauses (iii) and (iv)" and inserting in lieu thereof "clauses (iii), (iv), and (v)".

(c) Section 110(c) (7) of such Act is amended to read as follows:

"(7) Construction of foundations and platforms necessary for the development of air rights sites in accordance with the provisions of clause (iv) or (v) of paragraph (1)".

PART D—DEVELOPMENT OF RATIONAL URBAN GROWTH PATTERNS

STATE AND REGIONAL PLANNING

SEC. 161. Section 701 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(j) In carrying out the provisions of this section relating to planning for States, regions, or other multijurisdictional areas whose development has significance for purposes of national growth and urban development objectives, the Secretary shall encourage the formulation of plans and programs which will include the studies, criteria, standards, and implementing procedures necessary for effectively guiding and controlling major decisions as to where growth should take place within such States, regions, or areas. Such plans and programs shall take account of the availability of and need for conserving land and other irreplaceable natural resources; of projected changes in size, movement, and composition of population; of the necessity for expanding housing and employment opportunities; of the opportunities, requirements, and possible locations for new communities and large-scale projects for expanding or revitalizing existing communities; and of the need for methods of achieving modernization, simplification, and improvements in governmental structures, systems, and procedures related to growth objectives. If the Secretary determines that activities

otherwise eligible for assistance under this section are necessary to the development or implementation of such plans and programs, he may make grants in support of such activities to any governmental agency or organization of public officials which he determines is capable of carrying out the planning work involved in an effective and efficient manner and may make such grants in an amount equal to not more than 75 per centum of the cost of such activities."

OPEN LAND TO GUIDE URBAN GROWTH

SEC. 162. Title VII of the Housing Act of 1961 (as amended by section 501 of this Act) is amended by redesignating section 708 as section 709, and by inserting after section 707 the following new section:

"ACQUISITION OF INTERESTS TO GUIDE URBAN DEVELOPMENT

"SEC. 708. In order to encourage the acquisition of interests in undeveloped or predominantly undeveloped land which, if withheld from commercial, industrial, and residential development, would have special significance in helping to shape economic and desirable patterns of urban growth (including growth outside of existing urban areas which is directly related to the development of new communities or the expansion and revitalization of existing communities), the Secretary may make grants to State and local public bodies for the acquisition of such interests in an amount not to exceed 75 per centum of the cost of such acquisition. In the case of any interests acquired pursuant to this section, the Secretary may approve the subsequent conversion or disposition of the land involved without regard to other requirements of this title but subject to such terms and conditions as he determines to be equitable and appropriate with respect to the control of future use and the application or sharing of the proceeds or value realized upon sale or disposition."

TITLE II—MORTGAGE CREDIT

EXTENSION OF PROGRAMS

SEC. 201. (a) Section 2(a) of the National Housing Act is amended by striking out "January 1, 1971" in the first sentence and inserting in lieu thereof "October 1, 1972".

(b) Section 217 of such Act is amended by striking out "January 1, 1971" and inserting in lieu thereof "October 1, 1972".

(c) Section 221(f) of such Act is amended by striking out "January 1, 1971" in the fifth sentence and inserting in lieu thereof "October 1, 1972".

(d) Section 235(m) of such Act is amended by striking out "October 1, 1971" and inserting in lieu thereof "October 1, 1972".

(e) Section 236(n) of such Act is amended by striking out "October 1, 1971" and inserting in lieu thereof "October 1, 1972".

(f) Section 809(f) of such Act is amended by striking out "January 1, 1971" in the second sentence and inserting in lieu thereof "October 1, 1972".

(g) Section 810(k) of such Act is amended by striking out "January 1, 1971" in the second sentence and inserting in lieu thereof "October 1, 1972".

(h) Section 1002(a) of such Act is amended by striking out "January 1, 1971" in the second sentence and inserting in lieu thereof "October 1, 1972".

(i) Section 1101(a) of such Act is amended by striking out "January 1, 1971" in the second sentence and inserting in lieu thereof "October 1, 1972".

AUTHORIZATION FOR ASSISTANCE PAYMENTS UNDER SECTIONS 235 AND 236

SEC. 202. (a) The second sentence of section 235(h) (1) of the National Housing Act is amended by striking out "by \$125,000,000 on July 1, 1970, and by \$170,000,000 on July 1, 1971" and inserting in lieu thereof "by

\$150,000,000 on July 1, 1970, and by \$185,000,000 on July 1, 1971".

(b) The second sentence of section 236(i) (1) of such Act is amended by striking out "by \$125,000,000 on July 1, 1970, and by \$170,000,000 on July 1, 1971" and inserting in lieu thereof "by \$150,000,000 on July 1, 1970, and by \$185,000,000 on July 1, 1971".

RENT SUPPLEMENT PAYMENTS

SEC. 203. Section 101(a) of the Housing and Urban Development Act of 1965 is amended by striking out "and by \$100,000,000 on July 1, 1970" and inserting in lieu thereof "by \$100,000,000 on July 1, 1970, and by \$40,000,000 on July 1, 1971".

USE OF EXISTING HOUSING UNDER SECTION 235 PROGRAM

SEC. 204. Section 235(h) (3) (B) of the National Housing Act is amended by striking out "July 1, 1971" and inserting in lieu thereof "July 1, 1972".

MORTGAGE INSURANCE UNDER SECTION 235 (I) FOR REHABILITATION OF DUPLEXES

SEC. 205. Section 235(i) (3) (A) of the National Housing Act is amended by striking out "if the dwelling is purchased with the assistance of a nonprofit organization and is" and inserting in lieu thereof "and which is".

ASSISTANCE UNDER SECTION 235 PROGRAM FOR CO-OPERATIVE PROJECTS FINANCED UNDER CERTAIN STATE OR LOCAL PROGRAMS

SEC. 206. Section 235(b) (2) of the National Housing Act is amended by inserting "(A)" after "the cooperative association of which the family is a member shall operate", and by inserting before the period at the end thereof the following: "; or (B) a housing project which is financed under a State or local program providing assistance through loans, loan insurance, or tax abatements, and which prior to completion of construction or rehabilitation is approved for receiving the benefits of this section".

INCLUSION OF CERTAIN COSTS IN SECTION 236 PROJECTS

SEC. 207. Section 236(b) of the National Housing Act is amended by adding at the end thereof the following new sentence: "The term 'mortgage insurance premium', when used in this section in relation to a project financed by a loan under a State or local program, means such fees and charges, approved by the Secretary, as are payable by the mortgagor to the State or local agency mortgagee to meet reserve requirements and administrative expenses of such agency."

MAXIMUM AMOUNT OF FHA-INSURED HOSPITAL MORTGAGE

SEC. 208. Section 242(d) (2) of the National Housing Act is amended by striking out "\$25,000,000" and inserting in lieu thereof "\$50,000,000".

MORTGAGE INSURANCE FOR PROPRIETARY HOSPITALS

SEC. 209. (a) Section 242(b) (1) (C) of the National Housing Act is amended to read as follows:

"(C) which is a proprietary facility, or facility of a private nonprofit corporation or association, licensed or regulated by the State (or, if there is no State law providing for such licensing or regulation by the State, by the municipality or other political subdivision in which the facility is located); and"

(b) The heading of section 242 of such Act is amended by striking out "NONPROFIT".

(c) The sixth sentence of section 212(a) of such Act is amended by striking out "or association" and inserting in lieu thereof "association, or other organization".

FHA SUPPLEMENTAL LOANS FOR MULTIFAMILY PROJECTS

SEC. 210. Section 241 of the National Housing Act is amended—

(1) by inserting "or covered by a mortgage held by the Secretary" immediately after "this Act" in the first sentence of subsection (a);

(2) by striking out the proviso in subsection (a) and inserting in lieu thereof the following: "Provided, That a loan involving a nursing home or a group practice facility may also be made for the purpose of financing equipment to be used in the operation of such nursing home or facility";

(3) by inserting "or an amount acceptable to the Secretary" before the semicolon at the end of subsection (b) (1); and

(4) by inserting "or pursuant to which the original mortgage covering the project or facility was insured" before "and" at the end of subsection (b) (5).

USE OF CERTAIN HOUSING FACILITIES UNDER SECTION 221 AND SECTION 236 FOR CLASSROOM PURPOSES

SEC. 211. (a) Section 221(f) of the National Housing Act is amended by adding at the end of the second paragraph the following new sentence: "In any case in which it is determined in accordance with regulations of the Secretary that facilities which could appropriately be used for classroom purposes are available in any such property or project and that public schools in the community are overcrowded due in part to the attendance at such schools of residents of the property or project, such facilities may be used for such purposes to the extent permitted in such regulations (without being subject to any of the requirements of the proviso in section 220(d)(3)(B)(iv) except the requirement that the project be predominantly residential)."

(b) Section 236(j)(5) of such Act is amended by adding at the end thereof (after and below subparagraph (C)) the following new sentence: "In any case in which it is determined in accordance with regulations of the Secretary that facilities which could appropriately be used for classroom purposes are available in any such property or project and that public schools in the community are overcrowded due in part to the attendance at such schools of residents of the property or project, such facilities may be used for such purposes to the extent permitted in such regulations (without being subject to any of the requirements of the first proviso in subparagraph (A) except the requirement that the project be predominantly residential)."

FHA REHABILITATION STANDARDS FOR HOUSING IN URBAN RENEWAL AREAS

SEC. 212. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"FHA REHABILITATION STANDARDS FOR HOUSING IN URBAN RENEWAL AREAS

SEC. 524. In determining whether properties should be approved by the Secretary prior to rehabilitation and covered by mortgages insured under title II of this Act, the Secretary shall apply uniform property standards as between properties located outside urban renewal areas and those located within urban renewal areas."

INVESTMENT OF FHA RESERVE FUNDS

SEC. 213. (a) Section 206 of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: "or any agency of the United States: Provided, That such moneys shall to the maximum extent feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market".

(b) Section 213(o) of such Act is amended by inserting before the period at the end of the second sentence the following: "or any agency of the United States: Provided, That such moneys shall to the maximum extent

feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market".

(c) Section 236(g) of such Act is amended by inserting before the period at the end of the third sentence the following: "or any agency of the United States: Provided, That such moneys shall to the maximum extent feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market".

(d) Section 238(b) of such Act is amended by inserting before the period at the end of the sixth sentence the following: "or any agency of the United States: Provided, That such moneys shall to the maximum extent feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market".

(e) Section 519(c) of such Act is amended by inserting before the period at the end of the first sentence the following: "or any agency of the United States: Provided, That such moneys shall to the maximum extent feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market".

ASSISTANCE FOR DORMITORY-TYPE HOUSING UNDER THE SECTION 236 AND RENT SUPPLEMENT PROGRAMS

SEC. 214. (a) (1) Section 221(d)(3)(ii) of the National Housing Act (as amended by section 205 of this Act) is amended by inserting before "and" at the end thereof the following: "Provided further, That with respect to a dormitory-type rental property or project the Secretary may waive the foregoing dollar amount limitations contained in this clause and prescribe in lieu thereof comparable dollar limitations which reflect the cost of providing, in an economical manner and without the use of elaborate design or materials, dwelling units which share common facilities".

(2) Section 221(f) of such Act is amended—

(A) by adding at the end of the first paragraph the following new sentence: "A property or project covered by a mortgage insured under the provisions of subsection (d) (3) may, with the approval of the Secretary, be a dormitory-type rental property or project to be occupied by displaced, elderly, or handicapped persons which may contain community kitchens, common dining areas, and other shared facilities.";

(B) by inserting "or who is a displaced person," immediately after "Housing Act of 1959," in the fifth sentence of the second paragraph; and

(C) by striking out "the terms 'displaced family' and 'displaced families' shall mean a family or families" in the third paragraph and inserting in lieu thereof "the terms 'displaced family', 'displaced families', and 'displaced person' shall mean a family or families, or a person,".

(b) (1) Section 236(j)(5)(C) of such Act is amended—

(A) by striking out "for use as a rental project" and inserting in lieu thereof "for use as (i) a rental project"; and

(B) by inserting before the period at the end thereof the following: "or (ii) a dormitory-type rental project to be occupied by displaced, elderly, or handicapped person".

(2) Section 236(i) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) Not more than 10 per centum of the total amount of interest reduction payments authorized to be contracted to be made pursuant to appropriation Acts as provided in paragraph (1) after the date of the enactment of the Housing and Urban Development Act of 1970 shall be contracted to be

made with respect to dormitory-type rental projects described in clause (ii) of subsection (j) (5) (C)."

(c) Section 101(b) of the Housing and Urban Development Act of 1965 is amended by adding at the end thereof the following new sentence: "Nothing in this section shall be construed as preventing payments to a housing owner with respect to a dormitory-type rental property or project to be occupied by low-income displaced, elderly, or handicapped persons which may contain community kitchens, common dining areas, and other shared facilities; but of the total amounts of contracts to make annual payments approved in appropriation Acts pursuant to subsection (a) after the date of the enactment of the Housing and Urban Development Act of 1970, not more than 10 per centum in the aggregate shall be made with respect to property designed to provide dormitory-type rental accommodations."

INCREASES IN FHA MORTGAGE CEILINGS UNDER SUBSIDIZED MULTIFAMILY HOUSING PROGRAMS TO MEET CONSTRUCTION COSTS

SEC. 215. Section 221(d)(3)(ii) of the National Housing Act is amended by striking out "and except that the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause" and inserting in lieu thereof the following: "Provided, That the Secretary may, in his discretion, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 20 per centum in any geographical area where he finds it necessary in order to meet increased construction costs: And provided further, That the Secretary may, by regulation, further increase any of the foregoing dollar amount limitations contained in this clause (including such limitations as increased under the preceding proviso)".

LIMITATION ON ELIGIBILITY FOR SECTION 235 ASSISTANCE PAYMENTS

SEC. 216. Section 235(h) of the National Housing Act is amended by adding at the end thereof the following new paragraph:

"(4) Notwithstanding any other provision of this section, no assistance payment shall be contracted to be made under this section on behalf of any family which is eligible under section 203(b) for insurance of a mortgage in an amount equal to or exceeding 100 per centum of the median mortgage insured under such section 203(b) in the area where the property is located during the most recent three-month period for which information is available, if the Secretary finds that there is available in such area, within that price range, adequate housing which meets the standards applicable to new or rehabilitated housing with respect to which assistance payments may be made under this section."

ASSISTANCE UNDER SECTION 236 AND RENT SUPPLEMENT PROGRAMS FOR EXISTING PROJECTS FINANCED UNDER CERTAIN STATE OR LOCAL PROGRAMS

SEC. 217. (a) Section 236(b) of the National Housing Act is amended by striking out "which prior to completion of construction or rehabilitation is approved for receiving the benefits of this section" and inserting in lieu thereof the following: "which may involve either new or existing construction and which is approved for receiving the benefits of this section".

(b) The second sentence of section 101(b) of the Housing and Urban Development Act of 1965 is amended by striking out "which prior to completion of construction or rehabilitation is approved for receiving the benefits of this section" and inserting in lieu thereof the following: "which may involve either new or existing construction and which is approved for receiving the benefits of this section".

TITLE III—URBAN RENEWAL AND HOUSING ASSISTANCE PROGRAMS

URBAN RENEWAL GRANT AUTHORITY

SEC. 301. Section 103(b) of the Housing Act of 1949 is amended—

(1) by striking out "and by \$1,700,000,000 on July 1, 1970" in the first sentence and inserting in lieu thereof "by \$1,700,000,000 on July 1, 1970, and by \$1,500,000,000 on July 1, 1971"; and

(2) by striking out "beginning July 1, 1969, and July 1, 1970" in the second sentence and inserting in lieu thereof "commencing after June 30, 1969, and ending prior to July 1, 1974".

PUBLIC HOUSING ANNUAL CONTRIBUTIONS

SEC. 302. The first sentence of section 10 (e) of the United States Housing Act of 1937 is amended by striking out "and \$170,000,000 on July 1, 1970" and inserting in lieu thereof "\$320,000,000 on July 1, 1970, and \$175,000,000 on July 1, 1971".

USE OF PUBLIC HOUSING CONTRACT AUTHORITY FOR LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

SEC. 303. The first sentence of section 10 (c) of the United States Housing Act of 1937 is amended by striking out "Provided further" and inserting in lieu thereof "Provided further, That of the total number of dwelling units for which contracts for annual contributions are entered into in any fiscal year pursuant to the new authority granted under section 302 of the Housing and Urban Development Act of 1970 or under any law subsequently enacted, at least 30 per centum shall be units of low-rent housing in private accommodations provided under section 23: And provided further".

TERM AND RENEWAL OF CONTRACTS FOR LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

SEC. 304. The last sentence of section 23 (d) of the United States Housing Act of 1937 is amended—

(1) by striking out "not less than twelve months nor more than sixty months" and inserting in lieu thereof "not less than twelve months nor more than one hundred and twenty months"; and

(2) by inserting before the period at the end thereof the following: "Provided, That no renewal of such a contract shall result in a total term exceeding one hundred and eighty months".

AUTHORIZATION FOR COLLEGE HOUSING DEBT SERVICE GRANTS

SEC. 305. Section 401(f) (2) of the Housing Act of 1950 is amended by inserting before the period at the end thereof the following: "and by \$12,000,000 on July 1, 1971".

DORMITORY-TYPE PUBLIC HOUSING

SEC. 306. Section 2(1) of the United States Housing Act of 1937 is amended by inserting after the first sentence in the first paragraph the following new sentence: "Such term includes structures or parts thereof which satisfy the requirements of the preceding sentence and are designed to provide dormitory-type dwelling accommodations for displaced, elderly, or handicapped persons of low income, and which may contain community kitchens, common dining areas, and other shared facilities."

EXPENSES IN CONNECTION WITH THE SALE OF SURPLUS FEDERAL LANDS TO LOCAL URBAN RENEWAL AGENCIES

SEC. 307. The last sentence of section 108 of the Housing Act of 1949 is amended by inserting "net" immediately before "proceeds".

EARLY CLOSEOUT OF URBAN RENEWAL PROJECTS

SEC. 308. (a) Section 106(i) of the Housing Act of 1949 is amended to read as follows:

"(1) Upon determination of the Secretary that the local public agency does not expect to be able in the reasonably near future, due

to circumstances beyond its control, to dispose of urban renewal project land acquired in accordance with the urban renewal plan and that all other project activities are completed except local grant-in-aid activities designated in the third proviso to section 110(d) under the conditions specified therein, the urban renewal project may be deemed completed, net project cost may be computed, and the capital grant paid. To facilitate these actions, the Secretary may pay to the local public agency a grant, in addition to the capital grant otherwise payable, equal to one-third (or one-fourth in the case of projects funded on the three-fourths capital grant basis) of the estimated disposition proceeds of such land as accepted by the Secretary. No local grant-in-aid shall be required on account of this additional grant. The approval of the Secretary shall be obtained prior to the disposition of such land by the local public agency and net proceeds realized from the disposition of such land after project closeout shall be paid to the Secretary by the local public agency."

(b) Section 110(f) of such Act is amended by striking out "or for subsequent disposition or retention as provided under section 106(i)".

RELEASE FROM CERTAIN PROJECT OBLIGATIONS

SEC. 309. Notwithstanding any other provision of this Act or title I of the Housing Act of 1949, as amended, the Secretary of Housing and Urban Development is authorized and directed to release the City of Stanton, Texas, and the Urban Renewal Agency of the City of Stanton, Texas, from the obligations of their agreement with the Department of Housing and Urban Development entered into in connection with the closeout of projects numbered Tex. R-45 and Tex. R-81 and to close out those projects, effective as of the original date of closeout, on the basis of the authority granted under section 311 of this Act.

INCLUSION OF CERTAIN EXPENDITURES BY COLLEGE, UNIVERSITY, OR HOSPITAL AS LOCAL GRANTS-IN-AID

SEC. 310. The second sentence of section 112(b) of the Housing Act of 1949 is amended by striking out the comma immediately after the parenthetical clause and inserting in lieu thereof "within", and by inserting ", such period" after "preceding sentence".

SOLID WASTE DISPOSAL SYSTEM DEMONSTRATION PROJECTS UNDER URBAN RENEWAL AND NEW COMMUNITY DEVELOPMENT PROGRAMS

SEC. 311. (a) (1) Section 103 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of this title, the Secretary is authorized to encourage the development of solid waste disposal facilities referred to in section 110 (c) (3) by paying to the local public agency a grant, in addition to the capital grant otherwise payable, not to exceed one-third (or one-fourth in the case of projects funded on a three-fourths capital grant basis) of that portion of the net project cost which the Secretary determines is allocable to such facilities. No local grant-in-aid shall be required on account of this additional grant."

(2) Section 110(c) of such Act is amended—

(A) by inserting in paragraph (3) after "playgrounds," the following: "such solid waste disposal facilities as the Secretary approves as being of benefit to the redevelopment of the project area and as having value for demonstration purposes."; and

(B) by inserting in the second unnumbered paragraph following paragraph (10), immediately after "with respect to", the following: "solid waste disposal facilities and".

(b) (1) The hearing of section 412 of the

Housing and Urban Development Act of 1968 is amended to read as follows:

"SUPPLEMENTARY AND DEMONSTRATION GRANTS"

(2) Section 412(b) of such Act is amended by striking out "this section" and inserting in lieu thereof "subsection (a)".

(3) Section 412 of such Act is further amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) The Secretary is authorized to make grants to States and local public bodies and agencies for the development of solid waste disposal facilities which he determines (1) are necessary or desirable for carrying out a new community development project approved for assistance under section 403 and (2) have value for demonstration purposes. In no case shall such grants exceed the total cost of developing such facility."

INCREASES IN PUBLIC HOUSING ROOM COST LIMITATIONS TO MEET CONSTRUCTION COST

SEC. 312. The first sentence of section 15(5) of the United States Housing Act of 1937 is amended by inserting before the period at the end thereof the following: "Provided further, That the Secretary may, in his discretion, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 20 per centum in any geographical area where he finds it necessary in order to meet increased construction costs".

TITLE IV—MODEL CITIES AND METROPOLITAN DEVELOPMENT PROGRAMS

AUTHORIZATION FOR MODEL CITIES PROGRAM

SEC. 401. (a) Section 111(b) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended—

(1) by striking out "and" the third time it appears; and

(2) by inserting before the period at the end thereof the following: "and not to exceed \$250,000,000 for the fiscal year ending June 30, 1972".

(b) Section 111(c) of such Act is amended by striking out "1971" and inserting in lieu thereof "1972".

AUTHORIZATION FOR COMPREHENSIVE PLANNING GRANTS

SEC. 402. The fifth sentence of section 701(b) of the Housing Act of 1954 is amended by striking out "and not to exceed \$390,000,000 prior to July 1, 1971" and inserting in lieu thereof "and not to exceed \$420,000,000 prior to July 1, 1972".

COMMUNITY FACILITIES GRANTS

SEC. 403. (a) Section 708(a) of the Housing and Urban Development Act of 1965 is amended by adding at the end thereof the following new sentence: "In addition, there is authorized to be appropriated for the fiscal year commencing July 1, 1971, not to exceed \$50,000,000 for grants under section 703.

(b) Section 708(b) of such Act is amended by striking out "1971" and inserting in lieu thereof "1972".

EXTENSION OF URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES AUTHORIZATION

SEC. 404. Section 906 of the Demonstration Cities and Metropolitan Development Act of 1966 is amended by striking out "July 1, 1971" and inserting in lieu thereof "July 1, 1972".

TITLE V—CONSOLIDATION OF OPEN-SPACE LAND PROGRAMS

SEC. 501. Title VII of the Housing Act of 1961 is amended to read as follows:

"TITLE VII—OPEN-SPACE LAND

"FINDINGS AND PURPOSE

"Sec. 701. (a) The Congress finds that the rapid expansion of the Nation's urban areas and the rapid growth of population within such areas has resulted in severe problems of urban and suburban living for the pre-

ponderant majority of the Nation's present and future population, including the lack of valuable open-space land for recreational and other purposes.

"(b) The Congress further finds that there is a need for the additional provision of parks and other open-space land in the built-up portions of urban areas especially in low income neighborhoods and communities and a need for greater and better neighborhoods and communities and a need for greater and better coordinated State and local efforts to make available and improve open-space land throughout entire urban areas.

"(c) The Congress further finds that there is a need for timely action to preserve and restore areas, sites, and structures of historic or architectural value in order that these remaining evidences of our history and heritage shall not be lost or destroyed through the expansion and development of the Nation's urban areas.

"(d) It is the purpose of this title to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, to assist in preserving areas and properties of historic or architectural value, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local public bodies in taking prompt action to (1) provide, preserve, and develop open-space land in a manner consistent with the planned long-range development of the Nation's urban areas, (2) acquire, improve, and restore areas, sites, and structures of historic or architectural value, and (3) develop and improve open space and other public urban land, in accordance with programs to encourage and coordinate local public and private efforts toward this end.

"GRANTS FOR ACQUISITION AND FOR DEVELOPMENT OF OPEN-SPACE LAND

"SEC. 702. (a) The Secretary is authorized to make grants to States and local public bodies to help finance (1) the acquisition of title to, or other interests in, open-space land in urban areas and (2) the development of open-space or other land in urban areas for open-space uses. The amount of any such grant shall not exceed 50 per centum of the eligible project cost, as approved by the Secretary, of such acquisition or development. Not more than 50 per centum of the non-Federal share of such eligible project cost may, to the extent authorized in regulations established by the Secretary, be made up by donations of land or materials.

"(b) No grants under this title shall be made to (1) defray ordinary State or local governmental expenses, (2) help finance the acquisition by a public body of land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of this title, (3) acquire and clear developed land in built-up urban areas unless the local governing body determines that adequate open-space land cannot be effectively provided through the use of existing undeveloped land, or (4) provide assistance for historic and architectural preservation purposes, except for districts, sites, buildings, and structures which the Secretary of the Interior determines meets the criteria used in establishing the National Register.

"(c) The Secretary may set such further terms and conditions for assistance under this title as he determines to be desirable.

"(d) The Secretary shall consult the Secretary of the Interior on the general policies to be followed in reviewing applications for grants under this title. To assist the Secretary in such review, the Secretary of the Interior shall furnish him (1) appropriate information on the status of national and statewide recreation and historic preservation planning as it affects the areas to be assisted with such grants, and (2) the current listing

of any districts, sites, buildings, and structures, significant in American history, architecture, archeology, and culture which may be contained in a National Register maintained by the Secretary of the Interior pursuant to other provisions of law. The Secretary shall provide current information to the Secretary of the Interior from time to time on significant program developments.

"(e) The Secretary may provide such technical assistance to States and local public bodies as may be required to effectively carry out activities under this section.

"PLANNING REQUIREMENTS

"SEC. 703. The Secretary shall make grants under section 702 only if he finds that such assistance is needed for carrying out a unified or officially coordinated program, meeting criteria established by him, for the provision and development of open-space land which is a part of, or is consistent with, the comprehensively planned development of the urban area.

"CONVERSIONS TO OTHER USES

"SEC. 704. No open-space land for the acquisition of which a grant has been made under section 702 shall be converted to uses not originally approved by the Secretary without his prior approval. Prior approval will be granted only upon satisfactory compliance with regulations established by the Secretary. Such regulations shall require findings that (1) there is adequate assurance of the substitution of other open-space land of as nearly as feasible equivalent usefulness, location, and fair market value at the time of the conversion; (2) the conversion and substitution are needed for orderly growth and development; and (3) the proposed uses of the converted and substituted land are in accord with the then applicable comprehensive plan for the urban area, meeting criteria established by the Secretary.

"CONVERSIONS OF LAND INVOLVING HISTORIC OR ARCHITECTURAL PURPOSES

"SEC. 705. No open-space land involving historic or architectural purposes for which assistance has been granted under this title shall be converted to use for any other purpose without the prior approval of the Secretary of the Interior.

"LABOR STANDARDS

"SEC. 706. (a) The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Secretary shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work.

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

"AUTHORIZATION

"SEC. 707. There are authorized to be appropriated for purposes of making grants under this title not to exceed \$550,000,000 prior to July 1, 1972. Any amounts appropriated under this section shall remain available until expended.

"DEFINITIONS

"SEC. 708. As used in this title—
 "(1) The term 'open-space land' means any land located in an urban area which has value for (A) park and recreational purposes,

(B) conservation of land and other natural resources, or (C) historic, architectural, or scenic purposes.

"(2) The term 'urban area' means any area which is urban in character, including those surrounding areas which, in the judgment of the Secretary, form an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

"(3) The term 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the territories and possessions of the United States, and Indian tribes, bands, groups, and nations including Alaska Indians, Aleuts, and Eskimos, of the United States.

"(4) The term 'open-space uses' means any use of open-space land for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic, architectural or scenic purposes."

TITLE VI—RESEARCH AND TECHNOLOGY

RESEARCH AND DEMONSTRATIONS

SEC. 601. The Secretary of Housing and Urban Development is authorized and directed to undertake such programs of research, studies, testing, and demonstration relating to the mission and programs of the Department as he determines to be necessary and appropriate. In order to carry out activities under this section there are authorized to be appropriated such sums as may be necessary. All funds so appropriated shall remain available until expended unless specifically limited.

GENERAL PROVISIONS

SEC. 602. (a) The Secretary shall require, to the greatest extent feasible, the employment of new and improved technologies, techniques, materials, and methods in housing construction, rehabilitation, and maintenance under programs administered by him, and shall encourage and promote the acceptance and application of such advanced technologies, techniques, materials, and methods by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public. To the extent feasible, in connection with the construction, major rehabilitation, or maintenance of any housing assisted under section 601, the Secretary shall assure that there is no restraint by contract, building code, zoning ordinance, or practice against the employment of new or improved technologies, techniques, materials, and methods or of preassembled products which may reduce the cost or improve the quality of such construction, rehabilitation, and maintenance, and therefore stimulate expanded production of housing, except where such restraint is necessary to insure safe and healthful working and living conditions. The Secretary may, in carrying out activities under section 601, waive such provisions of the United States Housing Act of 1937, the Housing Act of 1949, and other Acts administered by him, as impede acceptance and application of new or improved technologies, techniques, materials, and methods, and may utilize the provisions of the National Housing Act for any of the purposes of that section.

(b) To encourage large-scale experimentation in the use of new technologies, techniques, materials, and methods, with a view toward the ultimate mass production of housing and related facilities the Secretary shall, wherever feasible, conduct programs under section 601 in which qualified organizations, public and private, will submit plans for development and production of housing and related facilities using such new advances on Federal land which has

been made available or acquired by the Secretary for purpose of this subsection or on other land where (1) local building regulations permit such experimental construction or (2) necessary variances from building regulations can be granted. The Secretary may utilize the funds and authority available to him under the provisions of section 601 to assist in the implementation of plans which he approves.

(c) Notwithstanding any other provision of law, the Secretary is authorized, in connection with projects under this title, to acquire, use, and dispose of any land and other property required for the project as he deems necessary. Notwithstanding the provisions of the Federal Property and Administrative Services Act of 1949, any land which is excess property within the meaning of such Act and which is determined by the Secretary to be suitable in furtherance of the purposes of subsection (b) may be transferred to the Secretary upon his request.

(d) In order to effectively carry out his activities under section 601 the Secretary is authorized to provide such advice and technical assistance as may be required and to pay for the cost of writing and publishing reports on activities and undertakings financed under section 601, as well as reports on similar activities and undertakings, not so financed, which are of significant value in furthering the purposes of that section. He may disseminate (without regard to the provisions of section 3204 of title 39, United States Code (or section 4154 of such title with respect to any period before the effective date of such section 3204 as provided in section 15(a) of the Postal Reorganization Act) any reports, data, or information acquired or held under this title, including related data and information otherwise available to the Secretary through the operation of the programs and activities of the Department of Housing and Urban Development, in such form as he shall determine to be most useful to departments, establishments, and agencies of Federal, State, and local government, to industry, and to the general public.

(e) The Secretary is authorized to carry out the functions authorized in section 601 either directly or, without regard to section 3709 of the Revised Statutes, by contract or by grant. Advance and progress payments may be made under such contracts or grants without regard to the provisions of section 3648 of the Revised Statutes and such contracts or grants may be made for work to continue for not more than four years from the date thereof.

(f) In carrying out activities under section 601 the Secretary shall utilize, to the fullest extent feasible, the available facilities of other Federal departments and agencies, and shall consult with, and make recommendations to, such departments and agencies. The Secretary may enter into working agreements with such departments and agencies and contract or make grants on their behalf or have such departments and agencies contract or make grants on his behalf. The Secretary is authorized to make or accept reimbursement for the cost of such activities. The Secretary is further authorized to undertake activities under this title under cooperative agreements with industry and labor, agencies of State or local governments, educational institutions, and other organizations. He may enter into contracts with and receive funds from such agencies, institutions, and organizations, and may exercise any of the other powers vested in him by section 502(c) of the Housing Act of 1948.

(g) The Secretary is authorized to request and receive such information or data as he deems appropriate from private individuals and organizations, and from public agencies. Any such information or data shall be used only for the purposes for which it is supplied,

and no publication shall be made by the Secretary whereby the information or data furnished by any particular person or establishment can be identified, except with the consent of such person or establishment.

REPEAL OF EXISTING RESEARCH AUTHORITIES

SEC. 603. Effective July 1, 1971, the following provisions of law are hereby repealed, except for contracts, commitments, reservations, or other obligations entered into pursuant to such provisions prior to that date:

- (1) title III of the Housing Act of 1948;
- (2) section 314 of the Housing Act of 1954;
- (3) section 602 of the Housing Act of 1956;
- (4) section 207 of the Housing Act of 1961;
- (5) section 301 of the Housing and Urban Development Act of 1965; and
- (6) sections 1010 and 1011 of the Demonstration Cities and Metropolitan Development Act of 1966.

TITLE VII—CRIME INSURANCE

FINDINGS AND PURPOSE

SEC. 701. Section 1102(b) of the Housing and Urban Development Act of 1968 is amended by striking out "and" immediately before "(2)", and by inserting before the period at the end thereof the following: "; and (3) provide direct insurance through the facilities of the Federal Government in the case of properties for which statewide programs and the Federal reinsurance program either do not make crime insurance available or offer such insurance to property owners only at prohibitive cost".

AMENDMENTS TO TITLE XII OF THE NATIONAL HOUSING ACT

SEC. 702. (a) Section 1201 of the National Housing Act is amended to read as follows:

"PROGRAM AUTHORITY

"SEC. 1201. (a) The Secretary is authorized to establish and carry out the programs provided for in parts A, B, C, and D of this title.

"(b) (1) The powers of the Secretary under this title shall terminate on April 30, 1975, except to the extent necessary—

"(A) to continue reinsurance and direct insurance in accordance with the provisions of sections 1223(b) and 1231(c) until April 30, 1978;

"(B) to process, verify, and pay claims for reinsured losses and directly insured losses and perform other necessary functions in connection therewith; and

"(C) to complete the liquidation and termination of the reinsurance and direct insurance programs.

"(2) On April 30, 1978, or as soon thereafter as possible, the Secretary shall submit to the Congress, for its approval, a plan for the liquidation and termination of the reinsurance and direct insurance programs."

(b) Section 1203(a) of such Act is amended by redesignating paragraphs (1) through (13) as paragraphs (4) through (16), respectively, and by inserting immediately after and below "the term—" the following new paragraphs:

"(1) 'affordable rate' means such premium rate as the Secretary determines would permit the purchase of a specific type of insurance coverage by a reasonably prudent person in similar circumstances with due regard to the costs and benefits involved;

"(2) 'crime insurance' means insurance against losses resulting from robbery, burglary, larceny, and similar crimes, and may include broad form personal theft insurance, mercantile open stock insurance, mercantile robbery and mercantile safe burglary insurance, storekeepers burglary and robbery insurance, office burglary and robbery insurance, and may include business interruption insurance as the Secretary may designate; the term does not include automobile insurance or losses resulting from embezzlement;

"(3) 'directly insured losses' means losses

on direct insurance claims and all direct expenses incurred in connection therewith, including but not limited to expenses for processing, verifying, and paying such losses;"

(c) Section 1221(a)(2) of such Act is amended by striking out "section 1203(a)(10)" each place it appears and inserting in lieu thereof "section 1203(a)(13)".

(d) Title XII of such Act is amended by redesignating part C and sections 1231 through 1241 as part D and sections 1241 through 1251, respectively, and by inserting after part B the following new part:

"PART C—FEDERAL INSURANCE AGAINST BURGLARY AND THEFT

"REVIEW AND PROGRAM AUTHORITY

"The Secretary shall review the market availability situation in each of the several States to determine whether crime insurance is available at affordable rates either through the normal insurance market or through a suitable program adopted under State law.

"(b) Upon determining pursuant to subsection (a) that a critical market availability situation for crime insurance exists in any State and has not been met through appropriate State action, the Secretary is authorized to make crime insurance available at affordable rates within such State through the facilities of the Federal Government. Such insurance shall be provided upon such terms and conditions, and subject to such deductibles and other restrictions and limitations, as the Secretary deems appropriate, but no such insurance shall be made available to a property which the Secretary determines to be uninsurable or to a property with respect to which reasonable protective measures to prevent loss, consistent with standards established by the Secretary, have not been adopted.

"(c) Notwithstanding any other provision of this title, direct insurance may be continued for the term of the policies written prior to the date of termination of the Secretary's direct insurance authority under this part, for as long as the insured pays the required direct insurance premiums; except that direct insurance under this part for any risk shall be terminated after notice whenever the Secretary determines that the standard lines of crime insurance otherwise have become available to such property at affordable rates.

"USE OF EXISTED FACILITIES AND SERVICE

"SEC. 1232. In carrying out his responsibilities under this part, the Secretary may utilize—

"(1) insurance companies and other insurers, insurance agents and brokers, and insurance adjustment organizations, as fiscal agents of the United States,

"(2) officers and employees of the Department of Housing and Urban Development, and such other officers and employees of any executive agency (as defined in section 105 of title 5 of the United States Code) as the Secretary and the head of any such agency may from time to time agree upon, on a reimbursement or other basis, or

"(3) both the alternatives specified in paragraphs (1) and (2), or any combination thereof.

"ESTABLISHMENT OF AFFORDABLE RATES

"SEC. 1233. In estimating the affordable rates for the various crime insurance coverages offered from time to time under this part, the Secretary shall consult with appropriate State insurance authorities and other knowledgeable persons and is authorized to take into consideration the nature and degree of the risks involved, the protective devices employed, the extent of anticipated losses, the prevailing rates for similar coverages in adjacent or comparable areas and territories, the economic impor-

tance of the various individual coverages and the type of property involved, and the relative abilities of the particular classes and types of insureds to pay the full estimated costs of such coverages. Nothing in this section shall be construed to prohibit or require either the adoption of uniform national rates or the periodic modification of currently estimated affordable rates for any particular line or subline of coverage, class, State, territory, or risk on the basis of additional information or actual loss experience.

REPORTS ON OPERATIONS

SEC. 1234. The Secretary shall include in his reports to the Congress on the program authorized by this title full and complete information on his operations and activities under this part, together with such recommendations with respect thereto as he may deem appropriate."

(e) Section 1222(a) of such Act is amended by striking out "section 1233" and inserting in lieu thereof "section 1243".

(f) Section 1244(c) of such Act (as redesignated by subsection (d) of this section) is amended by striking out "section 1232" and inserting in lieu thereof "section 1242".

(g) Section 1241(a) of such Act (as so redesignated) is amended by inserting "or direct insurance" after "reinsurance", and by inserting "or property owners" after "insurers".

(h) Section 1241(b) of such Act (as so redesignated) is amended by inserting "or direct insurance" after "reinsurance".

(1) Section 1242 (a) of such Act (as so redesignated) is amended—

(1) by striking out "the reinsurance program" and inserting in lieu thereof "the reinsurance and direct insurance programs";

(2) by inserting "or direct insurance" after "reinsurance" in paragraphs (1), (2), and (4);

(3) by inserting "or property owner" after "any insurer" where it first appears in paragraph (4); and

(4) by inserting "or directly insured" after "reinsured" in paragraph (4).

(j) Section 1243 of such Act (as so redesignated) is amended—

(1) by inserting "and direct insurance" after "reinsurance" in subsection (a)(1) and each place it appears in subsection (b)(1);

(2) by striking out "part B" in subsection (b)(1) and inserting in lieu thereof "parts B and C"; and

(3) by redesignating clauses (4) and (5) of subsection (b) as clauses (5) and (6), and inserting after clause (3) a new clause as follows:

"(4) such amounts which are hereby authorized to be appropriated as may be necessary from time to time to reimburse the fund for losses and expenses (including administrative expenses) incurred in carrying out the program authorized under part C;"

(k) Section 1244(a) of such Act (as so redesignated) is amended by striking out "Any insurer or pool acquiring reinsurance" and inserting in lieu thereof "Any insurer, pool, or property owner acquiring reinsurance or direct insurance".

(1) Section 1244(c) of such Act (as so redesignated) is amended by inserting "or direct insurance" after "reinsurance".

AGENTS' AND BROKERS' COMMISSIONS

SEC. 703. Section 1211(b) of the National Housing Act is amended—

(1) by striking out "and" at the end of paragraph (9);

(2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(11) commissions paid to agents, brokers, and producers for or with respect to policies written under the plan shall not be less

than the prevailing rate being paid in the same territory for or with respect to other policies of the same type which are not written under the plan, as determined and certified to the Secretary by the State insurance authority."

REVIEW OF STATEWIDE PLANS

SEC. 704. Title XII of the National Housing Act is amended by inserting after section 1214 a new section as follows:

"OFFICE OF REVIEW AND COMPLIANCE

"SEC. 1215. The Secretary, through an Office of Review and Compliance under the Federal Insurance Administrator, shall periodically review each plan under this part and the methods and practices by which such plan is being actually carried out in the areas and communities where it is intended to operate, in order to assure that such plan is effectively making essential property insurance readily available in such areas and communities and is otherwise carrying out the purposes of this title, and in order to identify any aspects of the operation or administration of such plan which may require revision, modification, or other action to carry out such purposes."

CONFORMING AMENDMENT

SEC. 705. Clause (2) of the first sentence of section 520(b) of the National Housing Act is amended by inserting "and directly insured" after "reinsured" wherever it appears.

TITLE VIII—RURAL HOUSING

ASSISTANCE TO NONPROFIT ORGANIZATIONS OF FARMWORKERS

SEC. 801. (a) That part of subsection (a) of section 514 of the Housing Act of 1949 which precedes the first numbered paragraph is amended to read as follows:

"(a) The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm or any association of farmers for the purpose of providing housing and related facilities for domestic farm labor employed on a farm or farms within the community; or to any State or political subdivision thereof, or any broad-based public or private nonprofit organization incorporated within the State, or any non-profit organization of farmworkers incorporated within the State for the purpose of providing housing and related facilities for domestic farm labor any place within the State where a need exists. All such loans shall be made in accordance with terms and conditions substantially identical with those specified in section 502, except that—"

(b) Section 514(f)(1) of such Act is amended by striking out the semicolon and inserting in lieu thereof the following: "and, in the case of housing for migrant labor, household furnishings;"

(c) Section 516 of such Act is amended—

(1) by striking out that part of subsection (a) which precedes the first numbered paragraph and inserting in lieu thereof the following:

"(a) Upon the application of any State or political subdivision thereof, or any broad-based public or private nonprofit organization incorporated within the State, or any nonprofit organization of farmworkers incorporated within the State, the Secretary is authorized to provide financial assistance for the provision of low-rent housing and related facilities (which may be located any place within the State) for domestic farm labor, if he finds that—"

(2) by striking out "one-third" in subsection (a) (2) and inserting in lieu thereof "10 per centum";

(3) by inserting after "thereof" in subsection (a) (3) the following: ", and, whenever feasible, such housing and facilities shall be durable and suitable for year around occupancy or use"; and

(4) by striking out "two-thirds" in sub-

section (b) and inserting in lieu thereof "90 per centum".

RURAL HOUSING LOANS ON NONFARM LEASE-HOLDS

SEC. 802. Section 501(b) (2) of the Housing Act of 1949 is amended by striking out "this title, the terms 'owner', 'farm', and 'mortgage' shall be deemed to include, respectively, the lessee of, the land included in" and inserting in lieu thereof the following: "sections 502 and 504, the terms 'owner' and 'mortgage' shall be deemed to include, respectively, the lessee of".

MISCELLANEOUS FARM HOUSING AMENDMENTS

SEC. 803. (a) The second sentence of section 504(a) of the Housing Act of 1949 is amended by striking out "in excess of \$1,500" and inserting in lieu thereof "in excess of \$2,500, or in excess of such larger amount not exceeding \$3,500 as the Secretary determines to be necessary in the case of repairs or improvements involving water supply, septic tanks, or bathroom or kitchen plumbing facilities".

(b) Section 508(b) of such Act is amended by striking out "shall" wherever it appears in the first and second sentences and inserting in lieu thereof "may".

(c) Section 515(b)(1) of such Act is amended by striking out "\$300,000" and inserting in lieu thereof "may".

(d) Section 517(j)(3) of such Act is amended by inserting after "collections" the following: "or necessary to obtain credit reports on applicants or borrowers".

(e) Section 520 of such Act is amended by striking out "5,500" and inserting in lieu thereof "10,000".

TITLE IX—MISCELLANEOUS

LIABILITY OF FNMA TO UNITED STATES

SEC. 901. (a) In accordance with the provisions of section 303(a) of the National Housing Act concerning payment of a prescribed part of the general surplus and reserves of the corporation, the Federal National Mortgage Association shall pay to the Secretary of the Treasury \$52,386,117.

(b) In accordance with the provisions of section 309(c) of the National Housing Act as it existed prior to September 1, 1968, the Federal National Mortgage Association shall pay to the Secretary of the Treasury the remaining income tax equivalent of \$16,479,604, plus interest (1) on \$2,977,442 at the rate of 6 per centum from September 16, 1967, until the date of payment; (2) on \$13,442,424 at the rate of 6 per centum from September 16, 1968, until the date of payment; and (3) on \$59,738 at 6 per centum from November 16, 1968, until the date of payment.

(c) The receipt by the Secretary of the Treasury of the amounts required to be paid by subsections (a) and (b) of this section shall constitute a full and final settlement of all matters affected by such subsections. The United States shall be made a party defendant in any case against any person who is, has been, or may be a director, officer, employee, or agent of the Federal National Mortgage Association because of any action taken pursuant to subsection (a) or (b) of this section, and any judgment awarded the Federal National Mortgage Association shall be paid in the same manner as a judgment against the United States.

(d) Section 302(a) of the National Housing Act, as amended, is further amended by adding at the end thereof the following new paragraph:

"(3) The partition transaction effected pursuant to the foregoing paragraph constitutes a reorganization within the meaning of section 368(a)(1)(E) of the Internal Revenue Code of 1954; and for the purposes of such Code, no gain or loss is recognized by the previously existing body corporate by reason of the partition, and the basis and holding period of the assets of the

corporation immediately following such partition are the same as the basis and holding period of such assets immediately prior to such partition."

(e) Section 810(a) of the Housing and Urban Development Act of 1968 is amended by adding at the end thereof the following sentence: "For the purposes of the Internal Revenue Code of 1954, no gain or loss is recognized by the holders of such stock on such change, and the basis and holding period of such stock in the hands of the stockholders immediately after such change are the same as the basis and holding period of such stock in their hands immediately prior to such change."

SURETY BONDS FOR SMALL BUSINESS CONTRACTORS

Sec. 902. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary"), whenever he deems such action to be appropriate and in furtherance of the purposes of the Small Business Act or section 3 of the Housing and Urban Development Act of 1968, and upon such terms and conditions as he may prescribe, is authorized to provide or to guarantee any bid, payment, or performance bond applied for by or on behalf of a construction contractor or subcontractor to enable such concern to furnish such bond in connection with any construction contract.

(b) The Secretary is authorized to enter into such contracts, establish such premium rates, impose such limitations, and issue such regulations as may be necessary to carry out the purposes of this section. Such contracts may provide for financial participation or servicing by qualified surety companies or other financial institutions.

(c) Funds received by the Secretary under the authority of this section shall be deposited in a National Surety Bond Fund which he shall establish, and shall be available for the purposes of this section without fiscal year limitation.

(d) Section 520(b) of the National Housing Act (as amended by section 704 of this Act) is amended—

(1) by striking out "reinsured and directly insured losses under title XII of this Act" and inserting in lieu thereof the following: "reinsured and directly insured losses under title XII of this Act and for construction bond losses under section 902 of the Housing and Urban Development Act of 1970"; and

(2) by striking out "reinsured and directly insured losses under title XII" in the proviso and inserting in lieu thereof the following: "reinsured and directly insured losses under title XII of this Act and construction bond losses under section 902 of the Housing and Urban Development Act of 1970".

(e) (1) The Secretary is authorized to take such steps and carry out such activities as he determines to be necessary or desirable to provide, either directly or by contract or other arrangement, technical assistance to any contractor or subcontractor for whom a bid, payment, or performance bond is provided or guaranteed under this section in connection with any construction contract, in order to assist such contractor or subcontractor in obtaining or carrying out such contract.

(2) There are authorized to be appropriated for each of the first three fiscal years ending after the date of the enactment of this Act such sums, not to exceed \$3,000,000, as may be necessary to enable the Secretary to carry out his functions under paragraph (1).

(f) The Secretary shall take such action as may be necessary to ensure that all laborers and mechanics employed by any contractor or subcontractor for whom a bond is provided or guaranteed under this section in connection with any construction contract

(not including a contract for the construction of a dwelling or project covered by a mortgage insured under the National Housing Act unless the Davis-Bacon Act is applicable to such construction by reason of section 212 of such Act) shall be paid wages at rates not less than those prevailing upon similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a-276a-5). No bond shall be provided or guaranteed under this section for any contractor or subcontractor in connection with any such construction contract without first obtaining adequate assurance that these labor standards will be maintained upon the work involved in the contract. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

ADVICE AND ASSISTANCE WITH RESPECT TO HOUSING FOR LOW- AND MODERATE-INCOME FAMILIES

Sec. 903. (a) Section 106 of the Housing and Urban Development Act of 1968 is amended to read as follows:

"ADVICE AND ASSISTANCE WITH RESPECT TO HOUSING FOR LOW- AND MODERATE-INCOME FAMILIES

"Sec. 106. (a) The Secretary is authorized to provide or contract with public or private organizations to provide (1) information, advice, and technical assistance with respect to the construction, rehabilitation, and operation of housing for low- and moderate-income families and individuals and (2) budget, debt management, self-help, and related counseling services to low- and moderate-income families to enable them to better achieve and afford adequate housing and meet the responsibilities by homeownership. Without limiting such authority assistance by the Secretary may include—

"(1) the assembly, correlation, publication, and dissemination of information with respect to the construction, rehabilitation, and operation of low- and moderate-income housing;

"(2) the provision of advice and technical assistance to public bodies or to nonprofit or cooperative organizations with respect to the construction, rehabilitation, and operation of low- and moderate-income housing—including assistance with respect to self-help and mutual self-help programs;

"(3) counseling on household management, budgeting, money management, child care, and similar matters which would assist low- and moderate-income families receiving, and applicants for, assistance under the United States Housing Act of 1937 or the National Housing Act in improving their living conditions and housing and homeownership opportunities.

"(b) (1) The Secretary is authorized to make loans to nonprofit and cooperative organizations for the necessary expenses, prior to construction, in planning, and obtaining financing for, the rehabilitation or construction of housing for low- and moderate-income families and individuals under any federally assisted program. Such loans shall be made without interest and shall not exceed 80 percentum of the reasonable costs expected to be incurred in planning, and in obtaining financing for, such housing prior to the availability of financing, including, but not limited to, preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site acquisition, application and mortgage commitment fees, and construction loan fees and discounts. The Secretary shall require repayment of loans made under this subsection, under such terms and conditions as he may require, upon completion of the project or sooner, and may cancel any part or all of a loan if

he determines that it cannot be recovered from the proceeds of any permanent loan made to finance the rehabilitation or construction of the housing.

"(2) The Secretary shall determine prior to the making of any loan that the nonprofit or cooperative organization meets such requirements with respect to financial responsibility and stability as he may prescribe.

"(3) There are authorized to be appropriated for the purposes of this subsection not to exceed \$7,500,000 for the fiscal year ending June 30, 1969, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1970. Any amounts so appropriated shall remain available until expended, and any amounts authorized for any fiscal year under this paragraph but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1972.

"(4) All funds appropriated for the purposes of this subsection shall be deposited in a fund which shall be known as the Low- and Moderate-Income Housing Sponsor Fund and which shall be available without fiscal year limitation and be administered by the Secretary as a revolving fund for carrying out the purposes of this subsection. Sums received in repayment of loans made under this subsection shall be deposited into such fund.

"(c) The Secretary is further authorized to enter into contracts to make grants to (1) public housing agencies or low-income housing tenant organizations in projects assisted under the United States Housing Act of 1937, (2) nonprofit, cooperative, and limited dividend housing organizations or low- or moderate-income tenant organizations in projects assisted under the National Housing Act for the purpose of assisting, where necessary, in the financing of tenant programs and services for families living in such projects. In making such contracts and grants, the Secretary shall give preference to programs providing for the maximum feasible participation of the tenants in the development and operation of such tenant programs and services. For purposes of this subsection, the term 'tenant programs and services' includes the following programs and services: the development and maintenance of tenant organizations which participate in the management of low- or moderate-income housing projects; the training of tenants to manage and operate such projects and the utilization of their services in project management and operation; counseling on household management, housekeeping, budgeting, money management, child care, and similar matters; advice as to resources for job training and placement, education, welfare, health, and other community services; services which are directly related to meeting tenant needs and providing a wholesome living environment; and referral to appropriate agencies when necessary for the provision of such services. To the maximum extent available and appropriate, existing public and private agencies in the community shall be used for the provision of such services. There are authorized to be appropriated for the purposes of this subsection not to exceed \$15,000,000 for the fiscal year ending June 30, 1969, and not to exceed \$30,000,000 for the fiscal year ending June 30, 1970. Any amounts so appropriated shall remain available until expended, and any amounts authorized for any fiscal year under this subsection but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1972.

"(d) As used in this section, the term 'nonprofit or cooperative organization' includes organizations which the Secretary deems are qualified to sponsor or provide services for nonprofit or cooperative projects."

(b) Section 15(10) of the United States Housing Act of 1937 is repealed. Any amounts

heretofore appropriated under the fifth sentence of such section 15(10) shall be considered for purposes of section 106(c) of the Housing and Urban Development Act of 1968 (as amended by subsection (a) of this section) to have been appropriated under the fifth sentence of such section 106(c).

TRAINING IN HOUSING MANAGEMENT

SEC. 904. Section 803 of the Housing Act of 1964 is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and inserting after subsection (a) a new subsection as follows:

"(b) Grants may be made under subsection (a) to support (1) the training of persons, especially persons of low income, in acquiring the skills needed in the management of housing for low- and moderate-income persons, and (2) research and the dissemination of information with respect to the problems involved in the management of housing for low- and moderate-income persons."

GENERAL ADMINISTRATIVE POWERS OF THE SECRETARY

SEC. 905. Section 7 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsections:

"(h) In carrying out his functions, powers, and duties and except as such authority is otherwise expressly provided in any other Act administered by the Secretary, such financial transactions of the Secretary as the making of loans or grants (and vouchers approved by the Secretary in connection with such financial transactions) shall be final and conclusive upon all officers of the Government. Funds made available to the Secretary pursuant to any provision of law for such financial transactions shall be deposited in a checking account or accounts with the Treasurer of the United States. Such funds and any receipts and assets obtained or held by the Secretary in connection with such financial transactions shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Secretary in connection with such financial transactions. Notwithstanding the provisions of any other law, the Secretary may, with the approval of the Comptroller General, consolidate into one or more accounts for banking and checking purposes all cash obtained or held in connection with such financial transactions, including amounts appropriated, from whatever source derived.

"(i) In carrying out his functions, powers, and duties and except as such authority is otherwise expressly provided in any other Act administered by the Secretary, the Secretary is authorized to:

"(1) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which he has made a loan or grant. In the event of any such acquisition, the Secretary may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property: *Provided further*, That section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property so acquired or owned if the amount of such contract does not exceed \$2,500;

"(2) enter into agreements to pay annual

sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned;

"(3) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

"(4) obtain insurance against loss in connection with property and other assets held;

"(5) consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which he is a party or which has been transferred to him; and

"(6) include in any contract or instrument such other covenants, conditions, or provisions as he may deem necessary.

"(j) Notwithstanding any other provision of law, in carrying out his functions, powers, and duties the Secretary is authorized to establish fees and charges, chargeable against program beneficiaries and project participants, which shall be adequate to cover over the long run, costs of inspection, project review and financing service, audit by Federal or federally authorized auditors and other beneficial rights, privileges, licenses, and services. Such fees and charges heretofore or hereafter collected shall be considered nonadministrative and shall remain available for operating expenses of the Department in providing similar services on a consolidated basis.

"(k) (1) The Secretary is authorized to accept and utilize voluntary and uncompensated services and accept, hold, administer, and utilize gifts and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Department. Gifts and bequests of money and the proceeds from sales of other property received as gifts or bequests shall be deposited in the Treasury in a separate fund and shall be disbursed upon order of the Secretary. Property accepted pursuant to this paragraph, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest.

"(2) For the purpose of Federal income, estate, and gift taxes, property accepted under paragraph (1) shall be considered as a gift or bequest to or for use of the United States.

"(3) Upon the request of the Secretary, the Secretary of the Treasury may invest and reinvest in securities of the United States or in securities guaranteed as to principal and interest by the United States any moneys contained in the fund provided for in paragraph (1). Income accruing from such securities and from any other property held by the Secretary pursuant to paragraph (1) shall be deposited to the credit of the fund and shall be disbursed upon order of the Secretary.

"(l) The Secretary is authorized to appoint, without regard to the civil service laws, such advisory committees as shall be appropriate for the purpose of consultation with and advice to the Department in performance of its functions. Members of such committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Secretary, may be paid compensation at rates not exceeding those authorized for individuals under subsection (e) of this section, and while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently."

EQUITY SKIMMING

SEC. 906. Whoever, with intent to defraud, willfully engages in a pattern or practice of—

(1) purchasing one- to four-family dwellings which are subject to a loan in default at

time of purchase or in default within one year subsequent to the purchase and the loan is secured by a mortgage or deed of trust insured or held by the Secretary of Housing and Urban Development or guaranteed by the Veterans' Administration, or the loan is made by the Veterans' Administration,

(2) failing to make payments under the mortgage or deed of trust as the payments become due, and

(3) applying or authorizing the application of rents from such dwellings for his own use,

shall be fined not more than \$5,000 or imprisoned not more than three years, or both. This section shall apply to a purchaser of such a dwelling, or a beneficial owner under any business organization or trust purchasing such dwelling, or to an officer, director, or agent of any such purchaser. Nothing in this section shall apply to the purchaser of only one such dwelling.

PURCHASE OF FNMA STOCK

SEC. 907. Section 303(b) of the National Housing Act is amended—

(1) by striking out "shall accumulate" and inserting in lieu thereof "may accumulate";

(2) by striking out "and other";

(3) by striking out "nor less than 1 per centum"; and

(4) by inserting "with the approval of the Secretary of Housing and Urban Development" immediately after "as determined from time to time by the corporation".

INCREASED FEES FOR CONSULTANT SERVICES

SEC. 908. Section 7(e) of the Department of Housing and Urban Development Act is amended by striking out everything after the word "rates" and inserting in lieu thereof the following: "for individuals not to exceed the per diem equivalent to the highest rate for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code."

REGULATION OF SAVINGS AND LOAN ASSOCIATIONS IN THE DISTRICT OF COLUMBIA

SEC. 909. The Home Owners' Loan Act of 1933 is amended by adding immediately after section 7 the following new section:

"Sec. 8. (a) Without regard to any provision of law other than this section, and without limitation on any other power or function now or hereafter vested in or exercisable by the Federal Home Loan Bank Board by or under this Act or otherwise, the Board shall, with respect to all incorporated or unincorporated building, building or loan, building and loan, or homestead associations, and similar institutions, of or transacting or doing business in the District of Columbia, or maintaining any office in the District of Columbia (other than Federal savings and loan associations), have the same powers and functions as to examination, operation, and regulation as are now or hereafter vested in or exercisable by it with respect to Federal savings and loan associations by or under section 5 of this Act or otherwise, and all of the provisions of subsection (d) of section 5 of this Act as now or hereafter in force shall be applicable with respect to such associations or institutions.

"(b) Any such association or institution incorporated under the laws of, or organized in, the District of Columbia shall have in addition to any existing statutory authority such statutory authority as is from time to time vested in Federal savings and loan associations.

"(c) Charters, certificates of incorporation, articles of incorporation, constitutions, bylaws, or other organic documents of associations or institutions referred to in subsection (b) of this section may, without regard to anything contained therein or otherwise, hereafter be amended in such manner and to such extent and upon such vote or votes if any as the Federal Home Loan Bank

Board may by regulation or otherwise provide.

"(d) Nothing herein shall cause, or permit the Federal Home Loan Bank Board to cause, District of Columbia associations to be or become Federal savings and loan associations, or require the Board to impose on District of Columbia associations the same regulations as are imposed on Federal savings and loan associations."

SAVINGS AND LOAN INVESTMENTS IN MULTIFAMILY HOUSING

SEC. 910. Section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out "15" in the first sentence and inserting in lieu thereof "20".

MATURITY OF CERTAIN HOME LOAN BANK ADVANCES TO SAVINGS AND LOAN ASSOCIATIONS

SEC. 911. Section 11(g) of the Federal Home Loan Bank Act is amended by striking out "one year" each place it appears and inserting in lieu thereof "five years".

HOME LOAN BANK BOARD REGULATION IN CONFLICT OF INTEREST AND RELATED SITUATIONS

SEC. 912. Section 17 of the Federal Home Loan Bank Act is amended by adding at the end thereof the following new subsection:

"(c) (1) The Federal Home Loan Bank Board (hereinafter referred to as the Board) is directed, to such extent as it may deem necessary or appropriate in the public interest or for the protection of members, investors, or borrowers, or the Federal Savings and Loan Insurance Corporation, to regulate relationships, including without limitation on the generality of the foregoing business, financial, or other transactions, between—

"(A) a member and another member;

"(B) a member or an affiliated person of such member or of another member and an investor in or borrower from any such member or another member;

"(C) a member and an affiliated person of such member or of another member;

"(D) a member or an affiliated person of a member, or an investor in or borrower from a member or an affiliated person, and a person from or through which services are or may be rendered (i) to such member or another member, (ii) to an affiliated person of such member or of another member, except where no member is involved and all affiliated persons involved are individuals, or (iii) to an investor in or borrower from a member or an affiliated person of a member; or

"(E) an affiliated person of a member and an affiliated person of such member or of another member, where the relationship involves or may involve any relationship described in subparagraphs (A) through (D) above.

"(2) The authority conferred by paragraph (1) of this subsection shall include authority to regulate with respect to the providing, under circumstances set forth in subparagraph (D) of such paragraph, of appraisal or valuation services or other services, including, without limitation by or on the foregoing, standards and requirements with respect to such services and with respect to qualifications for and conduct of persons providing or eligible to provide such services. In or in connection with the exercise of authority under this paragraph the Board is authorized to make provision for registers or rosters of eligible persons and for involuntary or other removal of persons therefrom.

"(3) In or in connection with the exercise of any function vested in or exercisable by the Board under this Act or otherwise, the Board (which term as used in this paragraph includes the Federal Savings and Loan Insurance Corporation) is authorized (A) to act through any corporate or other agency or instrumentality of the United States and utilize services, facilities, and

personnel thereof, and any such agency or instrumentality is authorized to provide the same as requested by the Board, (B) to make payment therefor, and (C) to impose and collect fees and charges for the provision by the Board of services, facilities, or personnel to any person, and for purposes of this subsection the references in the last two sentences of subsection (b) of section 5B as now in effect to penalties shall be deemed to be references to such fees and charges. Any such payment or collection may be in advance or by reimbursement or otherwise.

"(4) As used in this subsection—

"(A) the term 'affiliated person' means—
 "(i) a director, officer, employee, or controlling person of a member, or an attorney regularly serving, or a member or associate of a firm regularly serving, a member in the capacity of attorney-at-law;

"(ii) a member of the immediate family of any individual referred to in clause (i) above;

"(iii) a partnership in which any individual referred to in clause (i) or (ii) above is a general or limited partner;

"(iv) a corporation in which stock carrying 10 per centum or more of the voting rights is directly or indirectly owned or controlled by any one or more of the persons referred to in (i) through (iii) above, either alone or in concert; or

"(v) any person or class of persons with respect to which there is outstanding a determination by the Board by regulation or otherwise that it is necessary or appropriate in the public interest or for the protection of members, investors, or borrowers or the Federal Savings and Loan Insurance Corporation that such person or class be treated as an affiliated person, but the term 'affiliated person' as used in this subsection and the term 'controlling person' as so used shall not include any person or class of persons with respect to which there is outstanding a determination by the Board by regulation or otherwise that the exclusion of such person or class from the meaning of the term 'affiliated person' or the term 'controlling person' as so used is not inconsistent with the protection aforesaid and is necessary or appropriate in the public interest;

"(B) the term 'controlling person' means any person who, alone or in concert with another or others, directly or indirectly has the right to vote, whether by stock ownership or control, proxy holding, or otherwise, or any combination thereof, more than 25 per centum of the voting rights in a corporation;

"(C) the term 'firm' includes, without limitation on its generality, artificial persons and groups or organizations of persons;

"(D) the terms 'investor' and 'borrower' respectively include prospective investors and prospective borrowers;

"(E) the term 'member' includes any institution any of the deposits, shares, or accounts of which have any insurance by the Federal Savings and Loan Insurance Corporation and, to such extent and only to such extent as the Board may provide, includes the Federal Home Loan Mortgage Corporation;

"(F) the term 'person' includes, without limitation on its generality, individuals and artificial persons and groups or organizations of persons;

"(G) the term 'regulate' or any derivative thereof includes prohibition; and

"(H) the term 'services' includes, without limitation on its generality, appraisal or valuation services, legal services, title services, title insurance, hazard insurance, credit insurance, and other insurance, settlement services, escrow services, and trustee services.

"(5) The provisions of subsection (f) of section 5A and of subsections (b) and (c) of section 5B, all as now in effect, are extended to include this subsection, and for purposes of this sentence the references in said subsections to those sections shall include this

subsection, the references in said subsection (f) to provisions of the National Housing Act shall be deemed to be references to those provisions as now in effect, and the references in said subsections (b) and (c) to institutions and nonmember institutions shall include affiliated persons. In implementing or carrying out provisions of this subsection the Board may make classifications on the basis of the nature, characteristics, or location of members or affiliated persons or of investors therein or borrowers therefrom or on such other basis or bases as the Board may deem desirable in the public interest."

CRIMINAL PENALTY FOR FRAUD OR FALSE STATEMENTS TO INFLUENCE FSLIC-INSURED INSTITUTION

SEC. 913. Section 1014 of title 18 of the United States Code is amended by striking out "or a Federal credit union" and inserting in lieu thereof "a Federal credit union, or any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation".

UNPLEGGED DEPOSITS IN FEDERAL HOME LOAN BANK

SEC. 914. The provision numbered (2) in the first sentence of subsection (b) of section 5A of the Federal Home Loan Bank Act (12 U.S.C. 1425a) is amended to read as follows: "(2) unpledged deposits in a Federal Home Loan Bank or in a State bank performing similar functions and in operation on February 6, 1970, and to such extent as the Board may approve for the purposes of this section, time and savings deposits in commercial banks, and".

INFORMATION AND ADVICE TO NONPROFIT PROJECT SPONSORS

SEC. 915. Section 4 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

"(d) There shall be in the Department an Assistant to the Secretary, designated by the Secretary, who shall be responsible for providing information and advice to nonprofit organizations desiring to sponsor housing projects assisted under programs administered by the Department."

ANNUAL REPORT ON PROGRAM ADMINISTRATION AND MANAGEMENT

SEC. 916. Section 5 of the Housing and Urban Development Act of 1968 is amended by striking out "in the calendar year 1969 and in the calendar year 1970" and inserting in lieu thereof "in each calendar year".

FINANCIAL INSTITUTIONS SUPERVISORY ACT OF 1966

SEC. 917. Title IV of the Financial Institutions Supervisory Act of 1966 (80 Stat. 1056) is repealed.

INTERSTATE LAND SALES FULL DISCLOSURE ACT

SEC. 918. Section 1406(5) of the Interstate Land Sales Full Disclosure Act is amended by inserting after the first comma the following: "the existence of any unusual conditions relating to noise or safety which affect the subdivision and are known to the developer."

Mr. WIDNALL (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment in the nature of a substitute be dispensed with, and that it be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mr. BLACKBURN. Mr. Chairman, reserving the right to object, I would like to ask the gentleman from New Jersey, is it true that this bill was only printed up last night or this morning—the bill that is being offered as a substitute?

Mr. WIDNALL. Mr. Chairman, if the gentleman will yield, with respect to the substitute that is being offered by the gentleman from Georgia (Mr. STEPHENS) that is true.

Mr. BLACKBURN. Is it not true that the Members of this body have not had an opportunity to read the bill that we are going to be considering as a substitute for the measure on the floor?

Mr. WIDNALL. The members of our committee have had full opportunity to go into and weigh and judge the matter that is contained in the substitute. It is not new matter, and it involves essentially changes in the amount of authorization, and also cuts out some of the things that are in the bill that is before us under the House committee bill today.

Mr. BLACKBURN. Mr. Chairman, inasmuch as I do not have before me at this time a copy of the bill, I will object to the suspending of the reading of the amendment offered in the nature of a substitute by the gentleman from Georgia (Mr. STEPHENS).

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk proceeded to read the amendment in the nature of a substitute. Mr. WIDNALL (during the reading). Mr. Chairman, I would like to renew my request that further reading of the amendment in the nature of a substitute be dispensed with, and that it be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mr. KEITH. Mr. Chairman, reserving the right to object, I have been shown a brief summary of the provisions of the amendment in the nature of a substitute offered by the gentleman from Georgia (Mr. STEPHENS), which would be very helpful for those in attendance today if they could have a copy of it. I am very much interested in this program, and a lot hinges on it.

If there were more copies of this brief summary around that the Members might have, I would withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mr. KEITH. Mr. Chairman, I object. The CHAIRMAN. Objection is heard.

The Clerk will read. The Clerk proceeded to read the amendment in the nature of a substitute.

Mr. WIDNALL (during the reading). Mr. Chairman, I would like again to renew my request that further reading of the amendment in the nature of a substitute be dispensed with, and that it be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection. The CHAIRMAN. The gentleman from Georgia (Mr. STEPHENS) is recognized in support of his amendment.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I am glad to yield to the gentleman.

Mr. BARRETT. Mr. Chairman, I want to say we have had the opportunity to go over your substitute, and we are 100 percent in favor of your substitute.

I want to say also that I would be opposed to the Brown amendment 100 percent. I just want to point that out.

I do not think we ought to hold the Members here until late evening. I think by taking your substitute that we could expeditiously work this thing out. I do hope Members will cooperate.

Mr. STEPHENS. I thank the gentleman.

Mr. Chairman, I thought I had gotten up to offer an amendment, but I was not sure that I would ever have a chance to get around to it because this bill is 132 pages and if we had to read it all, we might be here until the day after tomorrow.

However, I would point out to you that the substitute I have offered is a compromise. It is a compromise by many interested people who have worked diligently and hard to try to get together on something that will be a housing bill of which we all will be proud.

In recent weeks there has been a great deal of controversy about certain provisions of the committee bill. These have centered around three particular points.

The first was the establishment of an urban growth council in the Executive Office of the President. That was in title I of the bill.

The second was the authorization of the large sum of money—\$7 billion for all of the HUD programs.

The third controversial subject has been the authority for HUD to write essential property, fire, and crime insurance in urban areas.

The items that I have mentioned are the main items of controversy. I believe they have been sufficiently serious to jeopardize the enactment of any meaningful bill this year unless we can arrive at some compromise.

In order to avoid further delay on a housing bill, I am offering this substitute which I believe will be acceptable to all sides.

The main points are as follows as far as this compromise is concerned.

The substitute deletes the Urban Growth Council. Instead it directs the President, and this is a quote—

To utilize, identify and adequately organize a staff unit of the domestic council to assist in the development and urban growth.

Congressman ASHLEY has done a great job on this title. The substitute keeps intact the "new town" concept but removes the objectionable features that some of the Members had.

Second, the substitute would reduce the cost of the bill from approximately \$7 billion to \$2.3 billion. The actual figure of reduction is \$4,196,350,000. But you will find that the substitute funds all the HUD programs for the fiscal year 1972.

The substitute is also, I will point out to you, over \$1 billion lower than the bill passed by the other body.

The third compromise has been to delete the provision dealing with fire and property insurance and provide only for HUD crime insurance except for

eliminating a date postponing action 1 year. This conforms to what the Senate has already passed.

Congressman FRANK ANNUNZIO has been the moving force on that feature of the bill and the substitute is substantially his original proposal.

The fourth item of this substitute is this. The substitute contains other provisions of the committee bill which are either not in serious dispute or which are fully agreed to by all parties. In other words, we have the committee bill that everybody has had for 2 months, except for the changes I am pointing out to you.

There are some parts that I do not really like about this bill, but when a compromise bill is being considered, it becomes necessary for everybody to give a little bit. A skeleton substitute has been proposed. It is in truth nothing but a skeleton. There is no meat on the proposal. If we pass a skeleton bill, we shall merely be postponing action upon many of the housing proposals that need to be taken care of now.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

(On request of Mr. BARRETT, and by unanimous consent, Mr. STEPHENS was allowed to proceed for 5 additional minutes.)

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I am glad to yield to the gentleman from Pennsylvania.

Mr. BARRETT. Is it not true that the amendment offered by the gentleman from Georgia would cut the amount authorized and recommended in the bill by the committee from \$7 to \$2.3 billion?

Mr. STEPHENS. That is correct.

Mr. BARRETT. In other words, the gentleman's substitute would save \$4,196,350,000?

Mr. STEPHENS. That is correct. As I have said, the bill is a compromise by Members on both sides of the aisle, and I believe it is a very workable compromise. It will not leave us with the possible criticism that we have dodged or postponed action when action needs to be taken. As Members will recall, some of the proposals are for the current fiscal year, and we are almost half way through the year. So I believe we cannot postpone action any further or wait until the skeleton of this barebones bill that also will be offered has had meat put on it. I believe we have arrived at a workable compromise between those who have worked diligently on this bill in the Banking and Currency Committee, the whole committee and staff and the Subcommittee on Housing itself.

Mr. Chairman, recognizing that this is a compromise, I urge the House to give its full support to the substitute bill.

PARLIAMENTARY INQUIRY

Mr. JONAS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry, if the gentleman from Georgia will yield for that purpose.

Mr. STEPHENS. I yield to the gentleman from North Carolina.

Mr. JONAS. Mr. Chairman, I have three amendments which I intend to of-

fer to the Stephens amendment in the nature of a substitute. Am I correct in understanding that I can offer them at any time while the second substitute is pending as well as when the Stephens amendment in the nature of a substitute is pending?

There will be another substitute offered, and I do not want to preclude my right to offer amendments to the Stephens proposal.

The CHAIRMAN. The Chair informs the gentleman from North Carolina that as soon as the gentleman from Georgia (Mr. STEPHENS), completes his statement, the amendments of the gentleman from North Carolina would be in order.

Mr. STEPHENS. Mr. Chairman, in conclusion, I urge the committee to recognize, as I have said, that this is a compromise, and if we are going to have any action, this is the kind that we need to take.

Mr. MARTIN. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I am glad to yield to the gentleman from Nebraska.

Mr. MARTIN. In the committee bill I believe \$3 billion was authorized for the urban renewal program in the fiscal year 1972. What is that figure in the gentleman's substitute bill?

Mr. STEPHENS. It is \$1,500 million.

Mr. MARTIN. You cut it by 50 percent?

Mr. STEPHENS. That is correct.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. Do I correctly understand that quicker than a snap of your finger, you propose to cut \$4 billion out of this bill?

Mr. STEPHENS. It was not quite a snap of the finger. There was a lot of work that went into it.

Mr. GROSS. This is about the fastest foot work I have seen yet on the House floor. I do not know that I am opposed to the cut, but it is unbelievable, that the chairman of the subcommittee, Mr. BARRETT, would get up instantly and accept a \$4 billion cut in his bill, a cut offered right out of thin air. This beats anything I have ever seen in the House.

Mr. STEPHENS. I yield back the balance of my time.

Mr. WIDNALL. Mr. Chairman, I rise to support the proposal of the gentleman from Georgia. I believe that an effort to reach a compromise version of the housing bill is the most realistic approach that can be entertained at this late date, and I have continuously worked toward such a compromise.

I have not supported that version of a housing bill which was reported by the Banking and Currency Committee, nor could I support the position taken by some Members of this House that we ought to be content with the other extreme, no housing legislation at all during 1970.

Rather what I am on record for is responsible, constructive housing legislation. Such legislation I feel is embodied in the proposal which has just been made by the gentleman from Georgia.

This proposal seems to me to contain most of the positive elements from the committee reported bill and to eliminate most of the objectionable items. H.R. 19436, the committee bill, contained program authorizations through fiscal year 1974. This compromise bill does not go beyond fiscal year 1972.

The price tag on the compromise bill is \$2,800,000, while the committee bill totaled in excess of \$7 billion. This large reduction can be achieved without sacrificing any commitment to those programs which are vital to our Nation's housing needs. These authorization levels are responsive to present demand for Federal housing funds especially when seen in the light of today's budgetary realities.

Looking now to substantive improvements which the compromise bill has made over the committee bill, title I of both bills deals with the creation of new legislation in the area of urban growth and new community development.

As I mentioned earlier this title is essentially the product of long and arduous labor by Congressman ASHLEY. The compromise offered has deleted the language dealing with the creation of an Urban Growth Council within the Office of the President. Also deleted is the Advisory Board which would have assisted the Council.

I am grateful to the gentleman from Ohio (Mr. ASHLEY) because only through his cooperation could this compromise bill have become a reality.

The deletion of the Urban Growth Council gives the President the opportunity to continue his efforts to make the Executive Office the central point from which overall guidance and direction emerge with regard to domestic policy. This year has seen the creation of the Domestic Council and the Office of Management and Budget within the White House.

The involuntary imposition of an Urban Growth Council on the President would now undermine his previous success in condensing and streamlining the capacity of the Executive to deal with domestic problems in a comprehensive manner.

For these reasons I support the manner in which the substitute of this gentleman from Georgia deals with title I.

The other major point of controversy which the gentleman's substitute has so commendably dealt with is title VII, the crime insurance provisions. H.R. 19436 would require the States to impose crime insurance as one of the basic lines of insurance, under the FAIR plans in operation, since the enactment of the Urban Property Protection and Reinsurance program in 1968.

This requirement would jeopardize the existence of some State FAIR plans, by making participation for many insurers a less attractive proposition.

The substitute proposal recognizes that insurance is traditionally a matter for State regulation. Accordingly, the gentleman's substitute would afford each State, where a major crime insurance problem exists, an opportunity during its next legislative session to solve the prob-

lem at the State level, through appropriate action involving pooling arrangements or other plans, through which all insurable risks are able to obtain adequate amounts of burglary or theft insurance.

I urge the adoption of this compromise offer. It represents a conscientious effort by Members from both sides of the aisle, dealing in a responsible manner to try to produce a good housing bill—a bill that can pass the House and a bill which can be signed into law.

AMENDMENT OFFERED BY MR. BRASCO TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. STEPHENS

Mr. BRASCO. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. BRASCO to the amendment in the nature of a substitute offered by Mr. STEPHENS: At page 106, line 11, strike all that follows down through page 111, line 25, and substitute in lieu thereof the following language:

"Sec. 913. Section 17 of the Federal Home Loan Bank Act (12 USC § 1437) is amended by adding at the end thereof the following new subsection:

"(c) The Federal Home Loan Bank Board (hereinafter referred to as the Board) is directed, to such extent as it may deem necessary and appropriate to maintain the safety and soundness of any member institution in the conduct of such member institution's business, or for the protection of the Federal Savings and Loan Insurance Corporation, to regulate or prohibit any director, officer, employee of, or attorney or appraiser for, or any other person occupying a fiduciary relationship with, any member institution from engaging or participating in any business or financial transaction conducted on behalf of or involving any such member or other financial institution which would result in a conflict of his own personal financial interests with those of the member institution which he serves, including the authority to use its supervisory agents to examine any member institution with respect to those conflict of interest situations which are not specifically limited or prohibited by regulation and to take appropriate action, when circumstances so warrant, to prevent, circumscribe, or eliminate such situations."

Mr. BRASCO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read, and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. BLACKBURN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. The Clerk proceeded to read the amendment.

Mr. BLACKBURN. Mr. Chairman, I withdraw my objection to the request of the gentleman from New York.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BRASCO. Mr. Chairman, my amendment would substitute language for the language of the so-called Sullivan amendment contained in section 913 of the Stephens substitute, on page 106 beginning with line 11.

Before I begin to explain my amendment, I certainly want to take this op-

portunity to pay great tribute to the gentlewoman from Missouri, the Honorable LEONOR K. SULLIVAN, with whom I have had the honor to serve on the Committee on Banking and Currency and more specifically in this instance the honor to serve as a member of the Ad Hoc Subcommittee on Home Financing Practices and Procedures, which the gentlewoman chaired.

This ad hoc subcommittee held hearings over several months. The hearings brought to light many nefarious activities which had been and perhaps still are going on concerning the few "bad apples" in the savings and loan association industry. Further, the hearings indicated that these "bad apples" had taken unfair advantage of people's savings in savings and loan associations to the extent that they were making speculative loans the benefits of which accrued to insiders, with the detriment, of course, falling on the unsuspecting home purchaser.

As a result, Mr. Chairman, of the recent inquiry made by this ad hoc subcommittee the gentlewoman from Missouri (Mrs. SULLIVAN) proposed an amendment, which is the amendment in question, section 913 of the Stephens substitute. It is basically directed at ferreting out conflicts of interest in the savings and loan association industry so that we can put a handle on this unfair practice and get the situation back to normal.

I hasten to add that I certainly join with the gentlewoman from Missouri (Mrs. SULLIVAN) as indeed do all the other members of the ad hoc subcommittee, in seeking this same resolution of the problem; namely, cutting out conflicts of interest in this area.

When this language was drafted it was generally assumed it would do the job in question. However, I am informed at this time that the language does have very broad implications—broad insofar as they may exceed the legitimate purpose of prohibiting conflict of interest situations within the savings and loan industry. For example, the language now contained in section 913 would allow the Home Loan Bank Board to inquire into transactions between a board member of a savings and loan institution and another individual, said transaction having absolutely nothing to do with the board member's activity as a member of a savings and loan institution.

To illustrate more specifically, existing language could be construed to allow the Home Loan Bank Board to secure all books, papers, documents, and records involving transactions between a savings and loan director of a board who happens to be a retail merchant besides, and his relationship as a retail merchant with a supplier of goods to his retail establishment without bringing into pay his activities as a board member at all.

Mr. Chairman, I do not believe that it was the author's intent or my intent to give to the Home Loan Bank Board this broad authority. My amendment would do, I believe, exactly what we on the ad hoc subcommittee wanted to do, what Mrs. SULLIVAN wants to do, and what I understand the full committee wants to

do, that is, very simply give to the Federal Home Loan Bank Board, the authority to prohibit any director, officer, employee or attorney or appraiser from engaging in or participating in any business or financial transaction conducted on behalf of a savings and loan association which would result in a conflict of interest.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, at the request of Mr. HOLIFIELD, Mr. BRASCO was allowed to proceed for 5 additional minutes.)

Mr. BRASCO. As I indicated, Mr. Chairman, I believe this amendment, if enacted, would accomplish these purposes.

I direct the attention of the Members to section 913 on page 106 of the Stephens substitute or in the original bill, page 121, section 911. I would ask them to take a very brief look at that section in terms of its definitions, its broad implications, and the fact that I believe it is not as concise or as intelligible as the language in my amendment, which I believe is concise and simplified and which does exactly what the committee intended it to do.

Mr. DERWINSKI. Will the gentleman yield for a question?

Mr. BRASCO. I certainly do.

Mr. DERWINSKI. May I say in the process of asking the question that I think the gentleman has a very sound amendment and I support it wholeheartedly.

Would the gentleman permit me to say that in effect what he does also is to have the Congress spell out more distinctly the intention of Congress for the officials and agencies to interpret. In effect he has a more precise and workable amendment than the existing language.

Mr. BRASCO. Yes. I tried to indicate that when I indicated I believed that the language as it now exists is too broad and too vague.

Mr. DERWINSKI. I believe the gentleman has a sound amendment and I urge its adoption.

Mr. HOLIFIELD. Will the gentleman yield?

Mr. BRASCO. I certainly do yield.

Mr. HOLIFIELD. I have tried to understand this. I am accustomed to reading bills, and I tried to understand section 911 in the original bill. I tried to get others to explain it to me, also, but I could not get an explanation that made it clear in my mind. I think the gentleman's language clarifies it. It put the responsibility on the Home Loan Bank Board to make the necessary rules and regulations.

I say this with some knowledge, because I was chairman of the subcommittee that investigated the Home Loan Bank Board several years ago, and I served on another committee that the gentleman from California (Mr. Moss) was chairman of. One thing we found out was that the Home Loan Bank Board at that time was far beyond its statutory authority and got into matters which were extraneous and completely without any relationship to the regulatory powers that were given to it. I will say under the present administrator, as far as I know,

I have had no complaints from the sav-ings and loan people or other people in my district in respect to the present sav-ings and loan administrator of the Home Loan Bank Board.

I commend the gentleman for his amendment and state that I intend to support it.

Mr. BRASCO. I thank the gentleman. Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. BRASCO. I shall be happy to yield to the distinguished gentleman from New Jersey.

Mr. WIDNALL. I think this is a very fine amendment. I certainly hope it will be approved by the committee. I believe the minority approves what the gentleman is trying to do. The situation badly needed clarification and it will do exactly the job that was intended in the first place.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. BRASCO. I yield to the distinguished chairman of the subcommittee.

Mr. BARRETT. I would certainly like to be for the amendment, but I do think that the distinguished gentlewoman from Missouri (Mrs. SULLIVAN) has put an awful lot of work into this section 913 and deserves our support. I have not read any language as yet that in my opinion provides better conflict-of-interest protection.

It seems as though the other side here is for it. However, I certainly would like to see this offered at another time when we can analyze it more clearly.

Mr. BRASCO. I do not wish to put words in the mouth of the gentleman, but I think the gentleman from California (Mr. HOLIFIELD) said he could not analyze the present language in the bill very clearly. I understood him to say that the language in my amendment was much more concise and understanding.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. BRASCO. I yield to the gentleman from California.

Mr. HOLIFIELD. That was the intent I had in mind.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. BRASCO) to the amendment in the nature of a substitute offered by the gentleman from Georgia (Mr. STEPHENS).

The amendment to the amendment in the nature of a substitute was agreed to.

SUBSTITUTE AMENDMENT OFFERED BY MR. BROWN OF MICHIGAN FOR THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. STEPHENS

Mr. BROWN of Michigan. Mr. Chairman, I offer a substitute amendment for the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Michigan as a substitute for the amendment in the nature of a substitute offered by Mr. STEPHENS: Strike out all after the enacting clause of H.R. 19436 and insert the following:

That this Act may be cited as the "Housing and Urban Development Act of 1970".

EXTENSION OF FEDERAL HOUSING ADMINISTRATION PROGRAMS

SEC. 2. (a) Section 2(a) of the National Housing Act is amended by striking out "De-

December 1, 1970" in the first sentence and inserting in lieu thereof "July 1, 1971".

(b) Section 217 of such Act is amended by striking out "December 1, 1970" and inserting in lieu thereof "July 1, 1971".

(c) Section 221(f) of such Act is amended by striking out "December 1, 1970" in the fifth sentence and inserting in lieu thereof "July 1, 1971".

(d) Section 809(f) of such Act is amended by striking out "December 1, 1970" in the second sentence and inserting in lieu thereof "July 1, 1971".

(e) Section 810(k) of such Act is amended by striking out "December 1, 1970" in the second sentence and inserting in lieu thereof "July 1, 1971".

(f) Section 1002(a) of such Act is amended by striking out "December 1, 1970" in the second sentence and inserting in lieu thereof "July 1, 1971".

(g) Section 1101(a) of such Act is amended by striking out "December 1, 1970" in the second sentence and inserting in lieu thereof "July 1, 1971".

PUBLIC HOUSING ANNUAL CONTRIBUTIONS

SEC. 3. The first sentence of section 10(e) of the United States Housing Act of 1937 is amended by striking out "and \$170,000,000 on July 1, 1970" and inserting in lieu thereof "\$170,000,000 on July 1, 1970, and \$220,000,000 on July 1, 1971".

AUTHORIZATION FOR COLLEGE HOUSING DEBT SERVICE GRANTS

SEC. 4. Section 401(f)(2) of the Housing Act of 1950 is amended by inserting before the period at the end thereof the following: ", and by \$15,000,000 on July 1, 1971".

AUTHORIZATION FOR OPEN-SPACE LAND GRANTS

SEC. 5. Section 702(b) of the Housing Act of 1961 is amended by striking out "and not to exceed \$460,000,000 prior to July 1, 1971" and inserting in lieu thereof "and not to exceed \$550,000,000 prior to July 1, 1972".

AUTHORIZATION FOR COMPREHENSIVE PLANNING GRANTS

SEC. 6. The fifth sentence of section 701(b) of the Housing Act of 1954 is amended by striking out "and not to exceed \$390,000,000 prior to July 1, 1971" and inserting in lieu thereof "and not to exceed \$490,000,000 prior to July 1, 1972".

NEIGHBORHOOD FACILITIES GRANTS

SEC. 7. Section 708(a) of the Housing and Urban Development Act of 1965 is amended by adding at the end thereof the following: "In addition there is authorized to be appropriated for grants under section 703 not to exceed \$20,000,000 for the fiscal year commencing July 1, 1971."

NEW COMMUNITY LAND DEVELOPMENT

SEC. 8. (a) Section 407(d) of the Housing and Urban Development Act of 1968 is amended by striking out "\$250,000,000" and inserting in lieu thereof "\$500,000,000".

(b) Section 412(d) of such Act is amended by striking out "July 1, 1971" and inserting in lieu thereof "July 1, 1972".

EXTENSION OF MODEL CITIES AUTHORIZATION

SEC. 9. Section 111(c) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended by striking out "1971" and inserting in lieu thereof "1972".

USE OF EXISTING HOUSING UNDER SECTION 235 PROGRAM

SEC. 10. Section 235(h)(3)(B) of the National Housing Act is amended by striking out "July 1, 1971" and inserting in lieu thereof "July 1, 1974".

FUNDS FOR FEDERAL NATIONAL MORTGAGE ASSOCIATION CAPITAL SURPLUS ACCOUNT

SEC. 11. The first sentence of section 303(b) of the National Housing Act is amended—

(1) by striking out "shall accumulate" and inserting in lieu thereof "may accumulate";

(2) by striking out "and other";

(3) by striking out "nor less than 1 per centum"; and

(4) by inserting "with the approval of the Secretary of Housing and Urban Development" immediately after "determined from time to time by the corporation".

LIABILITY OF FEDERAL NATIONAL MORTGAGE ASSOCIATION TO UNITED STATES

SEC. 12. (a) In accordance with the provisions of section 303(a) of the National Housing Act relating to payment of a prescribed part of the general surplus and reserves of the corporation, the Federal National Mortgage Association shall pay to the Secretary of the Treasury the sum of \$52,386,117.

(b) In accordance with the provisions of section 309(c) of the National Housing Act as it existed prior to September 1, 1968, the Federal National Mortgage Association shall pay to the Secretary of the Treasury the remaining income tax equivalent of \$16,479,064, plus interest (1) on \$2,977,442 at the rate of 6 per centum from September 16, 1967, until the date of payment; (2) on \$13,442,424 at the rate of 6 per centum from September 16, 1968, until the date of payment; and (3) on \$59,738 at 6 per centum from November 16, 1968, until the date of payment.

(c) The receipt by the Secretary of the Treasury of the amounts required to be paid by subsections (a) and (b) of this section shall constitute a full and final settlement of all matters affected by such subsections. The United States shall be made a party defendant in any case against any person because of any action taken by him while serving as a director, officer, employee, or agent of the Federal National Mortgage Association pursuant to subsection (a) or (b) of this section, and any judgment awarded the Federal National Mortgage Association in such action shall be paid in the same manner as a judgment against the United States.

(d) Section 302(a) of the National Housing Act is amended by adding at the end thereof the following new paragraph:

"(3) The partition transaction effected pursuant to the foregoing paragraph constitutes a reorganization within the meaning of section 368(a)(1)(E) of the Internal Revenue Code of 1954; and for the purposes of such Code, no gain or loss is recognized by the previously existing body corporate by reason of the partition, and the basis and holding period of the assets of the corporation immediately following such partition are the same as the basis and holding period of such assets immediately prior to such partition."

(e) Section 810(a) of the Housing and Urban Development Act of 1968 is amended by adding at the end thereof the following sentence: "For the purposes of the Internal Revenue Code of 1954, no gain or loss is recognized by the holders of such stock on such change, and the basis and holding period of such stock in the hands of the stockholders immediately after such change are the same as the basis and holding period of such stock in their hands immediately prior to such change."

EARLY CLOSEOUT OF URBAN RENEWAL PROJECTS

SEC. 13. (a) Section 106(1) of the Housing Act of 1949 is amended to read as follows:

"(1) Upon determination of the Secretary that the local public agency does not expect to be able in the reasonably near future, due to circumstances beyond its control, to dispose of urban renewal project land acquired in accordance with the urban renewal plan and that all other project activities are completed except local grant-in-aid activities designated in the third proviso to section 110(d) under the conditions specified

therein, the urban renewal project may be deemed completed, net project cost may be computed, and the capital grant paid. To facilitate these actions, the Secretary may pay to the local public agency a grant, in addition to the capital grant otherwise payable, equal to one-third (or one-fourth in the case of projects funded on the three-fourths capital grant basis) of the estimated disposition proceeds of such land as accepted by the Secretary. No local grant-in-aid shall be required on account of this additional grant. The approval of the Secretary shall be obtained prior to the disposition of such land by the local public agency and net proceeds realized from the disposition of such land after project closeout shall be paid to the Secretary by the local public agency."

(b) Section 110(f) of such Act is amended by striking out "or for subsequent disposition or retention as provided under section 106(1)".

(c) Notwithstanding any other provision of this Act or title I of the Housing Act of 1949, as amended, the Secretary of Housing and Urban Development is authorized and directed to release the city of Stanton, Texas, and the urban renewal agency of the city of Stanton, Texas, from the obligations of their agreement with the Department of Housing and Urban Development entered into in connection with the closeout of projects numbered Tex. R-45 and Tex. R-81 and to close out those projects, effective as of the original date of closeout, on the basis of the authority granted under this section.

AMOUNT OF LOANS AND GRANTS FOR MINOR IMPROVEMENTS TO FARM HOUSING

SEC. 14. The second sentence of section 504(a) of the Housing Act of 1949 is amended by striking out "in excess of \$1,500" and inserting in lieu thereof "in excess of \$2,500, or in excess of such larger amount not exceeding \$3,500 as the Secretary determines to be necessary in the case of repairs or improvements involving water supply, septic tank, or bathroom or kitchen plumbing facilities".

SAVINGS AND LOAN INVESTMENTS IN MULTIFAMILY HOUSING

SEC. 15. Section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out "15" in the first sentence and inserting in lieu thereof "20".

MATURITY OF CERTAIN HOME LOAN BANK ADVANCES TO SAVINGS AND LOAN ASSOCIATIONS

SEC. 16. Section 11(g) of the Federal Home Loan Bank Act is amended by striking out "one year" each place it appears and inserting in lieu thereof "five years".

USE OF PUBLIC HOUSING CONTRACT AUTHORITY FOR LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

SEC. 17. The first sentence of section 10(e) of the United States Housing Act of 1937 is amended by striking out "Provided further" and inserting in lieu thereof "provided further". That up to 30 per centum of the total number of dwelling units for which contracts for annual contributions are entered into in any fiscal year pursuant to the new authority granted under section 3 of the Housing and Urban Development Act of 1970 or under any law subsequently enacted may be units of low-rent housing in private accommodations provided under section 23: *And provided further*".

TERM AND RENEWAL OF CONTRACTS FOR LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

SEC. 18. The last sentence of section 23(d) of the United States Housing Act of 1937 is amended—

(1) by striking out "not less than twelve months nor more than sixty months" and inserting in lieu thereof "not less than twelve months nor more than one hundred and twenty months"; and

(2) by inserting before the period at the end thereof the following: "Provided, That no renewal of such a contract shall result in a total term exceeding one hundred and eighty months or two hundred and forty months if the Secretary finds that a longer term is necessary to obtain financing".

Mr. BLACKBURN (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. BLACKBURN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BLACKBURN. Mr. Chairman, the gentleman from Michigan offers his amendment to the substitute at this point. Is the substitute on the floor at the present time open for amendment?

The CHAIRMAN. The Chair would like to inform the gentleman from Georgia that the gentleman from Georgia (Mr. STEPHENS) offered an amendment in the nature of a substitute to the bill.

The gentleman from Michigan (Mr. BROWN) is recognized for 5 minutes in support of his substitute.

Mr. BROWN of Michigan. I thank you, Mr. Chairman.

Mr. Chairman, to my colleagues in the House I would redirect their attention to previous speakers who have referred to the substitute which I am now offering as a barebones or skeleton proposal. At the outset let me say that it is not a barebones nor a skeleton proposal, but rather it continues all existing HUD programs, in several cases increases the authorizations applicable to the programs, it contains the vital FHA insuring authority to July 1, 1971, and incorporates certain miscellaneous sections that are in the committee bill and which are not controversial.

What the substitute I have offered does, and I discussed this so much in the general debate that I will not further belabor you with that discussion now, but what it does is to permit us to proceed in an orderly fashion to continue the programs at adequate funding levels so that next year we can come in and have all the time necessary to consider and deliberate over a comprehensive housing and urban development bill that incorporates not just come hasty, last-minute thinking on the part of some committee members, but will incorporate the study and the great deliberations, et cetera, which have gone on in the administration in all the areas which are included, or substantially all the areas which are included in the committee bill and in the substitute proposed by the gentleman from Georgia (Mr. STEPHENS).

Now, do we need more time? Do we need more time to consider this legislation? The best answer to that question, my colleagues, is in the committee report where a majority of the members of this committee said:

The committee bill does not include the major revisions of the FHA and public

housing programs recommended by the administration. These comprehensive and far-reaching proposals could not be adequately examined in the brief period available to the committee during a year when two other major bills—the Urban Mass Transportation Act of 1970 and the Emergency Home Finance Act of 1970—occupied much of the committee's attention and effort.

What the majority of this committee has said is that it did not have time to consider the well-thought-out and worked-out provisions in the legislative proposal that was submitted by the administration this last spring, but it did have time to bring to the floor of the House today for your consideration what amounts to five different bills, and expects you to be able to reconcile and to feel that you are knowledgeable enough to act upon these four or five different bills.

Let me also point out to my colleagues that at the very time the majority of the committee is asking us to act upon either the committee bill or the substitute offered by the gentleman from Georgia, there have been three panels formed, appointed by the gentleman from Pennsylvania, the chairman of the Subcommittee on Housing, Mr. BARRETT, to go into and to study in depth the very problems and program administration that he is asking you to legislate on today.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I will yield to the gentleman in just a minute.

In addition, both the proposal offered by the gentleman from Georgia and the committee bill propose to increase authorizations in sections of the housing bill that are this very day the subject of a very in-depth investigation, and it is alleged that the results of that investigation, which I guess the chairman of the committee is sitting on temporarily, will be almost scandalous, and yet in both proposals they are suggesting that you add more money to those programs and extend them for an additional 2 years—although I recognize that the proposal offered by the gentleman from Georgia (Mr. STEPHENS) does not do it for an additional 2 years.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I will yield to the gentleman from Georgia in just one moment.

The very fact that you have another substitute offered by a very respected, esteemed and knowledgeable member of the committee, the gentleman from Georgia—which is supported by the ranking member on the minority side and which cuts out millions of dollars and does away with a lot of the unsatisfactory and objectionable features in the committee bill, is solid proof of the desirability of my substitute and the undesirability of the committee bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLACKBURN. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan be allowed to proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BROWN of Michigan. The very fact that there has been this coalition developed and that it has moved away from the committee bill position very close to the position I have described to you and that I have informed you of over the last 3, 4, or 5 days—the very fact that they are moving in this direction is great proof of the validity of the substitute which I am now asking you to adopt.

I do not know about the rest of you, but in the course of my campaign recently I had students, members of the academic community, businessmen, labor, and almost everybody criticise the administration of Government programs from food stamps to housing.

Now then, if there is one thing that this Congress needs to do—if there is one thing that is of the greatest priority, it is to make sure that the programs we legislate do accomplish goals commensurate with their promises and their costs. We cannot spend the time to improve programs and proper review and exercise the oversight function—we cannot do that with respect to existing programs if we come in here every day and every month and every year and adopt programs upon programs and layer upon layer of administration without improving the administration and effectiveness of any of them.

I would ask the gentleman, the chairman of the subcommittee, if he cares to answer—does he not intend to come in with a comprehensive housing bill early next year in accordance with the panels that he has appointed?

Mr. BARRETT. I am not quite sure, and I think the gentleman is just as informed on that as I am, but the chairman of the Housing Subcommittee appointed three panels and when we include the material that is necessary to write a bill, it may be next year or it may be the year after—I am not too sure.

Mr. BROWN of Michigan. If the gentleman would adopt my substitute, I guarantee him I would be willing to take the responsibility to make sure we have a housing bill early next year if he is willing to take that responsibility.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield so that I can answer the gentleman?

Mr. BROWN of Michigan. I yield to the gentleman.

Mr. STEPHENS. My answer to the gentleman's question about whether or not we have one housing bill, a comprehensive housing bill, I would reply that we have a comprehensive housing bill now and that we not wait until next year.

Mr. BROWN of Michigan. May I answer the gentleman right there—did not the gentleman sign the majority views on this bill and did he not say, as I just repeated—

The committee bill does not include the major revisions of the FHA and public housing programs recommended by the administration. These comprehensive and far-reaching proposals could not be adequately examined in the brief period available to the

committee during a year when two other major bills—the Urban Mass Transportation Act of 1970 and the Emergency Home Finance Act of 1970—occupied much of the committee's attention and effort.

Are those not the words of the gentleman from Georgia?

Mr. STEPHENS. No, no. I may have signed that but I did not put them in there.

I would answer by saying this. I am not saying we could not have had a comprehensive bill in the future, but we have one here now, whether it has all the administration proposals in it or not.

Let me ask the gentleman one other question.

Mr. BROWN of Michigan. Before we get into another area, I would say to the gentleman from Georgia, I think the general format of his statement is correct, but he used the wrong word. We do not have a comprehensive housing bill before us today—we have a conglomerate.

Mr. STEPHENS. Let me ask the gentleman this question.

In your bill, as I understand it, you have no provisions for the Farmers Home Administration except for one provision. We have all seven in my proposal and in the original bill. You have taken out everything in your bill insofar as the Farmers Home Administration is concerned.

Then is it not also true that you have also put in there, in your bill a comprehensive planning grant proposal which raises what my bill has and what the committee has from \$30 to \$100 million for metropolitan planning. Is that not just changing the priorities rather than changing any expenses?

Mr. BROWN of Michigan. That is true. I have said in the course of my statement that there are several areas in which we have increased an authorization where it seemed to be most desirable and most needed at the present time. But once again we end up with a bill that constitutes an additional authorization above existing authorization in the amount of \$695 million as compared to the committee bill of approximately \$7.7 billion and your proposal of somewhere around \$3 billion-plus.

Mr. GERALD R. FORD. Mr. Chairman, will the gentleman yield at that point?

Mr. BROWN of Michigan. I yield to the gentleman from Michigan.

Mr. GERALD R. FORD. I was about to ask the gentleman to review the figures that he just stated a moment ago. I think it ought to be clarified. What is the cost estimate of the bill that has been offered by the gentleman from Michigan as a substitute?

Mr. BROWN of Michigan. Six hundred and ninety-five million dollars.

Mr. GERALD R. FORD. And what is the cost figure on the bill offered as an amendment in the nature of a substitute by the gentleman from Georgia (Mr. STEPHENS)?

Mr. BROWN of Michigan. My best estimate is that it would be in excess of \$3 billion.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I am not trying to misrepresent it; I am not sure.

Mr. STEPHENS. My substitute would authorize \$2,819 million. It is less than the amount authorized in the Senate bill; it is almost \$5 billion less than the amount in the House bill.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BARRETT. Mr. Chairman, I rise to strongly oppose the motion of the gentleman from Michigan. It is hard to believe that a respected member of the Housing Subcommittee would allow more than half a year to go by before even notifying his colleagues that he intended to offer a motion which would undo all their work.

The gentleman took an active part in 2 weeks of subcommittee hearings in early June. He sat through several days of subcommittee and full committee executive sessions. He never offered a single motion to reduce the dollar amounts in this bill, although all amendments were fully debated and voted on. He certainly never indicated that at this late stage he would offer a "barebones bill" as a substitute for a housing bill on which there has been so much cooperation, compromise, and agreement.

The House should remember three important things on this motion—first, the gentleman's substitute provides no funds for the public housing program until July 1, 1971, when that program has stopped because of a lack of funds. The committee bill would provide an immediate \$150 million for the public housing program, so that housing authorities can build units which are now held up because of that lack of funds. Our subcommittee has received more telephone calls from Members of Congress—in both parties—about the lack of funds for public housing than about any other issue during this year. The gentleman's motion does not make funds available for this program for another 7 months.

It cannot help our localities meet their housing problems.

Second, the gentleman's substitute provides no funds for the sections 235 and 236 programs, which are the basic low-income housing programs. Funds for these programs are completely depleted, even in the gentleman's own district. The substitute does not ask for additional funds for the coming fiscal year, which begins in just 7 months. This will cause great confusion among homebuilders, lenders, and nonprofit groups who will not know what plans are in store for these programs in fiscal year 1972. The committee bill keeps these programs so that we can meet our bipartisan housing goals.

Third, the substitute completely nullifies the efforts of Mr. ASHLEY and Mr. WIDNALL in designing a workable new community development program. The President himself called for the development of such a program in his state of the Union message. The Housing Subcommittee approved this new program by a unanimous vote of 13 to 0. The full Banking and Currency Committee approved this new program by a vote of

24 to 4 after a full and fair debate. The gentleman's substitute would make all these efforts meaningless.

The new community bill was not developed overnight. There have been hearings over a 2-year period by two subcommittees. It has been fully and fairly considered and passed almost in identical fashion by the Senate.

Mr. Chairman, I strongly urge all Members to defeat the substitute of the gentleman from Michigan. The housing bill before you is a workable and effective compromise of many opposing viewpoints. It deserves your support.

I oppose the amendment offered by the gentleman from Michigan and ask for an immediate vote on it so we can continue with our consideration of the Stephens amendment in the nature of a substitute.

AMENDMENT OFFERED BY MR. BLACKBURN TO THE SUBSTITUTE AMENDMENT OFFERED BY MR. BROWN OF MICHIGAN

Mr. BLACKBURN. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. BLACKBURN to the substitute amendment offered by Mr. BROWN of Michigan for the amendment in the nature of a substitute offered by Mr. STEPHENS:

Page 11, after line 14, insert the following new section:

"WATER AND SEWER GRANT APPLICATIONS

"SEC. 20. Section 702 of the Housing and Urban Development Act of 1965 is amended by adding at the end thereof the following new subsection:

"(e) In evaluating preliminary applications for grants under this section, in determining whether any such application should advance to the potential project list, and in determining whether any project under this section should receive approval, housing considerations and housing concerns shall not be taken into account."

The CHAIRMAN. The gentleman from Georgia is recognized in support of his amendment.

Mr. BARRETT. Mr. Chairman, will the gentleman yield? I wish to make a unanimous-consent request.

Mr. BLACKBURN. I am happy to yield to the gentleman from Pennsylvania.

Mr. BARRETT. Mr. Chairman, excluding the gentleman's time, I ask unanimous consent that all debate on the Stephens amendment in the nature of a substitute and all amendments thereto close at 6 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BLACKBURN. I object.

The CHAIRMAN. Objection is heard. The gentleman from Georgia is recognized.

Mr. BLACKBURN. Mr. Chairman, the purpose of my amendment is to clarify the legislative authority under which the Department of Housing and Urban Development is presently considering sewer and water grants. Under the legislation establishing the sewer and water grant program the Congress gave certain administrative authority to the Department of Housing and Urban Development

to determine those areas in which Federal aid is most desperately needed.

Now we find that the Department of Housing and Urban Development has developed a program of evaluating these water and sewer grants which has very little relationship to the actual needs of the area or the potential needs of the area. To the contrary, HUD has insisted that the local communities accept low-cost public housing as the price they must pay if they are to get water and sewer grants.

Gentlemen, we did not authorize the Department of Housing and Urban Development to attach these conditions onto the granting of grants to the local communities. The purpose of my amendment is to clarify the legislative authority, so that HUD will know it does not have the authority to administer the present point program which they are attempting to implement.

Mr. STEPHENS, Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Georgia.

Mr. STEPHENS, Mr. Chairman, I think that is an amendment on the wrong amendment, but I would like to support the amendment offered by the gentleman from Georgia. I believe it comes at the wrong point.

Mr. BLACKBURN. I do not think so. I think this will work.

AMENDMENT OFFERED BY MR. TEAGUE OF TEXAS TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. STEPHENS

Mr. TEAGUE of Texas, Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute offered by the gentleman from Georgia (Mr. STEPHENS).

PARLIAMENTARY INQUIRY

Mr. BLACKBURN, Mr. Chairman, a parliamentary inquiry. Am I to understand the gentleman from Texas is offering an amendment to the Stephens substitute amendment?

The CHAIRMAN. To the Stephens amendment in the nature of a substitute. That is correct.

Mr. BLACKBURN. So the amendment I have offered is still pending?

The CHAIRMAN. The gentleman is correct. It is in order for the gentleman from Texas to offer an amendment to the Stephens amendment, which is in the nature of a substitute.

The Clerk will read.

The Clerk read as follows:

Amendment offered by Mr. TEAGUE of Texas to the amendment in the nature of a substitute offered by Mr. STEPHENS: At the end of title II of the amendment, page 55, after line 13, add the following new section:

"LAND DEVELOPMENT PLANNING

"Sec. 218. Section 1003(b)(3) of the National Housing Act is amended to read as follows:

"(3) if there is a comprehensive plan which covers the area in which the land is situated or there is comprehensive planning being carried on for such area, and such comprehensive plan or comprehensive planning meets criteria established by the Secretary, is consistent with such plan or planning."

Mr. BARRETT (during the reading). Mr. Chairman, I ask unanimous con-

sent to dispense with further reading of the amendment and that it be printed in the RECORD. I would like to say we are very much in agreement with this amendment. We have no objection to it.

The CHAIRMAN. Is there objection to the unanimous-consent request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes in support of his amendment.

Mr. WIDNALL, Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from New Jersey.

Mr. WIDNALL, Mr. Chairman, I am familiar with the amendment offered by the gentleman from Texas.

I believe that if the Brown of Michigan substitute amendment is defeated, we would support this.

Mr. TEAGUE of Texas, Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

Mr. GERALD R. FORD, Mr. Chairman, reserving the right to object, I have heard the amendment read. The language which I heard does not seem to explain the purpose of the amendment. Would the gentleman, rather than extending his remarks, take a few minutes and explain the purpose of the amendment.

Mr. TEAGUE of Texas, Mr. Chairman, this amendment is a simple clarifying amendment to title X. As the original title was interpreted, there have been only about 35 projects under this title. This clarifies it to where, if an area does not have a comprehensive plan, the Secretary can determine whether or not what they are doing will make a comprehensive plan. It is simply a clarifying amendment to title X.

Mr. GERALD R. FORD. I must admit I am still somewhat in the dark as to how it clarifies title X. What is the problem that requires this language?

Mr. TEAGUE of Texas. Today they are not approving projects under title X unless there is a comprehensive plan in the area. Very few cities and counties in the United States have such a comprehensive plan. Therefore, the program has just accomplished nothing. I understand there have been 35 projects since this originally passed about 5 years ago.

My amendment would contain the requirement that land development under title X be consistent with a comprehensive plan if such a plan exists, but under my amendment use of title X would not be precluded simply because there is no comprehensive plan for a city or county or area of jurisdiction unless it is approved by the Secretary.

Mr. GERALD R. FORD. In other words, we can have this kind of project in an area where there is no comprehensive plan in effect, provided the Secretary of Housing and Urban Development specifically approves it?

Mr. TEAGUE of Texas. That is correct.

Mr. GERALD R. FORD. Was this provision in the original committee bill?

Mr. TEAGUE of Texas. I do not believe it was.

Mr. GERALD R. FORD, Mr. Chair-

man, I withdraw my reservation of objection.

The CHAIRMAN. Without objection, the request of the gentleman from Texas to revise and extend is ordered.

There was no objection.

Mr. TEAGUE of Texas, Mr. Chairman, title X, Mortgage Insurance for Land Development, was enacted in the Housing and Urban Development Act of 1965, Public Law 89-117, approved on August 10, 1965. It was the purpose of title X to provide a basis for the Federal Housing Administration to insure financing for land development.

The legislative history of the act indicates that a program such as the one established by title X was needed to provide for more orderly land development and more sensible land use. Title X provided a mechanism whereby a developer could obtain FHA insurance on financing to develop a large tract of land with improvements such as water supply installations, sewer lines, sewerage disposal installations, electric service, roads, streets, curbs, gutters and sidewalks and drainage facilities. The legislative history of this provision indicates that it was intended to provide a basis for better land use. In the past, land developers, because of high financing costs, had been forced to develop small tracts of land without any overall planning or coordinated land planning. Apparently title X has not achieved the purpose intended by Congress since less than 40 projects have been approved in the last 5 years.

The difficulty seems to be interpretation being placed on section 1003 relating to the use of comprehensive land planning. Over the years, I have been contacted by a good many builders and developers who were exploring the possibility of using title X, and to date, no builder or developer in my congressional district, or in the Dallas-Fort Worth area, has been successful in gaining approval of a title X project because the Department of Housing and Urban Development has said there must be a comprehensive plan being carried out in the county or jurisdictional area. There are 257 counties in Texas and I understand that there has been one title X project approved in Harris County in the entire history of the program. I do not believe that Congress intended that title X could be used only where the county or city where the proposed land development is situated has developed a comprehensive land plan. Most of these counties and cities have the usual regulatory control of land use such as zoning requirements, requirements for water and sewer facilities, design of streets and other such requirements. Very few counties had financing for or have seen the wisdom of drawing up a hypothetical comprehensive land use program, particularly when most local jurisdictions cannot enforce all aspects of comprehensive land use.

Under the interpretation being made by the Department of Housing and Urban Development the benefits of title X are denied where a comprehensive land plan is not in existence. My amendment would clarify this situation. It would rewrite section 1003(b)(3) so that the subparagraph requires that comprehensive land

planning be observed if there is a comprehensive land plan, but that the use of title X would not be precluded in an area where there was not a comprehensive land plan. It seems foolish to me that we should deny the benefit of orderly planning on large undeveloped tracts simply because there has not been a hypothetical land use plan created for the entire county or city where the project may be situated. My amendment will provide a basis for a revision of the regulations to permit use of title X as I understand was originally contemplated by the Congress.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Georgia.

Mr. STEPHENS. Mr. Chairman, I would like to say to the gentleman, I can agree with what the gentleman has said, and I would be glad to accept his amendment to my substitute.

Mr. TEAGUE of Texas. Mr. Chairman, I thank the gentleman from Georgia.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. TEAGUE) to the amendment in the nature of a substitute offered by the gentleman from Georgia (Mr. STEPHENS).

The amendment to the amendment in the nature of a substitute was agreed to.

Mr. BARRETT. Mr. Chairman, again I should like to see if we can get a better understanding as to time. Therefore, I ask unanimous consent that all debate on the Stephens amendment in the nature of a substitute and all amendments thereto close at 6:30 p.m.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BLACKBURN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. BLACKBURN. Mr. Chairman, reserving the right to object, instead, could the gentleman make his request apply only to the Brown of Michigan substitute amendment, so that if it should fail we could go back to the Stephens amendment in the nature of a substitute?

Mr. BARRETT. Yes, Mr. Chairman, I think we could ask that all amendments to the Brown of Michigan substitute amendment close at 6 o'clock. I ask unanimous consent to do that.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. JONAS. Mr. Chairman, reserving the right to object, may I ask the gentleman from Pennsylvania to restate his last request?

Mr. BARRETT. Mr. Chairman, I ask unanimous consent that all debate on the Brown of Michigan substitute amendment and all amendments thereto close at 6 o'clock. Then we would go on to the Stephens amendment in the nature of a substitute.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. JONAS. Mr. Chairman, reserving

the right to object, we have the Brown of Michigan substitute amendment pending, undisposed of. There has intervened another amendment to the Stephens amendment in the nature of a substitute.

The CHAIRMAN. The gentleman is correct.

Mr. JONAS. I do not see how we can cut off debate on the Brown of Michigan substitute amendment and restrict all debate to the Brown of Michigan substitute amendment, under the gentleman's proposal.

Mr. BARRETT. I will say to the gentleman, that is discretionary, and a gentleman can offer an amendment.

Mr. CEDERBERG. Mr. Chairman, further reserving the right to object, I should like to ask the chairman of the subcommittee, in view of the situation here, and the time being a quarter to 6, if it might not be in order if the Committee should rise and we can get back to this tomorrow, when we can do it in a little more orderly manner.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GERALD R. FORD. Mr. Chairman, reserving the right to object, let me say I believe if we can agree on a time for a vote on the Brown of Michigan substitute amendment, whether it is 6 o'clock or 10 minutes after 6, and if we can dispose of the Brown substitute amendment, then I believe we ought to have some understanding that we would quit and finish the remainder of the bill tomorrow. I understand there are at least 10 amendments to the Stephens amendment in the nature of a substitute that will be offered and debated and voted on if the Brown of Michigan substitute amendment fails.

Mr. BARRETT. I would agree with the gentleman that we should consider it. I know the gentleman desires to go home, as do all other Members. I believe as many Members are just as desirous of finishing the bill. If we go back to consideration of the Stephens amendment in the nature of a substitute, and there are a great number of amendments we cannot handle in adequate time, I would agree then, but I do believe we ought to work on both the amendments up until 6:30, at least, and then decide on what time the Committee should rise.

Mr. GERALD R. FORD. I believe it is appropriate to set a time for consideration of the Brown of Michigan substitute amendment. I have no objection to that. I just forewarn the gentleman from Pennsylvania he is going to see a number of amendments offered to the Stephens amendment in the nature of a substitute if the Brown of Michigan substitute amendment loses. So I am optimistic that the gentleman will use good judgment and decide to finish the bill tomorrow.

Mr. Chairman, I withdraw my reservation.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BROWN of Michigan. Mr. Chairman, reserving the right to object—

Mr. ASHBROOK. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. ASHBROOK. Mr. Chairman, I withdraw my point of order.

Mr. BARRETT. Mr. Chairman, if I may, I would like to change the time to give them adequate time. Mr. Chairman, I ask unanimous consent that all debate on the Brown of Michigan substitute amendment and all amendments thereto close at 10 minutes after 6 and afterward the Committee will rise.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. BLACKBURN) to the substitute amendment offered by the gentleman from Michigan (Mr. BROWN).

The amendment to the substitute amendment was agreed to.

The CHAIRMAN. The Chair now recognizes the gentleman from Nebraska (Mr. MARTIN).

Mr. MARTIN. Mr. Chairman, I would like to call the attention of the Members of the House to the fact that the Stephens substitute seems to be very similar to the old rabbit in the hat trick; now you see it and now you do not.

As I understood his presentation of his substitute, he stated that only authorizations through fiscal year 1972 were included. I would like to call attention to the fact that the committee bill authorizes money through fiscal years 1973 and 1974. In other words, most of his cuts have been because he eliminated the authorizations for fiscal years 1973 and 1974.

Is that not correct, Mr. STEPHENS?

Mr. STEPHENS. The gentleman is correct.

AMENDMENT OFFERED BY MR. SIKES TO THE SUBSTITUTE AMENDMENT OFFERED BY MR. BROWN OF MICHIGAN

Mr. SIKES. Mr. Chairman, I offer an amendment to the substitute amendment offered by the gentleman from Michigan.

The Clerk read as follows:

Amendment offered by Mr. SIKES to the substitute amendment offered by Mr. BROWN of Michigan for the amendment in the nature of a substitute offered by Mr. STEPHENS:

At the end of the substitute, add the following new section:

"Sec. 21. (a) Section 101(c)(2) of the Housing and Urban Development Act of 1965 is amended by (1) striking out the word "or" between paragraphs (D) and (E), (2) striking out the period at the end of paragraph (E) and inserting in lieu thereof "; or", and (3) adding after paragraph (E) the following:

"(F) a family whose head, or spouse, is a member of the Armed Forces of the United States who is serving on active duty."

"(b) Paragraph (B) of section 101(e)(1) of such Act is amended by striking out the period and inserting in lieu thereof the following: "or is a member of the Armed Forces of the United States serving on active duty."

"(c) Section 7 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

"(H) Whenever he shall determine that, because of location or other considerations, any rental housing project assisted under title II of the National Housing Act or title I of the Housing and Urban Development Act of 1965 could ordinarily be expected to serve the family housing needs of lower income military personnel serving on active duty, the Secretary is authorized to provide for or approve such preference or priority of occupancy of such project by such military personnel as he shall determine is appropriate to assure that the project will serve their needs on a continuing basis notwithstanding the frequency with which individual members of such personnel may be transferred or reassigned to new duty stations."

PARLIAMENTARY INQUIRY

Mr. REES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from California will state his parliamentary inquiry.

Mr. REES. If the Brown substitute is not agreed to by this House, would not the gentleman from Florida's amendment still be germane to the Stephens amendment which is pending before us?

The CHAIRMAN. If the Committee rejects the Brown substitute the amendment could then be offered to the Stephens amendment in the nature of a substitute.

Mr. SIKES. Mr. Chairman, I propose to add an amendment to the Brown substitute. I will offer the same amendment, at the appropriate time, to the Stephens amendment. My amendment would specify that low income military families be considered in the eligible category for rent supplements. It would also assure that the Secretary of Housing and Urban Development can provide military families priority of occupancy under the rent supplements program and the rental housing projects assisted under title II of the National Housing Act.

Mr. Chairman, I think all of us recognize the very serious problem confronting military families in the lower pay grades. They have extremely distressing problems, particularly in finding housing. My amendment would give them an improved opportunity to participate in these programs. The amendment will make the military services more attractive as a career, and it is a matter of simple justice to deserving people in uniform.

Mr. Chairman, I have cleared this amendment with members of the committee on both sides of the aisle, the distinguished chairman of the committee from Pennsylvania, the distinguished gentleman from Georgia (Mr. STEPHENS), the distinguished gentleman from New Jersey (Mr. WIDNALL) and the distinguished gentleman from Michigan (Mr. BROWN). I feel that it is badly needed and I trust it will be approved.

Mr. HUNGATE. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Missouri.

(By unanimous consent, Mr. HUNGATE yielded the balance of his time to Mr. SIKES.)

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Georgia.

Mr. STEPHENS. I would like to say to the gentleman from Florida that I would accept the gentleman's amendment on my proposal. I hope that when the Brown amendment is defeated the gentleman will have an opportunity to put it on my amendment.

Mr. SIKES. I am most appreciative to my good friend and I intend to offer it at the appropriate time to his amendment.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the distinguished gentleman from Michigan.

Mr. BROWN of Michigan. I have no objection to the gentleman's amendment. I think it would be better on the substitute than on the Stephens substitute.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. CEDERBERG).

Mr. CEDERBERG. Mr. Chairman, I rise in support of the Sikes amendment. The gentleman from Florida and I have a keen interest in this matter. He serves as chairman of the Subcommittee on Military Construction and I serve as the ranking member. We are aware of the problems that will be taken care of by this amendment, and we are grateful to the committee for its consideration.

My chief observation with regard to this amendment is that it is long overdue.

Many of the housing programs to which it applies have been on the books for years. They are already benefiting substantial numbers of Americans. Yet Americans who wear the uniform of their country, who are eligible for benefits on the basis of their incomes, and who badly need rental housing because of their necessarily frequent reassignments have been systematically denied the benefits of these HUD programs.

I do not believe that it is anyone's intention to deny low-income servicemen and their families the benefits of these programs. I certainly hope it is not.

I think that it is a problem that has been overlooked and not understood, because it results from the way things work rather than the way they ought to work. When the problems which are brought about because of waiting lists and reassignments are pointed out, they are not hard to understand, but I know I was not fully aware of these problems until last year. Surely this is a situation which needs to be corrected immediately.

Another point I would like to stress is what the lack of adequate housing is doing to the retention rate in the military services. Secretary of the Navy Chafee made a special presentation before the Military Construction Subcommittee. I would like to quote from his remarks.

Secretary CHAFE. Thank you very much, Mr. Chairman.

The reason I am here is to address myself to what has been stated as far as the importance of the family housing program is concerned.

I will confine my remarks to the Navy because that is what I am most familiar with, but I am sure what I say pertains to the other Services as well.

My concern in this stems from the retention problem which we discussed pre-

viously. . . . To briefly review the problems we are having in retention—as far as the enlisted men go—4 years ago we were retaining 24 percent at the end of their first enlistment. Last year it dropped to 18 percent. Now it is down to around 10 or 12 percent.

With the officers, it is just as bad. With respect to pilots, our goal is 55 percent retention at the end of their mandatory period of service. Instead of 55 percent, a year ago we got 31 percent; and this year we think we are going to get 26 percent.

On surface officers, our goal is 40 percent; and we are getting between 14 and 19 percent. On submarine, nuclear-trained officers, as you know, we had that very severe problem a year ago when we had to put through a bonus. Whereas 4 years ago we were keeping 75 percent of them, now we are keeping 36 percent.

In view of this experience, we have naturally spent a lot of time attempting to determine what causes our retention difficulties. There are a variety of factors. I won't suggest to you today, Mr. Chairman, that everything is going to be perfect if we get better family housing. Unquestionably, however, housing is one of the three principal factors. The others are long periods of separation from the family; and overall pay.

Some of these things we cannot do anything about. The separation from the family, in these periods of long deployment, is something we cannot do anything about. The overall pay is a factor that is beyond Navy control. That has such long-range consequences to the Federal budget that it is on a higher level—not only with the DOD, but with the Bureau of the Budget and in other areas.

With family housing, though, we can really make a step forward.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. TALCOTT).

Mr. TALCOTT. Mr. Chairman, I rise in support of the Sikes amendment.

The amendments which the gentleman from Florida (Mr. SIKES) has offered today, if enacted into law, will represent an important step forward in helping to attract and retain the type of people we need to have in the military service of our country.

We need to attract and keep in our Armed Forces the solid, responsible, capable people—the family men. Yet Secretary Chafee and others have testified that it is just such people who are leaving the services in droves. I know this from my own observations. Why? One of the chief reasons is the type and quality of housing in which their families are forced to live. This housing situation has grown considerably worse in the past few years, and the retention problem has grown right along with it.

There has been a great deal of talk about all-volunteer Armed Forces. The report by the President's panel stressed the necessity for making the services more attractive to junior officers and enlisted men. Yet these are the very people who receive the least satisfactory housing under the present order of things. The plight of the "ineligible" enlisted man is possibly the most serious.

I serve on both the Military Construction Subcommittee and the Independent Offices and Housing and Urban Development Subcommittee of the Committee on Appropriations. I feel that military personnel endure some of the worst housing conditions of any group of people in the

United States today. The situation in Rhode Island, to which the gentleman from Florida made reference, in which military families were living in tents to enable them to live together is but one example. In my own district, I have personally observed a sailor and his young family living in their automobile.

Next only to the proper education of their children, servicemen's families desire adequate housing. Comfortable housing is essential to the proper performance of duties as well as morale.

These amendments will also, I believe, help to reverse the unfortunate tendency toward isolation of the military, which we see in our society today.

The military are possibly more segregated and ghettoized than any other group in terms of their housing. I think that this is an unhealthy, unsocial situation. I think we should encourage military families to live in the local community so that they keep in touch with their civilian counterparts. But you can not do this if you can not rent housing in the community. And you can not compete for scarce housing on the pay of a military man, particularly if you are systematically excluded from low-rent housing projects.

At present he is not eligible for military family housing. He is reassigned too frequently to have any hope of benefiting from HUD-supported housing even though he is clearly eligible for and badly in need of such housing. These amendments would help to correct this situation.

I urge their adoption.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. McFALL).

Mr. McFALL. Mr. Chairman, as a member of the Military Construction Subcommittee of the Committee on Appropriations, I have been deeply distressed each year to hear, during the course of our hearings on military construction requirements, of the desperate and worsening plight of our military members in seeking to obtain housing for their families. There are portions of these needs that can and are being met by direct military construction, but budget constraints and sound national policy dictate that we must rely on the civilian economy to provide the great bulk of family housing for military members as we do for all other citizens of this great Nation. This primary reliance upon the civilian economy to provide housing for dependents of military members is a sensible and prudent policy that should be fostered and advanced whenever and wherever it is practical to do so.

The proposed amendments are designed to help meet this objective and will serve this purpose. They will make it possible for our servicemen to share in the specified assistance housing programs of the Department of Housing and Urban Development on a continuing and practical basis, which they cannot now do because of their frequent changes of duty station in the interest of national defense. Their stay at any location is simply not long enough to await and obtain assignment to this Government-assisted housing in competition with per-

manent local residents. I am sure it was not, and is not, the intent of the Congress that the benefits and relief afforded to lower income families by these HUD assistance programs be unavailable to families of our servicemen who satisfy the income requirements for participation in such programs. Nevertheless, this is happening now as an unavoidable consequence of Government-directed reassignment of duty stations.

The proposed amendments will correct this unfortunate situation by authorizing the Secretary of Housing and Urban Development to give military families such preference of assignment to assisted housing as he considers appropriate to assure the continuing availability of such assisted housing units to military families upon transfer of military occupants to new duty stations.

The amendments will particularly and especially assist enlisted men in the lower pay grades with families who are least able to find and afford housing in the private economy. All of us are aware of the spiraling increases in construction and operating costs that are escalating rents to levels beyond the reach of lower income families. This situation is intensified by the great housing shortages which beset our metropolitan centers and smaller urban communities. The assistance housing programs of the Department of Housing and Urban Development are expressly designed to produce housing in the current economic climate for lower and moderate income families. I believe it can safely be projected that these HUD assistance housing programs will produce the only large quantities of new low-rent housing in our national economy in the years immediately ahead. It is therefore a matter of great significance and of great importance to our military families in the lower income brackets that they share effectively in these programs.

It is most fortunate that the Secretary of Housing and Urban Development and the Secretary of Defense are in agreement on adoption of the proposed amendments to the bill under consideration, H.R. 19436. I most earnestly and sincerely solicit your support in this endeavor.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. LEGGETT).

Mr. LEGGETT. Mr. Chairman, I rise in support of the Sikes amendment. I think this is critically needed in the military areas with the curtailment of military constructed housing. Certainly, we need to build adequate housing for our desperately needy military families. I think this is a great program at this time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. SIKES) to the substitute amendment offered by the gentleman from Michigan (Mr. BROWN), for the amendment in the nature of a substitute offered by the gentleman from Georgia (Mr. STEPHENS).

The amendment to the substitute amendment was agreed to.

The CHAIRMAN. Are there further amendments to the Brown of Michigan substitute amendment?

If not, the Chair now recognizes the gentleman from California (Mr. REES).

Mr. REES. Mr. Chairman, I would like to speak in opposition to the Brown amendment. Here is the Stephens amendment and here is the Brown bill. The difference is about 1 year of committee work. The Banking Subcommittee on Housing spent a great deal of time on this bill. We have a lot of new concepts such as new communities. I think it would be a tragedy to take a year of the committee's work and dump it on the floor as proposed in the Brown amendment.

I ask for a "no" vote on the amendment offered by the gentleman from Michigan (Mr. BROWN).

Mr. GERALD R. FORD. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Michigan.

Mr. GERALD R. FORD. As I understand it, the Stephens substitute amendment only emerged this morning, so how could the committee have spent so much time on it, if they never reported it as a committee substitute?

Mr. REES. The answer is that the Stephens substitute is basically the original committee bill.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. WILLIAMS).

Mr. WILLIAMS. Mr. Chairman, what we are talking about here today is housing, and we have set a goal for ourselves for a certain number of housing starts annually in order to meet the need of the American people, and we have just got to face up to the fact that we have failed dismally.

The present bill and the Stephens substitute amendment do very little to correct this condition. We are simply piling program on program. We have programs like the rent supplement program where we have committed money for 40 years. We have section 236—

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. GROSS yielded his time to Mr. WILLIAMS.)

Mr. WILLIAMS. I thank the gentleman for yielding me his time.

Mr. Chairman, we have section 236, where again we are committing money for periods of 30 years or longer. The very fact that the chairman of the subcommittee has appointed three panels to report back on how to solve our problem in meeting adequate housing shows that the present bill and the Stephens substitute are inadequate.

So, Mr. Chairman, I urge the adoption of the amendment offered by the gentleman from Michigan (Mr. BROWN).

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman, I rise in support of the Brown of Michigan substitute.

(By unanimous consent, Mr. ROUSSELOT yielded his time to Mr. BROWN of Michigan.)

The CHAIRMAN. The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. ANNUNZIO).

(By unanimous consent, Mr. ANNUNZIO yielded his time to Mr. ASHLEY.)

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. ASHLEY).

(By unanimous consent, Mr. SISK, Mr. RYAN, Mr. MIKVA, and Mr. PEPPER yielded their time to Mr. ASHLEY.)

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. ASHLEY).

Mr. ASHLEY. Mr. Chairman, there are very significant and substantial differences between the amendment offered by the gentleman from Georgia (Mr. STEPHENS) and the amendment offered by the gentleman from Michigan (Mr. BROWN). I am opposed to the amendment offered by the gentleman from Michigan (Mr. BROWN) because it contains no authorizations for section 235 housing, for section 236 housing, for rent supplements, for urban renewal, or for new communities. Time does not permit me to express my views on the importance of the authority for these programs that is contained in the Stephens substitute. At an appropriate time I would like the gentleman from Michigan (Mr. BROWN) to explain how it can be that title I, which is contained in the Stephens substitute, was deleted from his.

Title I calls for the development of a national urban growth policy and for increased assistance to the new community development. Both of these parts comprise title I. One of the subjects to which his President—he is the President of all of us—but his President in particular addressed himself to his state of the Union message earlier this year. He said we need a national urban growth policy. He said we need additional assistance for community development.

For 2 years the committees and the subcommittees of the House of Representatives, and the Committee on Banking and Currency have been directing themselves to these precise areas. This is no recent development. This is nothing that has emerged in the last 3 days. This title has been worked out with the cooperation and assistance of the Department of Housing and Urban Development.

Let the gentleman answer. What has happened to the promise of the President made in January—and his position and that of the Housing and Urban Development Department today—what happened to title I that they were so interested in that they helped to conceive and to perfect? What has happened that it is not included in the gentleman's amendment?

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield so that I may respond?

Mr. ASHLEY. Please do.

Mr. BROWN of Michigan. It is very obvious that the gentleman missed my remarks earlier when I said that much of the provision for the new communities was added and really the gentleman in the well deserves an awful lot of credit for a lot of it came from the administration.

May I, in turn, ask the gentleman in the well if his proposal as originally introduced as a separate bill was so wonderful—how come you have conceded and practically decimated its real provisions by saying that you would support the Stephens proposal.

Mr. ASHLEY. If those provisions had been decimated and if the title today reflects the thinking of the administration, then why does it not have the administration's support? Why has the gentleman deleted it from his title?

Mr. BROWN of Michigan. The gentleman knows very well that there are some irreconcilable differences between his proposals and what the administration has worked on.

Mr. ASHLEY. What has the administration been working on? We have a presidential commitment and, yet, there has been no message from the White House and no proposed legislation, and hence the development of title I—not by the gentleman in the well but by many Members on both sides of the aisle.

Mr. BROWN of Michigan. But the gentleman will agree that basically his proposal was an attempt to somewhat anticipate the administration's proposal. Would the gentleman not say that that is correct?

Mr. ASHLEY. No. On the contrary.

Mr. BROWN of Michigan. Is that not correct?

Mr. ASHLEY. No; this has been going on for 2 years.

Mr. BROWN of Michigan. Would not the gentleman say that this is correct that his ad hoc committee on urban growth is still holding hearings and we have to get further information.

Mr. ASHLEY. We have been for 2 years. So that we can come up with a better proposal.

Mr. BROWN of Michigan. Yes, and you can come up with it early next spring, hopefully.

Mr. ASHLEY. All right, early next spring.

The CHAIRMAN. The gentleman from Wisconsin (Mr. REUSS) is recognized for three-quarters of a minute.

Mr. REUSS. Mr. Chairman, let me make this issue crystal clear—the Stephens substitute is a good substitute. Please do not substitute the Brown substitute for the Stephens substitute.

Let us vote.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut (Mr. GIAIMO) for three-quarters of a minute.

Mr. GIAIMO. Mr. Chairman, as one who serves on the appropriations subcommittee that is charged with the responsibility of appropriating for HUD, I must object to the method in which we are handling today this very serious and complicated bill dealing with housing.

We have been waiting for months and months to take up this matter. Now this legislation, which is characterized as comprehensive housing legislation by the gentleman from Georgia, is being rushed through this house, and we are being given three-quarters of a minute to discuss the many major items facing us.

If, in fact, this is comprehensive legislation, there should be no time limitation, and we should not have to complete

this very serious debate tonight. We should know much more about the differences between the Stephens substitute and the Brown substitute, and we should take our time and be deliberate in acting upon this legislation.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. BLACKBURN).

Mr. BLACKBURN. Mr. Chairman, I just want to add my endorsement to the observations made by the gentleman from Connecticut. Those of you who were here during the general debate will recall that I made the observation at the time that the committee itself was so divided on this bill that at the last minute the committee submitted a substitute prepared by a very few members. The average member of the committee did not have an opportunity to have any voice in the drawing up of the Stephens substitute.

If we want to operate in an orderly fashion, let us adopt the Brown amendment and keep the Department of Housing and Urban Development in business for the next 6 months, and then let us come back and attempt to understand what we are legislating on. At least we should get the committee together on this matter.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. JONAS).

Mr. JONAS. Mr. Chairman, the gentleman from Connecticut and the gentleman from Georgia have already together made the speech I planned to make. I have served for many years on the subcommittee of the Appropriations Committee which has handled the funds for this department, and I certainly concur in the views expressed by my friend from Connecticut that what we need is some real organization of the various programs instead of a continuous superimposition of additional program on top of program. I do not think we can accomplish it at 5 minutes after 6 on an afternoon, and I personally object to this kind of procedure.

(By unanimous consent, Mr. COLLIER and Mr. GERALD R. FORD yielded their time to Mr. BROWN of Michigan.)

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. STEPHENS).

Mr. STEPHENS. Mr. Chairman, I would like to point out that all the provisions in the Stephens substitute are in the committee bill. They were reported on October 5 to the House, and they have been available to every Member. There are no surprises. The only modifications would cut back the money authorized.

With respect to what has been done about cutting back, for the fiscal year 1972 we would cut back \$15 million in section 235 of title II and \$15 million in section 236 of title II and \$40 million in rent supplements under that same title.

As I pointed out to the gentleman from Nebraska (Mr. MARTIN) we would cut out \$1,500,000,000 in urban renewal, \$100 million in public housing, and \$250 million in model cities, and we would knock out \$500 million in water and sewer facilities. That is in 1972, not 1973,

and not 1974. I urge that the Brown amendment be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Chairman, the gentlemen who have preceded me in the well have made it abundantly clear, I think, that this is no time to be acting upon the comprehensive piece of legislation that is being proposed in either the committee bill or in the Stephens substitute.

Neither the Stephens substitute nor the committee bill constitutes one piece of legislation. It amounts to H.R. 16643, H.R. 16647, H.R. 17845, and H.R. 13666, which are all separate bills considered in the markup session of the Committee on Banking and Currency and were combined into this so-called comprehensive housing and urban development legislation.

My fellow Members, the people of this Nation are tired, dead tired, of having us sit here in these hallowed halls and pass legislation which constitutes promises of betterment and ends up being a bunch of programs that just do not work, and the Congress does not take the time to review and to determine the productivity of those programs and the efficiency of their administration.

The Congress does not take the time to review, to determine the productivity of the programs and the efficiency of the administration of them. Instead of doing that the Congress in another year proposes another housing bill, and we have more programs and more layers of administration and less housing.

I would digress for a minute and commend the gentleman from Ohio (Mr. ASHLEY) who has done a great deal of work. I served on his Ad Hoc Committee on Urban Growth, and know much is being learned about our urban problems, but I say to Members of this House, we are not going to do anything that will better the lot of the people of this Nation, be it in housing or urban development, if we continue to pass programs that have irreconcilable differences with the administration that is required to implement and administer those programs.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from North Carolina.

Mr. JONAS. Is it not true that the gentleman's very committee has under investigation now complaints about two of these programs, and the investigation is not completed?

Mr. BROWN of Michigan. The gentleman is absolutely right, and I would wager—if it is permissible in the well—that shortly, if this bill is reported out and passed, whether we adopt the Brown substitute or not, we will have the announcement of some results of such investigation, and it is ridiculous for the House to give its endorsement, even additional approval, to these programs as though the cloud over them did not exist.

The CHAIRMAN. The Chair now recognizes the gentleman from Pennsylvania (Mr. BARRETT) to close the debate.

Mr. BARRETT. Mr. Chairman, I just want to say that the gentleman who just left the well would desire to stand still in the well. He does not want to progress. If he were telling the people that truth here today, he would say there is no money in 235 or 236, and neither is there any money for the supplemental programs, nor is there any money available for the public housing program. He knows he had an opportunity when we were in the committee and voted out this bill. It was voted out of our subcommittee unanimously and he was on the subcommittee. He was on the Banking and Currency Committee. In the full committee when we voted this out, the vote was 24 to 4. The gentleman found fit then to pass it. He did not vote against it. Why do we not be honest? Why do we not do something for the people of our Nation?

The CHAIRMAN. The question is on the substitute amendment, as amended, offered by the gentleman from Michigan (Mr. BROWN) for the amendment in the nature of a substitute offered by the gentleman from Georgia (Mr. STEPHENS).

Mr. BROWN of Michigan. Mr. Chairman, on that I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. BROWN of Michigan and Mr. BARRETT.

The committee divided, and the tellers reported that there were—ayes 94, noes 101.

So the substitute amendment, as amended, for the amendment in the nature of a substitute was rejected.

Mr. BARRETT. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to. Accordingly the Committee rose; and the Speaker having resumed the Chair (Mr. NATCHER) Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 19436) to provide for the establishment of a national urban growth policy, to encourage and support the proper growth and development of our States, metropolitan areas, cities, counties, and towns with emphasis upon new community and inner city development, to extend and amend laws relating to housing and urban development, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE TO EXTEND

Mr. BARRETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the bill H.R. 19436.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CRUDE OIL PRICE INCREASE

(Mr. BOLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BOLAND. Mr. Speaker, I want to take this opportunity to once again appeal for the consumers of Massachusetts and New England against the recent exorbitant crude oil price increase of 25 cents a barrel.

This price hike, coming on top of a 15 cents a barrel price rise in 1969, has zoomed the cost of oil by 40 cents a barrel, from \$2.95 to \$3.35 in less than 2 years.

As one of the New England Members of Congress who has opposed oil import quotas since they were fallaciously imposed in 1959 under the euphemism of "national security," I urged this administration to undertake an investigation of the recent crude oil price increase and make a sweeping investigation of the entire oil import quota system.

In my statement of November 16, CONGRESSIONAL RECORD, page 37352, I applauded the administration for ordering an investigation by the Office of Emergency Preparedness and the Council of Economic Advisers. I warned, however, that this investigation should not be perfunctory, but sweeping enough to produce solid recommendations to force down the cost of oil. I urge, as I have done for the last decade, that oil import quotas be liberalized to force down the cost of oil to the domestic consumer.

Mr. Speaker, guidelines for the current investigation by the White House Office of Emergency Preparedness and the Council of Economic Advisers should not be difficult and complicated. I recommend that the guidelines be drawn from the profound and revealing commentary in the Washington Post today by the eminent economic columnist, Bernard D. Nossiter, entitled "Looking Into the Price of Oil."

Mr. Nossiter said, in effect, what we in New England have been saying for years—that if the Government is serious about forcing down the price of crude oil it can do so by cutting through its own redtape and artificial regulations that have been a barrier to the free importation of oil from foreign sources.

Mr. Speaker, I include Mr. Nossiter's article in my remarks at this point:

LOOKING INTO THE PRICE OF OIL

(By Bernard D. Nossiter)

There is something irresistibly comic about the Nixon administration's new inquiry into increased oil prices. In effect, the government is solemnly asking itself whether curbs on the supply of a commodity have something to do with raising its price.

To motorists who have just been hit with a penny-a-gallon increase on gasoline the question may not seem so funny. But at least they can supply the answer that the White House Office of Emergency Preparedness and its Council of Economic Advisers are now professing to seek. Car owners have learned, like home owners who heat with oil, that, yes, the price of a product is determined by the point where effective supply meets effective demand.

The interesting thing about oil is that effective supply is cut off by an elaborate mechanism run by the government. Thus, if the government's inquiry into "the reasons for and consequences of the (oil price) increase" were serious—and knowledgeable authorities within the bureaucracy doubt that it is—that very same government could increase the supply and reduce prices by a

few, simple strokes of Mr. Nixon's pen. The failure to do so will, it is estimated, leave consumers with an increase in their energy bills of about \$1.5 billion.

Here is how the game is played:

Each month, the Interior Department's Bureau of Mines "forecasts" the demand for oil. The agency estimates how much oil will be consumed at the prevailing level of prices.

To make sure that this price level is maintained, regulatory agencies in the big oil producing states—chiefly Texas, Louisiana and Oklahoma—fix the amount that each well can produce. The regulatory agencies understand the first lesson in economics and thereby make sure that supply is tailored to support the desired price.

Back in the depression days, when this arrangement was threatened by producers whom circumstances drove to free enterprise, the federal government conveniently assured the authority of the state agencies. The Connally Hot Oil Act (named not for a recent Texas governor close to the industry but for a late Texas senator) prohibited the shipment from one state to another of oil produced in excess of the state limits.

This system helped increase the price of oil with considerable success until the 1950s. Then, imports of low-cost oil produced by the big companies in Venezuela and Saudi Arabia threatened to make life easier for the consumers. So President Eisenhower, urged on by the Johnson-Rayburn Texas leadership in Congress, imposed quotas on foreign oil. He proclaimed an absolute limit on the oil that could be brought in, thereby once again restraining effective supply.

In recent months some new forces have been at work and they lie behind the companies' bold and successful bid to jack up prices another 25 cents a barrel.

The new Libyan government has cut back production in its fields, chiefly to get higher prices from its American concessionaires. Guerrillas have broken a big pipeline in Syria and it remains unrepaired. Thus, to meet Europe's demand for oil, the companies have had to scramble around for tankers to carry oil from the Middle East around Africa. Most tankers are either owned by or under long term charter to the big concerns. Perhaps only 10 per cent of the tonnage is available at any one time for "spot" or immediate charter. In economic parlance this is a "thin" market and a small increase in tanker demand shoots up prices.

The sharp rise in "spot" tanker rates has had its effect here. Oil imported under the quotas on "spot" rather than long term charters has become terribly expensive. The cost of production, of course, hasn't changed. But the price of transporting the cheap oil has. The government's quotas allow daily imports of about 1.3 million barrels. But the temporary rise in tanker rates has left about 250,000 barrels of the quota unused. It is this "shortage" that lifts the price.

The shortage could be erased in a few weeks if the White House were so minded. There is plenty of oil in Canada and enough spare pipeline capacity, according to the experts, to bring in 200,000 more barrels a day. Thus, the President could raise the current quota on Canadian oil to fill the gap. Indeed, he could go even further and suspend the whole quota program. Some experts think that a strict reading of the law would require Mr. Nixon to do just that. They argue that Congress gave the President authority to fix quotas ostensibly to preserve "national security," that he has determined that "national security" is precisely preserved by imports of 1.3 million barrels; that imports are less than this and that, therefore, "national security" can be restored only by scrapping the quotas and permitting imports to rise back nearer to the "national security" level.

Apart from Canadian oil, another 200,000 or so barrels a day can be found in the wells

producing under federal lease off Louisiana and Texas. The Interior Department, traditionally a close ally of the industry, has decreed that these wells must produce no more than the Texas and Louisiana regulatory authorities allow. But the Justice Department has ruled that this is no more than Interior's whim. If Mr. Nixon calls the Interior Secretary on the telephone, supply from the federal offshore wells could be freed.

If the quotas were junked or suspended and the offshore wells emancipated from the government-imposed limits, it is likely that not only would the 25 cent increase be rolled back but the price of oil would come down even further. The two moves would add about 4 per cent to the oil available east of the Rockies—the area of shortage—and the added supply would meet demand, just as the textbooks say, at a lower price.

Indeed, just these steps have been urged by Sen. William Proxmire (D-Wis.) in a letter to Paul McCracken, chairman of the President's Council of Economic Advisers. Proxmire is head of the Joint Economic Committee whose staff presumably has a working knowledge of the first lesson in elementary economic texts.

There is still one more simple thing Mr. Nixon could do. The law permits him to suspend the Connally Hot Oil Act whenever he thinks it is a "burden" on commerce. To be sure, experts doubt that there are many believers in free enterprise in oil left in Texas or Louisiana. Anyway, their oil must flow through pipelines controlled by the big concerns. Finally, any maverick that did exceed the state production limits would probably run into hostile court orders granted to the oil-conscious governors of Texas and Louisiana.

But suspension of the act would spotlight the fact that the states are holding back nearly one million barrels daily in the name of conservation but in fact to preserve the price.

Officials close to the new administration inquiry doubt that the President will do any of these things. Oil producers have built up with care their network of controls to fix prices and regard the removal of any as a threat to their profits.

The inquiry itself is being run by Elmer Bennett, an assistant to the director of the Office of Emergency Preparedness. He is a former under secretary of Interior from the Eisenhower regime who then worked for tightening the new program cutting down imports. As far as can be determined, his current inquiry is something less than rigorous. He has not sent out questionnaires demanding data on prices, costs, supply and profits. Instead he has simply sent companies announcing increases a mild letter. It invites them to submit "pertinent information on gasoline and crude markets, any other factors which led to your pricing decisions, and any analysis you care to provide of the relationship to accomplishing the national security objectives . . ."

When the big companies get around to replying, they are expected to say that higher prices are a good thing (like oil depletion allowances, import quotas, treating foreign royalties as taxes) because they encourage the search for new sources of supply.

Oil specialists in government today fall into two classes. The optimists think that the mere fact that the White House has raised a question will persuade the powers in the industry—notably the Standard Oil Co. of New Jersey—to beat a prudent retreat and withdraw some of the increase. The pessimists think that nothing like this will happen, that the inquiry will perversely wind up exploiting the current rise in "spot" tanker rates and proclaim that cutting off imported supplies has no effect on domestic prices.

TVA POWER CONSUMERS HANG ON WHILE ADMINISTRATION CONTINUES ITS NEGLECT

(Mr. FULTON of Tennessee asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FULTON of Tennessee. Mr. Speaker, the Tennessee Valley Authority announced this morning that it will not have to ask for another power rate increase next quarter despite a continuing price squeeze in the purchase of coal.

The Authority quarterly reviews its rate structure to determine whether rates, based on the cost of producing power, should be raised, lowered, or continued.

This morning the TVA announced that despite inflationary coal prices, present rates, which were increased 23 percent just 2 months ago, can be continued without the necessity for a further increase because of a slight break the Authority has experienced in interest rates. This news, while it may be somewhat of a relief, is not really good news. It is actually rather distressing news to learn that there has been no break in the price of coal even though it has become somewhat more available. The TVA says now that it has about a 20-day supply on hand whereas 2 months ago the supply was down to 4 or 5 days at some of its powerplants.

The administration is largely to blame for the continuation of the price escalation in power fuel. Despite the evidence of monopoly in this field as documented in the Senate and in House hearings recently held by Chairman JOE L. EVINS of the Select Committee on Small Business, the Justice Department has given no indication that it intends to investigate this matter, let alone file antimonopoly charges.

This should come as no surprise. The one Cabinet member who has been most active and effective in protecting consumer interests and prosecuting violators of consumer rights has just been fired. Meanwhile it is rumored that the official in the Department of Justice who has the responsibility for recommending antimonopoly litigation may soon be out of a job because he has been too efficient or he may quit because his superiors refuse to permit prosecution.

Spokesmen for the administration, furthermore, plainly stated their position before Chairman EVINS' committee during the hearings. That position was the administration is content to let the power fuel suppliers extract the highest price the market will bear. Since there is a monopoly in power fuel the producers pretty well control the market and the public is gouged.

Fortunately, the season to date has been mild and has not strained TVA or other power utility production capacity. But the cold will come. Meanwhile, the possibility of a rail strike in the very near future threatens to wipe out coal supplies on hand and the ability of power producers to bring fuel to their plants later this month when the winter's cold can be expected to set in.

Mr. Speaker, it is perfectly legitimate in politics as in life to safeguard your friends against exploitation. It is not legitimate to permit your friends to exploit others. But that is happening to the American power consumer today and, judging from the administration's disdain for any positive action which might bring relief, can be expected to continue in the future. This is not the first time the administration has misjudged the mood or the concern of the people and probably will not be the last.

BLOCKBUSTING

(Mr. NIX asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. NIX. Mr. Speaker, Mr. John Altieri, a member of the executive board of the Georgetown Law Journal and an outstanding student at the law school, is the author of a note on the unscrupulous practice of "Blockbusting."

This practice consists of selling homes to Negroes at inflated price after having conducted scare and race hate campaigns among white residents who sell their homes at depressed prices. In many cases the homes sold to Negroes cost so much that single family homes must be turned into multifamily dwellings.

The article points out that the Fair Housing Act of 1968, under section 3604 (e) enables the Justice Department, private individuals, and the Department of Housing and Urban Renewal to take action against this practice. Local governments have also taken action aimed at taking away the licenses of unscrupulous real estate brokers who engage in this practice.

At this time I include this article in the RECORD today. It is a helpful article and I predict an outstanding future for Mr. Altieri.

The article follows:

BLOCKBUSTING

Blockbusting is the practice of inducing white homeowners to sell their homes by instilling in them the fear of a complete racial turnover in their neighborhood.¹ Numerous private and governmental assaults on blockbusting practices have been initiated, with limited success. This Note will outline the blockbuster's methods and examine the various remedies available to his victims, both black and white, with particular focus on the Federal Fair Housing Act of 1968.² Suggested approaches toward eliminating this pattern of exploitation will be advanced.

In the classic blockbusting pattern, homes are purchased at panic depressed prices by the speculator and resold at inflated rates to Negroes who have limited access to the Housing market.³ Both white seller and black purchaser lose in the exchange: the former by selling in an artificially unfavorable market, the latter by paying an exorbitant sum for the "privilege" of unconsciously abetting segregation in housing. In addition, blockbusting results in social harm through the fears engendered in white homeowners and the Negroes' resentment of the white exodus which follows the arrival of blacks in the neighborhood. The blockbuster utilizes techniques of direct personal contact with the white homeowner. By means of telephone and door-to-door solicitation, he forecasts an

influx of blacks and a resulting deterioration of schools and increase in crime.⁴ Many homeowners may initially resist these scare tactics, but the appearance of large "for sale" and "sold" signs and large numbers of prospective Negro purchasers often confirms their latent fears; such signs and reports of sale to Negro buyers may be fabricated or exaggerated by the blockbuster.⁵ Further pressure may be applied in the form of advice that property values are dropping rapidly and that every day's delay is costly. The speculator then offers quick cash to clinch the deal.⁶ When this scenario is repeated a sufficient number of times to induce a neighborhood-wide panic, an all white or lightly integrated area rapidly becomes all black or even ghettoized.

The modern blockbuster has apparently refined these traditional techniques.⁷ Possibly influenced by high interest rates, he does not specialize in purchasing homes for resale at great price differentials.⁸ Instead, he serves as an agent in panic sales from white owners to black buyers and profits from the numerous commissions attendant to transforming a neighborhood.⁹ In lieu of blunt statements that Negroes are "taking over the neighborhood," he makes subtle references to changing neighborhoods, to the expansion of neighboring ghettos, to his personal fear of crime in the area, and to the increasing difficulty of finding purchasers for homes in the neighborhood.¹⁰ Mass solicitation of sellers through mail and personal contact remains part of this brand of panic peddling.¹¹

NON-FEDERAL ATTEMPTS TO CURTAIL BLOCKBUSTING

Neighborhood associations have been formed to resist the assaults of these panic peddlers.¹² They encourage neighborhood stabilization and can be particularly effective when they have black members who can urge potential Negro purchasers not to upset the racial balance.¹³ These organizations are limited, however, to an educational and persuasive function; they cannot compel the cooperation of realtors, nor can they effectively control their own members.¹⁴

Since membership in real estate associations is not a prerequisite to a real estate broker's business, attempts at self-policy by the real estate industry have been clearly ineffective. Furthermore, association sanctions are not even an effective deterrent to members.¹⁵ The continued prevalence of blockbusting activity indicates that most ethical proscriptions have been ignored by unscrupulous practitioners. The remainder of the industry, unable to effectively sanction the wrongdoers, has been content to point to plious policy statements as evidence of their goodwill.¹⁶

State and local governments have attacked blockbusting by enacting both criminal and noncriminal regulations in varying degrees of scope and specificity.¹⁷ Some localities have forbidden only those misrepresentations fraudulently made for the purposes of inducing sales or obtaining listings.¹⁸ Others have specified those representations which constitute blockbusting. These include references to (1) the decline in property values; (2) the changing racial, religious, or ethnic composition of a neighborhood; (3) an increase in criminal activity; and (4) the decline in the quality of education.¹⁹ Local ordinances have been passed to eliminate one of the blockbuster's major weapons by regulating the size and location of "for sale" signs so as to limit their capacity to induce panic.²⁰ "Sold" signs have also been made unlawful in certain areas,²¹ presumably since the danger of the damage which they may cause far outweighs their advertising worth to the real estate agency displaying them.²² Finally, some municipalities have prohibited door-to-door solicitation except by real estate agents who have been granted a permit.²³

State licensing agencies also have been empowered to issue regulations and to sanction violations by suspension or revocation of licenses.²⁴ Speculators acting for themselves, however, may not need to be licensed, and thus may escape the effect of such regulations.²⁵ The effectiveness of licensing commissions is questionable, since at least a number of them are staffed by members of the real estate industry who may tend to be overly sympathetic toward their colleagues.²⁶ Agencies with personnel who are independent of the real estate industry are better suited for such supervision, but even they have been ineffective, largely because the administrative process is cumbersome and requires initiation by the homeowner who has little to gain from a license suspension.²⁷ Having either successfully resisted, or fallen victim to, a blockbusting effort, a homeowner has scant motivation to pursue a complaint through the bureaucratic process.

A number of state and local governments have authorized human relations commissions to investigate blockbusting complaints,²⁸ but several common weaknesses hamper their effectiveness: (1) their procedures are fraught with delays, a crucial shortcoming since they possess no restraining powers; (2) many commissions cannot initiate their own investigations, but act only on citizen complaints; (3) remedial relief is limited to conciliation of complaints, since these bodies have no enforcement powers; (4) citizens, particularly minority group members, have hesitated to seek the assistance of rights commissions because they have little confidence in their effectiveness.²⁹

Several attempts have been made at direct prohibition by criminal sanction.³⁰ While the deterrent effect of these prohibitions may be significant, few cases of successful prosecution under these statutes or ordinances have been reported.³¹ This is probably due to the difficulty of establishing beyond a reasonable doubt the requisite criminal intent, and the recognized hesitation of local prosecutors to prosecute white collar criminals.³²

FEDERAL REGULATION

In *Jones v. Alfred H. Mayer, Co.*,³³ the Supreme Court set the cornerstone for federal regulation of blockbusting, although the case primarily involved the authority of Congress to prevent strictly private discrimination in housing.³⁴ Basing its decision on the thirteenth amendment, which gives Congress the power to legislate to end slavery,³⁵ and the Civil Rights Act of 1866, which provides that Negroes should have the same rights as whites to buy, lease and sell real property and thus prohibits refusal to sell to Negroes,³⁶ the Court in *Jones v. Alfred H. Mayer, Co.* held that housing discrimination is a badge of slavery and therefore upheld the prohibition of such a practice.³⁷ Encouraged by this approval of congressional regulation of private discriminatory activity, a group of Negro plaintiffs brought the first federal antiblockbusting suit, *Contract Buyers League v. F & F Investment*,³⁸ under the same 1866 Act. They alleged that a blockbusting speculator had violated the Act by charging them higher prices than he would have charged whites in a normal market,³⁹ this price was seen as a source of great profit to the blockbuster who had exploited the system of de facto segregation which he and other realtors had helped to create. The court held that this price discrimination deprived the Negroes of the same rights as whites to buy real estate and that damages in the amount of the price differential could be awarded.⁴⁰

Although a significant advance, relief under the 1866 Act is insufficient for several reasons. In practice, due to the court's focus on price differentials and the Civil Rights Act, it operates only to relieve Negro victims of a successful blockbusting scheme rather than to prevent the evil in its incipency.

Footnotes at end of article.

White homeowners, who are also victims of blockbusting,⁴¹ enjoy no relief under the 1866 Act.⁴² Modern blockbusting also need not always involve price discrimination.⁴³ The blockbuster may sell at a nondiscriminatory price and profit only from his commission.⁴⁴ More significantly, the social and indirect economic harm to Negroes is not limited to, or calculable in, price differentials. It has been established that segregated housing results in many disadvantages to Negro residents. Governmental services in black neighborhoods are often inferior, police and fire protection are inadequate, de facto segregated schools provide inferior educational opportunity, and sanitation services are often neglected which in turn can cause disinterest in neighborhood maintenance.⁴⁵ Good neighborhoods are maintained by informal community understanding and social controls. Since blockbusting causes rapid transition and the newcomers are not an organized group, deterioration can occur before community concern can develop and create effective social control.⁴⁶

The most significant attack on blockbusting thus far is section 3604(e) of the Fair Housing Act of 1968, which enables homeowners, both white and Negro, to stop blockbusting in its incipency.⁴⁷ Under section 3604(e) it is unlawful: "For profit, to induce or attempt to induce any person to sell or rent any dwelling by representations regarding the entry or prospective entry into the neighborhood of a person or persons of a particular race, color, religion, or national origin."⁴⁸ The forbidden representations do not have to be false to be actionable,⁴⁹ nor do they have to be limited to direct references to Negroes. Indirect references to a "changing neighborhood," to undesirable, and to fear of a rising crime rate have also been found to violate the Act.⁵⁰

Under section 3604(e), three avenues are provided for relieving violations: (1) conciliation through the Department of Housing and Urban Development;⁵¹ (2) private suits brought by aggrieved individuals;⁵² and, (3) suits brought by the Justice Department.⁵³ The effectiveness of this three-pronged attack is hampered by the less than ideal enforcement machinery of the Act. The blockbusting prohibition was added as a floor amendment to the Fair Housing Act of 1968, an antidiscrimination law;⁵⁴ as a result, the same application administration and enforcement provisions designed solely for protection against discrimination in housing apply to the entire act. This raises difficulties in the interpretation and enforcement of the specific blockbusting prohibition, since the motives, methods, and identity of the blockbuster differ from those of the discriminator. For example, single family dwellings without federal financing, when sold or rented by an owner, are generally exempted from the coverage of the Act.⁵⁵ This exemption, obviously tailored to the antidiscrimination provisions, presents a problem where the blockbuster acts as a speculator rather than as an agent. In this situation the dwelling is sold by the owner to the speculator-dealer, arguably triggering the exemption.⁵⁶ Yet, it is precisely the single family dwelling owner whom the blockbusting provision seeks to protect.⁵⁷ The court in *United States v. Mintzes*⁵⁸ resolved this question by holding that the exemption would not apply, since the homes were not being sold or rented until after the dealer had violated the act by attempting to induce the sale.⁵⁹ Further complications have grown from a legislative compromise which resulted in the deletion of the enforcement powers of the Department of Housing and Urban Development [HUD],⁶⁰ an analysis of the mechanism of the blockbusting provisions will demonstrate that this has had a far more deleterious effect upon the blockbusting section than upon the antidiscrimination provisions.

As one alternative, an aggrieved individual may file a complaint with HUD. Under the Act, HUD is empowered to hear arguments by both parties and to attempt to educate them and conciliate their dispute.⁶¹ This procedure is unlikely to result in adequate relief for the blockbusting victim, since HUD is given no enforcement power under the Act,⁶² being limited to seeking voluntary compliance. While noncoercive persuasion may be effective in discrimination cases, it is unlikely to halt blockbusting.⁶³ It is improbable that one who knowingly violates the law for profit will be dissuaded by moralizations unaccompanied by the threat of economic or criminal sanction.

An individual who files a formal blockbusting complaint with HUD may later file suit under section 3610(d) if HUD cannot obtain relief for him.⁶⁴ However, the individual who has bypassed HUD and has filed suit directly under section 3612 may have distinct procedural and substantive advantages. One who complains to HUD and files a suit under section 3610(d) faces at least a 30-day statutory delay.⁶⁵ This time period may be crucial since HUD's power to issue temporary restraining orders also was withdrawn from the bill in the legislative compromise;⁶⁶ this hiatus allows a blockbuster to wreck havoc for thirty days. The provisions under section 3612 for expedition of proceedings, appointment of counsel, and granting of fees and costs do not apply to suits brought following complaints to HUD under section 3610.⁶⁷

There is a further discrepancy between the relief which can be obtained by first invoking HUD procedures and that which is available by individual suit alone. Under section 3612(c), a court may grant "any permanent or temporary injunction, temporary restraining order, or other order and . . . actual damages and not more than \$1,000 punitive damages . . ." ⁶⁸ Under section 3610(d) a court can only "enjoin the respondent from engaging in such practices or order such affirmative action as may be appropriate."⁶⁹ Unless "appropriate affirmative action" is given a broad interpretation,⁷⁰ the relief available to an individual who does not first complain to HUD is clearly greater. A further disadvantage of filing a complaint with HUD is that, once such complaint is filed, the federal courts cannot hear a subsequent suit if there is a substantially equivalent state remedy available.⁷¹ The same limitation does not apply to suits brought by an individual who has not first complained to HUD or to suits brought by the Justice Department.⁷² The inefficacy of conciliation, the delay in reaching the courts, the unavailability of preliminary restraint, the lesser relief available under section 3610(d), and the possibility of being barred from the federal courts all militate against filing a complaint with HUD.

Although it may provide a more effective remedy, suit under section 3612 by an individual who bypasses HUD is far from ideal. Such an individual plaintiff is still faced with the expenses of protracted litigation. Although the Act provides that a court may appoint attorneys for financially distressed plaintiffs, and may allow recovery of attorney's fees by prevailing plaintiffs where justice requires, application of these provisions is left to the court's discretion.⁷³ Since indigency is apparently the standard used to determine need for such assistance,⁷⁴ and since blockbusting complainants are either potential or present homeowners, plaintiffs who are financially able enough to enjoy such status are unlikely to be able to invoke this provision.

Specific monetary damages have not been awarded in the case of the blockbuster who has been apprehended before he has made a sale,⁷⁵ and individual plaintiffs are unlikely to make a significant recovery even if their house has been sold by the block-

buster.⁷⁶ While an individual should be able to recover damages if an unfair selling price resulted from violation of the Act,⁷⁷ because of the unique character of real estate, one cannot easily prove that the fair market value of the sold property is different from the price paid in the transaction.⁷⁸ Unable to determine the proper quantum, courts may be hesitant in granting recovery. There may be some chance for recovery if the panic peddler has speculated and has promptly resold at a great price differential.⁷⁹ Even so, the problem arises of determining how the unjust profit should be divided between the Negro buyer and the white seller.⁸⁰

The difficulty in calculating actual damages could be ameliorated by a strong punitive damage provision. Under section 3612 (c), however, punitive damages are limited to \$1,000.⁸¹ Such an amount may be significant in the case of the discriminator who seeks no profit, but it will not suffice to deter a blockbuster or compensate an injured homeowner. The blockbuster is likely to view this amount as a small overhead expense in a highly profitable financial endeavor. Since damage awards inadequately prevent the social harm precipitated by blockbusting, and since courts will tend to be cautious in awarding damages, effective injunctive relief is essential. Such relief is immediate and can halt the blockbuster before he does his damage. An injunction against him can apply to his blockbusting activity generally; it is not limited to the plaintiff's neighborhood.⁸² This serves to protect those potential victims, both black and white, who have not yet come into contact with the blockbuster. Although such broad injunctive relief is presently available to individuals,⁸³ it has not proven effective. As a practical matter, private parties will have neither the interest nor the resources to properly oversee compliance with such an injunction.⁸⁴

In addition to the procedures by HUD and individual suits under section 3613, the Attorney General may seek an injunction against blockbusting practices.⁸⁵ The Department of Justice has far greater resources than individual litigants to oversee compliance with injunctive relief. Unlike the individual homeowner who will probably lose interest after the blockbuster has left his neighborhood, the Department of Justice has a continuing responsibility to the general public to continue supervision of blockbusters' activities. In view of the superior enforcement resources of this branch against the inhibiting cost of private litigation, blockbusting victims should be encouraged to refer their complaints to the Attorney General. There are two considerations which limit the Attorney General's entry into such suits. One lies in a statutory requirement that the Attorney General have "reasonable cause to believe that any person or group of persons is engaged in a pattern or practice of resistance to the full enjoyment of any of the rights granted by this subchapter and [that] such denial raises an issue of general public importance. . . ." ⁸⁶ The showing of a "pattern or practice" is required to eliminate isolated or accidental occurrences from the Department's jurisdiction.⁸⁷ Courts have not established a minimum number of incidents necessary to establish a "pattern or practice,"⁸⁸ but have left the decision instead to the discretion of the trial judge. For blockbusting to be profitable, however, numerous sales and repeated representations to individual homeowners will likely be needed.⁸⁹ Since such a method of operation can hardly be considered isolated or accidental, the "pattern or practice" requirement does not impose a significant limitation upon the Attorney General's authority to intervene. A more significant consideration is the practical limitation of manpower, since the Housing Division of the Department of Justice has a limited staff.⁹⁰

CONSTITUTIONALITY OF THE FEDERAL BLOCKBUSTING LAW

Congressional authority for the Fair Housing Act of 1968⁹¹ which incorporates the blockbusting provision,⁹² has been sustained under the thirteenth amendment.⁹³ When applied specifically to the blockbusting provision, however, this jurisdictional approach becomes much more difficult to articulate.

Aside from its clear prohibition of slavery, the thirteenth amendment has been interpreted to mean that Congress can legislate to prevent the "badges and incidents" of slavery.⁹⁴ The opinion in *Jones v. Alfred H. Mayer, Co.*,⁹⁵ dictated that housing discrimination in the form of a refusal to sell to a Negro is clearly a badge of slavery.⁹⁶ The difficulty is that the *Jones* Court indicated that application of the Fair Housing Act of 1968 cannot be justified by the thirteenth amendment in some cases.⁹⁷ For example, the proscription by the Act of religious and national discrimination rests more logically on the commerce clause or the fourteenth amendment. The problem of blockbusting, however, was specifically excluded from the court's inquiry.⁹⁷ Lower courts have thus been left with the task of isolating the badges and incidents of slavery in blockbusting cases.

When an action is brought by Negroes to recover for discriminatory prices charged by a blockbuster, there is no problem in bringing such an action within the purview of the thirteenth amendment.⁹⁸ It is more difficult, however, to identify the relics of slavery when a white plaintiff seeks to enjoin blockbusting representations. The difficulty becomes acute when the blockbuster acts as an agent and does not seek to charge potential Negro purchasers exorbitant prices. Faced with such a situation, the court in *Brown v. State Realty*⁹⁹ did not examine the application of the Act to the facts of the case but rather focused upon the legislative policy behind passage of the Act: "to provide fair housing within constitutional limitations."¹⁰⁰ The court stated that the enabling clause of the thirteenth amendment justifies congressional attempts to achieve this goal.¹⁰¹ The burden was then placed on those challenging the law to show that the blockbusting statute was not a rational means of effecting this national policy.¹⁰² Determining that blockbusting constituted a "fundamental element in the perpetuation of segregated neighborhoods [and] racial ghettos . . .," the court found its prohibition a rational means of providing fair housing.¹⁰³

This finding was adopted without hesitation in *United States v. Mintzes* despite the fact that no Negroes were involved in that case.¹⁰⁴ A real estate agent had attempted to frighten white families into signing a listing contract authorizing the agent to sell at a specific price. The realtor had then presented a contract of sale, not with Negro families, but rather with a corporate developer who wished to purchase the assembled properties in order to construct an apartment building.¹⁰⁵ The court did not elaborate on how these practices perpetuate segregated neighborhoods or deprive Negroes of fair housing. It logically might have reasoned that increased racial tensions and hostility caused by panic peddling¹⁰⁶ would result in further disadvantage and discrimination against Negro community. Such a rationale is needed if one is to argue that the activity forbidden in this particular case operates against the policy aims of the thirteenth amendment. In choosing to pursue this complex, and not fully articulated, line of reasoning to posit federal blockbusting regulations on the thirteenth amendment, the courts have rejected the intent of Congress to rely on the commerce clause.¹⁰⁷

Under the commerce clause, Congress has the power to legislate to prevent both national and local obstructions to interstate

commerce.¹⁰⁸ In hearings prior to the passage of the Fair Housing Act, evidence was offered to demonstrate that the housing industry was involved in and had an effect upon interstate commerce.¹⁰⁹ The two cases which have arisen to date under section 3604(e), however, have rejected the commerce clause argument. In *Brown v. State Realty*, the court found no evidence "that the activities proscribed herein [blockbusting] are in interstate commerce."¹¹⁰ Such a finding is not necessary, since the illegal act or activity need not be per se interstate commerce. The Supreme Court has already recognized that it is only necessary to show that the regulated business is involved in, or has an impact upon, interstate commerce.¹¹¹ This is exemplified in the area of discrimination in public accommodations where the question has not been whether a given refusal of service involved interstate commerce but whether the regulated business involved or affected interstate commerce.¹¹² In *United States v. Mintzes*, however, the court refused, under the facts of that case, to sustain the constitutionality of the blockbusting provision on the basis of the commerce clause.¹¹³ Since no houses had actually been sold,¹¹⁴ no impact could be shown. If the court insists upon a showing that the housing in question has an impact on interstate commerce, then, arguably, plaintiff should be allowed to make a theoretical demonstration of such a possible impact by presenting data to show that a substantial percentage of relocating families from the blockbuster's target area move to another state.¹¹⁵ Further evidence could be presented as to the percentage of the broker's clients who have moved from out of state. This evidence would provide a rational basis for concluding that the blockbuster has an appreciable impact upon interstate commerce. Although the government did not submit such theoretical evidence in *Mintzes*, it has been persuasive in other cases under the commerce clause.¹¹⁶ Future plaintiffs in blockbusting cases should present this line of evidence to avoid a precedential series of rejections of the commerce clause argument, and thereby preserve an alternative justification should conservative courts more strictly interpret the thirteenth amendment.¹¹⁷

Another potential source of Congressional authority for the passage of section 3604(e) is the fourteenth amendment,¹¹⁸ which enables Congress to take appropriate steps to assure equal protection of the laws.¹¹⁹ It has been demonstrated that Negro inhabitants of segregated neighborhoods often do not receive equal education, sanitation, police, and other governmental services.¹²⁰ Since blockbusting perpetuates such segregation, the blockbusting provision is an appropriate means of ending this mode of denial of equal protection. Historically, the denial of equal protection must result from state action;¹²¹ even under the most expansive judicial definitions of state action,¹²² blockbusting does not meet this requirement. Six justices in *United States v. Guest*,¹²³ however, have rejected the state action requirement.¹²⁴ Unfortunately, the lower courts have embraced the two member opinion of the Court which adhered to the state action limitation.¹²⁵

A CONSTITUTIONAL OBJECTION

Insofar as the federal blockbusting law proscribes certain representations,¹²⁶ it limits the exercise of free speech. Therefore, it may be possible to argue that section 3604(e) violates the first amendment.¹²⁷ The Supreme Court had held, however, that the first amendment protection is not absolute and that speech in a commercial context can be regulated.¹²⁸ Since section 3604(e) requires that the illegal representations be "for profit," such utterances fall within the commercial exception.¹²⁹

Complications arise when representations regarding the racial composition of a neighborhood are elicited by questions posed by

the homeowners themselves. Lower courts have failed to agree whether the homeowners' questions automatically take the broker's reply out of the commercial context and therefore beyond the purview of the statute.¹³⁰ The court in *Mintzes* excluded testimony of representations made in "honest answers to questions put by an owner of a dwelling."¹³¹ The answers to these questions were viewed as being outside the commercial context and therefore protected by the first amendment.¹³² In *Brown v. State Realty*, however, it was held that an agent must "refrain absolutely from any such representations" even though "contact with the agents was initiated . . . and the subject of Negro purchasers was . . . first raised by the property owners. . . ." ¹³³ It appears that in *Brown* the court viewed the entire relationship between the agent and potential seller as being "in a commercial context." Thus, any statements made by the agent to the prospective seller could be regulated by Congress without infringing upon the first amendment right of freedom of speech.¹³⁴ A court can still exclude the answers if it finds that they were not intended to induce the sale. The realtor's intent can probably best be determined by considering whether he has made similar, unsolicited representations to other potential sellers in the neighborhood.¹³⁵

CONCLUSION AND PROPOSALS

The Fair Housing Act has been effective in halting particular instances of blockbusting. Unfortunately, this piecemeal success may not serve as a sufficient deterrent to a nationwide practice.¹³⁶ HUD, which has the manpower and administrative expertise to deal with the problem nationally, lacks the necessary enforcement powers. Because damage awards, both compensatory and punitive, are limited, and independent litigation is costly, the threat of private suit does little to curb nationwide blockbusting. Finally, the Housing Division of the Justice Department, with its limited manpower, cannot be expected to bear the entire burden of combating these practices.

The Act should be amended, and its administration refashioned, to confront problems which are unique to blockbusting. The most needed change is the restoration, in blockbusting cases, of injunctive powers to HUD. Because of its proximity to the housing industry and greater manpower resources, HUD is most likely to become aware of blockbusting occurrences. Coupling this awareness of, and sensitivity to, the problem with the ability to grant relief would provide opportunity for a more effective attack on these practices. The injunctive power was deleted from HUD in order to protect individual homeowners from having the sale of their homes delayed by administrative hearings on discrimination charges.¹³⁷ In blockbusting cases, the injunction would not operate against a homeowner but against the profiteering realtor or speculator who would not be severely handicapped in any legitimate activities by the injunction. The restoration of the injunctive power to HUD, therefore, is the only way to carry forward the stated Congressional intent that HUD should be the principal administrator of the Act.¹³⁸

Punitive damage provisions should be amended to eliminate the dollar limit and thereby provide deterrence against potential violators as well as to encourage private parties to litigate against blockbusters. For similar reasons, courts should also be more generous in their actual damage awards.

Another suggestion to increase the deterrent effect of the Act is to make violation a criminal offense. The possibility of a jail term is far more inhibiting than the prospect of a civil restraining order. A criminal sanction, however, requires that guilt be established beyond a reasonable doubt. The subtlety of blockbusting practices would make such a showing difficult and successful prosecution

rare. Furthermore, if violations were criminally punishable, a civil action would be handicapped since defendants could refuse to testify in civil actions on the grounds that such testimony could be used later in a criminal proceeding.¹²⁹

In light of the deficiencies in the federal law and the nature of blockbusting itself, the need for control by state and local government becomes clear. "[B]eing nearer the scene, they are more likely to detect the practice and may be better situated to devise an approach to their special problems."¹³⁰ Localities should empower human rights commissions to investigate panic peddling on their own initiative. These commissions should also have the authority to issue restraining orders and to file complaints with state licensing agencies.

Since the prospect of suspension or revocation of a real estate broker's license is a strong deterrent to a practicing realtor, effective antiblockbusting legislation should include strict supervision by licensing agencies.¹³¹ These agencies should be managed by persons independent of the industry. Actions brought by these agencies should be self-initiating rather than dependent upon citizen complaints. In addition, if state licensing agencies would make it a practice to initiate sanctions whenever a federal complaint is filed, then the federal law would be supplemented by a state deterrent.¹³²

The most effective antiblockbusting technique would be the passage of antisolicitation laws which would eliminate the contact with homeowners that is necessary for successful blockbusting. These laws would prohibit door-to-door attempts to contact homeowners who have not previously indicated a desire to sell. Permits could be obtained by legitimate realtors to carry on solicitation that involved no blockbusting activity.¹³³

Improvements in the federal enforcement machinery and more comprehensive local legislation can increase the prospect of ending blockbusting. The most certain means of ending the practice, however, is to achieve genuine open housing. The achievement of racially integrated neighborhoods will destroy the blockbuster's economic and psychological weapons.

FOOTNOTES

¹ See, e.g., *Contract Buyers League v. F & F Investment*, 300 F. Supp. 210, 214 (N.D. Ill. 1969); *Summer v. Township of Teaneck*, 53 N.J. 548, 551, 251 A.2d 761, 762-63 (1969); *Hearings on S.1358, S.2114, and S.2280 Before the Subcomm. on Housing and Urban Affairs of the Senate Comm. on Banking and Currency*, 90th Cong., 1st Sess. 21 (1967) [hereinafter cited as *1967 Hearings*]; CONGRESSIONAL RECORD, vol. 112, pt. 14, p. 18177 (remarks of Congressman Bingham). Blockbusting has also been referred to as "panic peddling." *Chicago Real Estate Bd. v. City of Chicago*, 36 Ill. 2d 530, 533-34, 224 N.E.2d 793, 797 (1967).

² 42 U.S.C. §§ 3601-19, 3631 (Supp. IV, 1969). Thus far only two cases have been decided under the Blockbusting provision. *United States v. Mintzes*, 304 F. Supp. 1305 (D.Md. 1969); *Brown v. State Realty*, 304 F. Supp. 1236 (N.D. Ga. 1969).

³ See, e.g., *Contract Buyers League v. F & F Investment*, 300 F. Supp. 210, 214 (N.D. Ill. 1969); *Summer v. Township of Teaneck*, 53 N.J. 548, 551, 251 A.2d 761, 762-63 (1969); *NEW YORK CITY COMM'N ON HUMAN RIGHTS, REPORT ON BLOCKBUSTING* (1963); *1967 Hearings* 21. A dramatic exposé brought the practice into the national limelight in 1962. Vitcheck, *Confessions of a Blockbuster*, SATURDAY EVENING POST, July 14, 1962, at 58.

⁴ See CONGRESSIONAL RECORD, vol. 112, pt. 14, p. 18177 (remarks of Rep. Bingham); *1967 Hearings* 438.

⁵ See *Brown v. State Realty*, 304 F. Supp. 1236, 1238 (N.D. Ga. 1969).

⁶ See *NEW YORK CITY COMM'N ON HUMAN RIGHTS*, *supra* note 3, at 4; *1967 Hearings* 438.

⁷ Compare *Contract Buyers League v. F & F Investment*, 300 F. Supp. 210 (N.D. Ill. 1969)

with *United States v. Mintzes*, 304 F. Supp. 1305 (D. Md. 1969) and *Brown v. State Realty*, 304 F. Supp. 1236 (N.D. Ga. 1969).

⁸ Increased housing opportunities for Negroes and the tight money market have made speculation less profitable. Higher interest rates are costly to the dealer and the increasing supply of housing that is open to Negroes has lowered the prices that can be extracted from them. Antiblockbusting legislation has also influenced blockbusters to substitute subtle approaches for some of their more flagrant techniques. Interview with Alexander Ross, Deputy Chief of the Housing Division, Department of Justice, in Washington, D.C., Jan. 20, 1970.

⁹ See *Brown v. State Realty*, 304 F. Supp. 1236, 1238, 1241 (N.D. Ga. 1969).

¹⁰ See *United States v. Mintzes*, 304 F. Supp. 1305, 1311 (D. Md. 1969); *NEWSWEEK*, Dec. 1, 1969, at 55.

¹¹ See *Summer v. Township of Teaneck*, 53 N.J. 548, 551, 251 A.2d 761, 763 (1969); *UNITED STATES COMM'N ON CIVIL RIGHTS, CIVIL RIGHTS U.S.A., HOUSING IN WASHINGTON, D.C.* 13 (1962); *NEWSWEEK*, Dec. 1, 1969, at 55.

¹² In the Washington Metropolitan Area, the following groups concern themselves with fighting discriminatory practices, including blockbusting: Northern Virginia Fair Housing, Suburban Maryland Fair Housing, and Neighbors Inc. See Pearl & Terner, *Fair Housing Laws: Halfway Mark*, 54 Geo. L.J. 156, 171 (1965). If people could be convinced that their fears about property devaluation are the vehicle for blockbusting and therefore self-fulfilling, a major victory over the blockbuster would be won. Studies have shown that integration of a neighborhood rarely results in lower property values. See, e.g., L. LAURENTI, *PROPERTY VALUES AND RACE: STUDIES IN SEVEN CITIES* 47 (1961); *1967 Hearings* 88-89.

¹³ See *UNITED STATES COMM'N ON CIVIL RIGHTS*, *supra* note 11, at 13; *NEWSWEEK*, Dec. 1, 1969, at 55.

¹⁴ See *Keefe v. Organization for a Better Austin*, 115 Ill. App. 2d 236, 253 N.E.2d 76 (1969), cert. granted, 399 U.S. 904 (1970). In this case, the court held that the organization could not compel a blockbuster to sign a fair practices agreement. A corollary problem is that such organizations frequently cannot control their members. If a homeowner panics, his neighbors cannot stop him from selling. Any prior agreement to that effect would amount to a restrictive covenant.

¹⁵ Since membership is voluntary and not essential, the threat of expulsion is not an effective deterrent. See R. HELPER, *RACIAL POLICIES AND PRACTICES OF REAL ESTATE BROKERS* 24, 187-90 (1969). A realtor himself stated that he believed that the real estate boards could not adequately sanction wrongdoers and therefore advocated the passage of the Fair Housing Act. *1967 Hearings* 399.

¹⁶ See Statements of Alan L. Emler, Chairman, Subcommittee on Civil Rights Legislation; Realtors' Washington Committee of the National Association of Real Estate Boards; and John C. Williamson, Legislative Counsel, National Association of Real Estate Boards, in *1967 Hearings* 351, 354.

¹⁷ Some statutes prohibit blockbusting directly by criminal sanction. See, e.g., Md. ANN. CODE art. 56, § 230A (1957); OHIO REV. CODE ANN. § 4112.02(11) (9) (1969); WIS. STAT. ANN. § 101.60(2m) (Supp. 1969). Others have empowered state licensing commissions to revoke or suspend real estate brokers' licenses for blockbusting. See N.Y. EXEC. LAW § 296(3) (McKinney Supp. 1969). Regulation of door to door solicitation is another way in which blockbusting has been attacked. See *Summer v. Township of Teaneck*, 53 N.J. 548, 251 A.2d 761 (1969). For a chart displaying the scope of fair housing laws, including blockbusting in municipalities in the 50 states, see *1967 Hearings* 69-72. See also 12 RACE REL. L. RPTR. 1630 (1967) (local ordinances regulating blockbusting).

¹⁸ See, e.g., MASS. GEN. LAWS ANN. ch. 112, § 87AAA (Supp. 1970); VT. STAT. ANN. tit. 26, § 2295 (1967).

¹⁹ See e.g., MD. ANN. CODE art. 56, § 230A (1957); OHIO REV. CODE ANN. § 4112.02(H) (9) (1969); WIS. STAT. ANN. § 101.60(2m) (Supp. 1969).

²⁰ *Detroit, Michigan, Ordinance 753-F*, reprinted in 7 RACE REL. L. RPTR. 1250 (1962); *Teaneck, New Jersey, Ordinance 1157*, Oct. 16, 1962, reprinted in 7 RACE REL. L. RPTR. 1262 (1962).

²¹ *Detroit, Michigan, Ordinance 753-F*, reprinted in 7 RACE REL. L. RPTR. 1260 (1962).

²² See PHILADELPHIA COMM'N ON HUMAN RIGHTS, *HOW TO COPE WITH REAL ESTATE PESSURE TACTICS* (Copy on file at the Geo. L.J.).

²³ See *Summer v. Township of Teaneck*, 53 N.J. 548, 251 A.2d 761 (1969). Some courts, however, have narrowly limited the municipalities rights to refuse permits. See *Mogolefsky v. Schoem*, 50 N.J. 588, 236 A.2d 874 (1967). The constitutionality of antisolicitation regulations has been upheld by the Supreme Court. See *Breard v. Alexandria*, 341 U.S. 622 (1951).

²⁴ See, e.g., CONN. GEN. STAT. ANN. §§ 20-320(11), -328 (1969); D.C. CODE ANN. § 45-1403 (1967); N.Y. EXEC. LAW § 296(3) (McKinney Supp. 1969).

²⁵ See CONN. GEN. STAT. ANN. §§ 20-311, -312 (1969).

²⁶ For an example of judicial mistrust of state licensing commissions, see *Summer v. Township of Teaneck*, 53 N.J. 548, 557, 251 A.2d 761, 766 (1969).

²⁷ See Witherspoon, *Civil Rights Policy in the Federal System: Proposals for a Better Use of Administrative Process*, 74 YALE L.J. 1171, 1191 (1965). Professor Witherspoon has suggested three reasons for lack of complaints to human relations commissions which seem to be equally applicable in the case of real estate licensing commissions: (1) lack of knowledge of existence and facilities of state commissions; (2) lack of confidence in such agencies; and (3) the general aloofness of statewide commissions. *Id.*

²⁸ See Pearl & Terner, *supra* note 12, at 158-60; 8 RACE REL. L. RPTR. 1208 (1963) (Chicago Commission on Human Relations). For an example of a complaint filed by such a commission, see *Patner v. Williams*, Chicago Comm'n on Human Relations, Complaint No. 65 FHO-78-155, reprinted in 11 RACE REL. L. RPTR. 1032 (1966). Hearings were held which established a violation of the Chicago ordinance, but the only action taken was a recommendation that the offending real estate broker cease and desist the conduct in violation.

²⁹ See Witherspoon, *supra* note 27, at 1191-93.

³⁰ See MD. ANN. CODE art. 56, § 230A (1968); OHIO REV. CODE. §§ 4112.02(H) (9), 4112.99 (1969).

³¹ But see *Summer v. Township of Teaneck*, 53 N.J. 548, 251 A.2d 761 (1969).

³² See PRESIDENT'S COMM'N ON LAW ENFORCEMENT AND ADMINISTRATION OF JUSTICE, *THE CHALLENGE OF CRIME IN A FREE SOCIETY* 47-49 (1967).

³³ 392 U.S. 409 (1968). Although the *Jones v. Mayer* argument has been used by the courts as the principal constitutional justification for the Fair Housing Act of 1968, the case was decided on June 17, 1968, a few weeks subsequent to the passage of the Act on April 11, 1968. Congress has intended the commerce clause as the constitutional basis of the Act. See notes 108-17 *infra* and accompanying text.

³⁴ 392 U.S. at 437-39.

³⁵ U.S. CONST. amend. XIII, § 2.

³⁶ 42 U.S.C. § 1982 (1964).

³⁷ 392 U.S. at 443.

³⁸ 300 F. Supp. 210 (N.D. Ill. 1969).

³⁹ *Id.* at 213.

⁴⁰ *Id.* at 216.

⁴¹ Some may question the wisdom of relieving whites who are harmed only by

their own prejudices and ignorance. It is, however, often impossible to distinguish those whites who are victimized by their neighbors' fears rather than their own. Furthermore, even though white bias is essential to blockbusting, effective relief to whites will act as a further deterrent to the blockbuster. Without such relief he may be forced to flee to an all-white neighborhood or remain in an all-black neighborhood, neither of which is socially or economically desirable. Finally, granting relief even to the most bigoted white homeowner benefits the Negroes because it makes the practice unrewarding to the panic peddler.

⁴² While an argument could be made for extending relief under the 1866 Act to whites, it certainly would be stretching congressional intent. This is apparently the position of the Justice Department. "Mr. Leonard [Assistant Attorney General] said that the law would apparently not help the former white homeowners . . . to recover damages from the speculators since the Civil Rights Act of 1866 applies only to Negroes." N.Y. Times, Mar. 29, 1969, at 23, col. 6.

⁴³ See notes 7-9 *supra* and accompanying text.

⁴⁴ See *Brown v. State Realty*, 304 F. Supp. 1236, 1238 (N.D. Ga. 1969).

⁴⁵ See COMMISSION ON RACE AND HOUSING, *WHERE SHALL WE LIVE?* 1-5 (1958).

⁴⁶ *Id.* at 35-42.

⁴⁷ In practice it is likely that blockbusting suits will be brought largely by white homeowners and Negroes will benefit only indirectly by the Act.

⁴⁸ 42 U.S.C. § 3604(e) (Supp. IV, 1969).

⁴⁹ See *United States v. Mintzes*, 304 F. Supp. 1305, 1309 (D. Md. 1969).

⁵⁰ See *id.*

⁵¹ 42 U.S.C. §§ 3608-3611 (Supp. IV, 1969).

⁵² *Id.* § 3612.

⁵³ *Id.* § 3613.

⁵⁴ 42 U.S.C. §§ 3601-19, 3631 (Supp. IV, 1969). The amendment, submitted by Congressman Bingham, was added to H.R. 14765 (1966), but the bill was defeated in the Senate. The 1968 Fair Housing Act incorporated most of the provisions of the defeated H.R. 14765 including the blockbusting amendment.

⁵⁵ *Id.* § 3603(b)(1).

⁵⁶ When the blockbuster acts as an agent, the house is sold by him to the third party although he never holds title. The blockbuster as speculator-dealer, on the other hand, buys the house himself and then resells it. The sale from the owner to the blockbuster, then, qualifies as a sale by an owner.

⁵⁷ Department of Justice, Press Release, Feb. 6, 1970.

⁵⁸ 304 F. Supp. 1305 (D. Md. 1969).

⁵⁹ 304 F. Supp. at 1309.

⁶⁰ S. 1358, § 11, 90th Cong., 1st Sess. (1967), provided HUD with the power to issue temporary restraining orders and cease and desist orders. The Dirksen amendment to the bill removed those powers from HUD, CONGRESSIONAL RECORD, vol. 114, pt. 4, pp. 4570-4573. See Dubofsky, *Fair Housing: A Legislative History and Perspective*, 3 WASHBURN L.J. 149, 163 (1969).

⁶¹ See note 60 *supra* and accompanying text.

⁶² The person who refuses to sell or rent to a Negro may be unaware that his refusal is illegal. Since he is probably motivated by social rather than economic reasons the threat of the embarrassment and cost of a suit may convince him to cooperate with HUD. On the other hand, the blockbuster knows his conduct is illegal and intends to reap large financial gains from it. Furthermore, instead of being embarrassed by a suit he may welcome the publicity. If he is generally known as a blockbuster his mere presence in a neighborhood may cause the same panic selling he previously caused by illegal representations. Thus, the blockbuster, with much profit to gain and little reputation to lose by facing suit, is less likely to cooperate

with HUD. See *United States v. Mintzes*, 304 F. Supp. 1305, 1314 (D. Md. 1969).

⁶³ 42 U.S.C. § 3610(d) (Supp. IV, 1969).

⁶⁴ *Id.* The Secretary of the Department of Housing and Urban Development will investigate a complaint and attempt to obtain reconciliation. He must inform the complainant within 30 days as to the action he intends to take. *Id.* § 3610(a). He may also refer a complaint to state or local agencies which have substantially equivalent remedies. *Id.* § 3610(c). During this time the complainant is barred from instituting his own action. *Id.* § 3610(d).

⁶⁵ See note 60 *supra*.

⁶⁶ 42 U.S.C. §§ 3608-11 (Supp. IV, 1969).

⁶⁷ *Id.* § 3612(c). The first damage award under this provision was \$750. *Brown v. State Realty*, N.D. Ga., Civ. No. 12,943 (Mar. 2, 1970).

⁶⁸ *Id.* § 3610(d).

⁶⁹ Such a broad interpretation is unlikely since it can be argued that Congress would not have separated the relief provisions if it had wished them to be identical.

⁷⁰ 42 U.S.C. § 3601(d) (Supp. IV, 1969).

⁷¹ *Id.* §§ 3612, 3613. There was some question as to whether direct access to the federal courts is allowed under section 3612, but the wording of the statute gives no indication that direct access was not intended. *Id.* § 3612. See Note, *Discrimination in Employment and in Housing: Private Enforcement Provisions of the Civil Rights Acts of 1964 and 1968*, 82 HARV. L. REV. 834, 855-56 (1969).

⁷² 42 U.S.C. § 3612(b), (c) (Supp. IV, 1969).

⁷³ Aid is limited to when a "plaintiff in the opinion of the court is not financially able to assume said attorney's fees." *Id.* § 3612(c). The legislative history of the provision indicates that only indigent plaintiffs were considered financially unable. See CONGRESSIONAL RECORD, vol. 114, pt. 5, p. 5514 (remarks of Senator Mondale).

⁷⁴ See *Brown v. State Realty*, 304 F. Supp. 1236, 1238 (N.D. Ga. 1969).

⁷⁵ See *id.*

⁷⁶ See *id.*

⁷⁷ Cf. Zipser, *Zoning Classification and Eminent Domain*, 1 URBAN LAWYER 84, 90 (1969).

⁷⁸ Cf. *Contract Buyers League v. F & F Investment*, 300 F. Supp. 210 (N.D. Ill. 1969).

⁷⁹ For example, when a speculator purchases property for \$20,000 and soon afterwards sell for \$30,000, it is not necessary to know the fair market value to realize that there is \$10,000 in damages. It is necessary, however, to know the fair market value to allocate the damages between the buyer and seller.

⁸⁰ 42 U.S.C. § 3612(c) (Supp. IV, 1969). It is unclear whether this punitive damage provision applies to suits brought after a complaint to HUD has been made under section 3610(d) which provides: "[t]he court may, subject to the provisions of section 3612 of this title, enjoin the respondent from engaging in such practice or order such affirmative action as may be appropriate." The provisions of section 3612 apparently referred to are those delaying federal court action while HUD or a state agency is attempting to settle the complaint and protecting an innocent bona fide purchaser from displacement. If punitive damages are to be allowed under section 3610, it will be as "appropriate affirmative action." The \$1,000 limit would not apply and this could allow the courts to remedy the lack of incentive for private individuals to sue through HUD.

⁸¹ *Brown v. State Realty*, Civil No. 12943 (N.D. Ga., filed Sept. 2, 1969) (permanent injunction).

⁸² See *id.*

⁸³ Proper supervision by an individual would be costly, requiring continued retention of counsel and active surveillance of the realtor's activities in other neighborhoods.

⁸⁴ 42 U.S.C. § 3613 (Supp. IV, 1969).

⁸⁵ *Id.* (emphasis added).

⁸⁶ See *United States v. Mintzes*, 304 F. Supp. 1305, 1314 (D. Md. 1969), citing *United States v. Mayton*, 335 F.2d 153, 159 (5th Cir. 1964).

The *Mayton* decision also dealt with a statutory pattern or practice requirement, and it should govern in that case since an analysis of the legislative history reveals that no contradictory interpretation was intended by Congress.

⁸⁷ "The number of incidents necessary to show a pattern or practice depends on the nature of the right protected and the nature of the ordinary violations of such right." 304 F. Supp. at 1314.

⁸⁸ Thus, the very nature of ordinary blockbusting violations usually constitutes a pattern or practice. Isolated incidents can exist where an agent with a single client, desirous of a particular home, attempts to scare the homeowner into selling by making prohibited representations.

⁸⁹ The Housing Division, however, has filed six of the first seven complaints for violations of 3604(e). See *United States v. Mintzes*, 304 F. Supp. 1305 (D. Md. 1969); *United States v. Bob Lawrence Realty, Inc.*, Civil No. 13568 (N.D. Ga., filed Feb. 6, 1970); *United States v. Mitchell*, Civil No. 13467 (N.D. Ga., filed Feb. 6, 1970); *United States v. Arco, Inc.*, Civil No. C7029 (W.D. Tenn., filed Feb. 6, 1970); *United States v. Stewart*, Civil No. CA-3-3589A (N.D. Tex., filed Jan. 15, 1970); *United States v. Weisner*, Civil No. C-229-615-69 (M.D.N.C., filed Nov. 5, 1969).

⁹⁰ 42 U.S.C. §§ 3601-19, 3631 (Supp. IV, 1969).

⁹¹ *Id.* § 3604(e).

⁹² *Brown v. State Realty*, 304 F. Supp. 1236, 1240 (N.D. Ga. 1969); *United States v. Mintzes*, 304 F. Supp. 1305, 1312-13 (D. Md. 1969). "Neither slavery nor involuntary servitude . . . shall exist within the United States. . . . [and] Congress shall have the power to enforce this article by appropriate legislation." U.S. CONST. amend. XIII.

⁹³ Civil Rights Cases, 109 U.S. 3, 20 (1883).

⁹⁴ 392 U.S. 409, 439 (1968).

⁹⁵ *Id.* at 413.

⁹⁶ *Id.* While the language of the opinion does not specifically include "blockbusting," footnote 8 of the opinion cites to the blockbusting provision of the Fair Housing Act.

⁹⁷ See *Contract Buyers League v. F & F Investment*, 300 F. Supp. 210 (N.D. Ill. 1969).

⁹⁸ 304 F. Supp. 1235, 1238 (N.D. Ga. 1969).

⁹⁹ *Id.* at 1240, quoting 42 U.S.C. § 3601 (Supp. IV, 1969).

¹⁰⁰ 304 F. Supp. at 1240.

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ 304 F. Supp. 1305, 1313 (D. Md. 1969).

¹⁰⁴ *Id.* at 1310.

¹⁰⁵ See *Summer v. Township of Teaneck*, 53 N.J. 548, 551, 251 A.2d 761, 763 (1969).

¹⁰⁶ See generally 1967 Hearings.

¹⁰⁷ U.S. CONST. art. I, § 8. See, e.g., *Katzenbach v. McClung*, 379 U.S. 294, 302 (1964); *Heart of Atlanta Motel v. United States*, 379 U.S. 241, 258 (1964); *United States v. Wrightwood Dairy Co.*, 315 U.S. 110, 119 (1942).

¹⁰⁸ See, e.g., 1967 Hearings 13-14, 256-59.

¹⁰⁹ 304 F. Supp. at 1239.

¹¹⁰ See, e.g., *Katzenbach v. McClung*, 379 U.S. 294, 302-03 (1964); *Heart of Atlanta Motel v. United States*, 379 U.S. 241, 258 (1964); *Wickard v. Filburn*, 317 U.S. 111, 124-25 (1942).

¹¹¹ See *Katzenbach v. McClung*, 379 U.S. 294, 302 (1964); *Heart of Atlanta Motel v. United States*, 379 U.S. 241, 258 (1964).

¹¹² 304 F. Supp. at 1312.

¹¹³ *Id.* at 1314 n.5.

¹¹⁴ See 1967 Hearings 13-14.

¹¹⁵ See *Katzenbach v. McClung*, 379 U.S. 294, 296 (1964); *Heart of Atlanta Motel v. United States*, 379 U.S. 241, 242 (1964).

¹¹⁶ Such a strict interpretation may be a likelihood since the blockbusting provision directly protects whites. Negroes are only indirectly protected from moving into an area which will become ghettoized. They are not forced into these neighborhoods by blockbusting but rather resort to the blockbuster because of segregation in other neighborhoods. A conservative court might reason

that the antidiscrimination provisions are sufficient to protect the Negroes and therefore refuse to justify the blockbusting provision on the basis of the thirteenth amendment.

¹³⁴ See 1967 Hearings 8-13, 260-64.

¹³⁵ U.S. Const. amend. XIV, § 5.

¹³⁶ See notes 45-46 *supra* and accompanying text.

¹³⁷ See *e.g.*, *United States v. Williams*, 341 U.S. 70, 92 (1951) (Douglas, J., dissenting); *Hodges v. United States*, 203 U.S. 1, 14 (1906); *Civil Rights Cases*, 109 U.S. 3, 11 (1883).

¹³⁸ See, *e.g.*, *United States v. Price*, 383 U.S. 787 (1966); *Burton v. Wilmington Parking Authority*, 365 U.S. 715 (1961); *Shelley v. Kraemer*, 334 U.S. 1 (1947).

¹³⁹ 383 U.S. 745 (1966). *Guest* involved an appeal from the dismissal of an indictment for violation of 18 U.S.C. § 241 which provides "if two or more persons conspire to injure, oppress, threaten, or intimidate any citizen in the free exercise or enjoyment of any right or privilege secured to him by the Constitution or laws of the United States. . . ." The question was raised whether the fourteenth amendment equal protection clause protects citizens against action by individuals or state action only.

¹⁴⁰ The opinion of the court written by Justice Stewart found that the state action requirement was satisfied by the allegations of the complaint. Justices Clark, Black and Fortas in a concurring opinion found state action present in *Guest*, but stated that there should no longer be a requirement of state action. Justices Brennan, Warren and Douglas in a separate concurrence rejected the state action requirement. Justice Harlan dissented and urged maintenance of the state action requirement. 383 U.S. 745 (1966).

¹⁴¹ *United States v. Mintzes*, 304 F. Supp. 1305, 1312 (D. Md. 1969); *Brown v. State Realty*, 304 F. Supp. 1236 1239 (N.D. Ga. 1969).

¹⁴² See note 48 *supra* and accompanying text.

¹⁴³ *Cf. United States v. Mintzes*, 304 F. Supp. 1305, 1312 (D. Md. 1969).

¹⁴⁴ See *Breard v. Alexandria*, 341 U.S. 622, 642-45 (1951) (first amendment protection unavailable to door-to-door solicitor of magazine subscriptions); *Valentine v. Christensen*, 316 U.S. 52, 54 (1942) (commercial pamphlets not protected by inclusion of social policy statement); *Halstead v. SEC*, 86 U.S. App. D.C. 360-61, 182 F. 2d 660, 668-69 (1950) (distinguishing the market place of ideas from that of affairs).

¹⁴⁵ The Act's application is not limited to successful blockbusting by the "for profit" requirement, but rather the statute "equates any attempt to induce a person to sell . . . with a successful attempt to do so." *Brown v. State Realty*, 304 F. Supp. 1236, 1241 (N.D. Ga. 1969).

¹⁴⁶ Compare *Brown v. State Realty*, 304 F. Supp. 1236, 1240 (N.D. Ga. 1969) with *United States v. Mintzes*, 304 F. Supp. 1305, 1312 (D. Md. 1969). Advising prospective purchasers of the present racial composition of a neighborhood has been held not to violate a blockbusting regulation. *Abel v. Lomenzo*, 18 N.Y. 2d 621, 219 N.E.2d 287, 267 N.Y.S.2d 265 (1966).

¹⁴⁷ 304 F. Supp. at 1312.

¹⁴⁸ *Id.*

¹⁴⁹ 304 F. Supp. at 1241.

¹⁵⁰ See notes at 127-28 *supra*.

¹⁵¹ This test would have allowed admission of the answers in *Mintzes* because the court had determined that the *Mintzes* had intended to blockbust the neighborhood and had made illegal representations to several other owners. This is a far more realistic approach than labelling an answer innocent political or social commentary. See notes 130-31 *supra* and accompanying text.

¹⁵² The high potential profits outweigh the slim chance of significant sanction under current law.

¹⁵³ See CONGRESSIONAL RECORD, vol. 114, pt. 4, pp. 4570-4573.

¹⁵⁴ 42 U.S.C. § 3608 (Supp. IV, 1969).

¹⁵⁵ See *Lees v. United States*, 150 U.S. 476, 480-81 (1893); *United States v. Goodner*, 35 F. Supp. 286, 290 (D. Colo. 1940). In a pending blockbusting suit, a defendant has refused to testify on these grounds. See *United States v. Weisner*, Civ. No. C-229-615-69 (M.D.N.C., filed Nov. 5, 1969) (Memorandum of Defendant Tulbert in support of motion to deny the right to take the deposition of Defendant Tulbert).

¹⁵⁶ See *Summer v. Township of Teaneck*, 53 N.J. 548, 553, 251 A.2d 761, 764 (1969).

¹⁵⁷ The licensing laws should also be refined so that all brokers dealing with any significant number of houses must be licensed. Thus, those blockbusting speculators not yet covered by blockbusting laws would be included.

¹⁵⁸ Shortly after the *Mintzes* decision, the Maryland Real Estate Commission revoked the license of the *Mintzes* firm. *Washington Post*, Jan. 20, 1970, § C, at 1, col. 5.

¹⁵⁹ Such an exception for honest brokers must be made since they solicit door to door as a legitimate method of stimulating business. See *Mogolefsky Schoem*, 50 N.J. 588, 590, 236 A. 2d 874, 876 (1967); *Wall Street Journal*, Feb. 19, 1969, at 1, col. 1.

A MATTER AFFECTING THE PRIVILEGES OF THE HOUSE

The SPEAKER. Under a previous order of the House, the gentleman from Missouri (Mr. ICHORD) is recognized for 60 minutes.

Mr. ICHORD. Mr. Speaker, I have reserved time for the purpose of discussing a matter most seriously affecting the privileges of the House. As the Members know on October 28 during the recent recess of the House, a single judge, the Honorable Gerhard A. Gesell of the U.S. District Court for the District of Columbia, undertook to enjoin permanently the printing and public dissemination of a report duly made by a standing committee of the House. The report, House Report No. 91-1607, titled "Limited Survey of Honoraria Given Guest Speakers for Engagements at Colleges and Universities," which is the subject of the court's injunction, was a report of the House Committee on Internal Security which I filed with the House on October 14, pursuant to House rule XI.

On October 14, I advised the House of the inception of the proceedings which led to this unprecedented result. It was also on that day that the House recessed until November 16. Following the return of the House, and for its information, I placed in the CONGRESSIONAL RECORD the whole of the proceedings in this case from their inception to the date of the return of the House. See CONGRESSIONAL RECORD, November 17, 1970 on page 37799. On the same day in a letter addressed to all Members of the House, I advised the Members of my plan to reserve a special order for the purpose of discussing the ominous implications of the court's order.

With only one exception in the constitutional history of this Nation, has any judge or court of the United States hitherto attempted to enjoin the printing and public dissemination of a report or document of a committee of Congress. Judge Wilkin, likewise a judge of the U.S. District Court for the District of Columbia, made that effort in May of 1956. He is-

sued a temporary restraining order to prevent the printing and distribution of a Senate document issued by the Senate Subcommittee on Internal Security. The order was promptly struck down by a three-judge court. I should add, however, that this absence of precedent would not appear to reflect any lack of diligence on the part of enterprising litigants or their counsel, but is rather to be attributed to the fact that any such restraint upon the legislative process appears so palpably wrong.

It is plain to see that this action of Judge Gesell, restraining the printing and public dissemination of a report duly made to the House, directly affects every committee of the House and every Member of the House. If the court may undertake to inquire into the speech of the Committee on Internal Security, to censor and enjoin that speech, then it must follow that the court may similarly inquire into, censor, and enjoin the printing and publication of the speech of every committee of the Congress. It may go even further. Since the speech of a committee is essentially the collective speech of individual Members, the court may a fortiori similarly censor and enjoin the printing and publication of speech in the House of individual Members of the Congress. The result, of course, is to restrain communication within the House, and to restrain communication between the House and the public, and between the Members and their constituents.

Mr. Speaker, the fact is equally plain that any such restraint is a direct encroachment upon the legislative powers and impairs the legislative process. The separation of powers is a fundamental principle of a free society. It is a principle incorporated in that time-honored pact by which we are united. All legislative powers have been vested exclusively in the Senate and House by the express provisions of article I, section 1, of the Constitution. Moreover, in committing the legislative function to the Congress in such general terms, the Constitution also grants to Congress certain specific, implementing, or subsidiary powers essential to the exercise of this function.

Such implementing powers include, but are not limited to, the authority vested in each House to determine the rules of its proceedings—article I, section 5, clause 2. It was pursuant to this power that the House promulgated its rule XI which creates the standing committees of the House and which, in turn, form the authority and basis upon which the Committee on Internal Security made its report to the House. It was pursuant to this power that the House enacted its rule XIII requiring the reference and printing of reports of committees. Article I, section 5, clause 3, of the Constitution requires the House to maintain a journal and to publish its proceedings. It is pursuant to this authority and the general legislative powers of the House to give effect to its rulemaking powers that the House—together with the Senate—enacted the provisions of title 44, United States Code, section 101 and those that follow to provide for the printing and public dissemination of its reports.

These are powers which by the text of

the Constitution are committed to the House. These powers have been separated from the powers conferred on the judicial branch. They are indeed denied to the judicial branch. While courts concededly have the power to construe the Constitution, we cannot concede that they can, under the guise of construction, arrogate to themselves powers which they do not possess, or that they possess a jurisdiction to invade the powers of a coordinate branch. This is particularly true where, as in the instance of the speech and debate clause, this separation of power in an especially delicate area is clearly defined by terms of the U.S. Constitution expressly denying to the courts a jurisdiction to intrude. Article I, section 6, clause 1, of the Constitution provides "for any speech or debate in either House—the Senators and Representatives—shall not be questioned in any other place."

This provision of the Constitution, granting the privilege of legislators to be free from arrest or civil process for what they do or say in legislative proceedings, was a reflection of political principles already firmly established in England and in the colonies prior to the adoption of the Constitution. *Tenny v. Brandhove*, 341 U.S. 367 (1951); *United States v. Johnson*, 383 U.S. 169 (1966). It has its origin in the parliamentary struggles of the 16th and 17th centuries. The English Bill of Rights, wrested from the Crown and written into the statutes of England in 1689, declared in unequivocal language "that the freedom of speech, and debates or proceedings in Parliament, ought not to be impeached or questioned in any court or place out of Parliament."

Three State constitutions adopted before the Federal Constitution specifically protected the privilege. The Maryland Declaration of Rights of 1776 provided "that freedom of speech, and debates or proceedings, in the legislature, ought not to be impeached in any other court or judicature." The Massachusetts Constitution of 1780 provided "the freedom of deliberation, speech and debate, in either house of the legislature, is so essential to the rights of the people, that it cannot be the foundation of any accusation or prosecution, action, or complaint, in any other court or place whatsoever." The reason for the privilege was well summarized by James Wilson, an influential member of the Committee of Detail which was responsible for the provision in the Federal Constitution:

In order to enable and encourage a representative of the public to discharge his public trust with firmness and success, it is indispensably necessary, that he should enjoy the fullest liberty of speech, and that he should be protected from the resentment of every one, however powerful, to whom the exercise of the liberty may occasion offence. (See *Tenny v. Brandhove*, supra, page 373.)

I think it is evident from a review of the proceedings that this action of the judicial branch by which it imposed restraints upon the publication of a committee report materially intrudes upon the legislative prerogatives of the House and violates the freedom of speech accorded to Members of the House by the express terms of the speech and debate clause of the U.S. Constitution. We are therefore necessarily involved in a con-

frontation with the judiciary of a nature and magnitude which has extremely ominous implications. Although it is most unfortunate that this unseemingly conflict has arisen, particularly when we seek to dispose of many pressing legislative matters as this Congress draws to a close, it would appear to be a grave delinquency on our part should we not seek to resolve issues so directly affecting the integrity of our constitutional processes.

Since the record of the proceedings has already been made available to you, I shall not review it in unnecessary detail. It was at a meeting of the full committee on October 7, 1970, a quorum being in attendance and voting, that the report in issue was approved. In some way unknown to me, a copy of the galley sheets of the proposed report, an executive document of the committee which had not yet been publicly released by it or filed with the House, came into the possession of Lawrence Speiser, director of the Washington, D.C., office of the American Civil Liberties Union.

On the forenoon of October 13—1 day before the filing of the report and the recess of the House—Lawrence Speiser filed in the U.S. District Court for the District of Columbia a complaint subscribed and verified by him allegedly on behalf of Nat Hentoff, 25 Fifth Avenue, New York, N.Y., John Doe, and Richard Roe against the members of the Committee on Internal Security, Donald G. Sanders, its chief counsel, the Superintendent of Documents, and the Public Printer. Filed as a class action on behalf of persons identified in the report as the recipients of specified sums as speakers' fees or honoraria for engagements on campuses, the complaint alleged that in identifying and characterizing them as persons associated with revolutionary groups, the committee had no legislative purpose but was being carried out by the defendants with the purpose and effect of first, deterring colleges and universities from permitting plaintiffs to appear on their campuses as speakers, on the basis of the false assertion that such activities by these colleges and campuses financed and thereby promoted the radical, revolutionary movement; and second, punishing plaintiffs for their views by exposing them to the harassment normally associated with blacklisting. They asked the court to grant the following declaratory and injunctive relief: First, that the court declare that the actions of the defendant committee members in preparing and seeking to publish the report to be unconstitutional; and, second, that the court enjoin the defendants from filing, printing, publishing, or disseminating the report and from disclosing any material or information contained in it.

This complaint, thus filed on October 13, was not served upon the defendants until the following day. Nevertheless, without service of notice on the defendants, Lawrence Speiser, acting for the American Civil Liberties Union and the plaintiffs named, applied to Judge Gerhard A. Gesell for an immediate hearing on the complaint with a view toward obtaining a temporary restraining order pending hearing on application for a preliminary or permanent injunction.

Acting on Mr. Speiser's application, Judge Gesell set the matter for hearing at 2 p.m. that same day. At that time the court was specifically reminded by amici of the failure of plaintiffs to accord appropriate notice to the defendant parties in interest, as required by rule 65 of the Federal Rules of Procedure. This suggestion went unheeded.

I have previously commented upon this aspect of the proceeding and I do not want to make a point today of the fact that the court moved with unseemingly haste in violation of its own rule. It does not appear that the court's view of the case or its final action would in any way have been altered by an appearance of the defendants in this initial hearing. This fact seems clear in light of the final order entered by the court on October 28 after notice and argument.

Having before it a complaint in which there was no allegation remotely suggesting that the action of the committee was not authorized by the House; a complaint which asked the court to intrude upon the processes of a coordinate branch of the Government; a complaint which on its face squarely invaded the constitutional privileges of the Members of the House not to be questioned in any other place for any speech in the House, the court on October 13 should have summarily dismissed the complaint. Instead, without notice, or the taking of evidence, the court proceeded ex parte to adjudicate the application, and granted the plaintiffs' application for a temporary restraining order—which was formally filed on October 14—enjoining all of the defendants and their agents, servants, employees, and attorneys—excepting only the individually named Members of Congress—from seeking to print, publish, or distribute as a part of the proposed report any list of names of individuals who have had speaking engagements at colleges and universities. It was ordered that this restraint should continue until determination of the plaintiffs' motion for a preliminary injunction and fixed October 23 for the time of hearing on that motion.

In entering its temporary restraining order, the court took the position that there was a question in the case whether the report was pursuant to a valid legislative purpose. Since the plaintiffs had allegedly stated a claim which, in the opinion of the court, raised a Federal question, the subject matter of which was within the jurisdiction of the court, the court concluded that it should permit all of the interested parties full opportunity to be heard, pending which it would restrain the printing, publishing, and distributing of the report, except as to the extent to which the named Members of Congress may do so. With respect to this, I would add that if the court had given the defendants the notice that was due them, or had postponed the consideration of the matter for at least a few hours or until the following morning, to appraise the defendants of the application, he would have been able fully to inform himself both as to the facts and law upon this important subject.

Having before it the complaint, and a copy of the committee report, it was a

patent absurdity to suggest that there was a question in the case whether the report of the committee was made pursuant to a valid legislative purpose. Both documents clearly put the court on notice that what was involved in this case was a question of pure speech—the speech of Members in the House. On this question all inquiry into purpose—legislative or otherwise—is precluded. Under the speech and debate clause, this speech is solely a matter for regulation by the House. See Jefferson's "Manual," House Document No. 402, 90th Congress, second session, page 131.

This is not a case where Congress is seeking, by the use of subpoena process, to compel the speech of others outside the House. Such cases have raised the first amendment problem and provide the basis for the line of cases in which the question of legislative purpose was considered, but then only for the purpose of determining the authority of the committee or House to compel the speech of others.

But even assuming that there was a question whether the report was made pursuant to a valid legislative purpose, the court had ample facts before it on the basis of which it could reach no other conclusion than that such a purpose must be presumed. I should, therefore, elaborate briefly on this point, for it is quite obvious that as a basis for both its temporary restraining order of October 13 and its subsequent permanent injunction of October 28, the court took the position that this fact did not appear.

As I have said, the report in this case was made pursuant to House rule XI, which explicitly defines the legislative purposes and the powers and duties of standing committees of the House. By the mandate of that rule, all proposed legislation, messages, petitions, memorials, and other matters on the subject of "Communist and other subversive activities affecting the internal security of the United States are referred to the Committee on Internal Security." The committee is also mandated to make investigations from time to time of the extent, character, objectives, and activities within the United States of organizations and assisting organizations, their members, agents, and affiliates, which seek to overthrow or alter our form of government by unlawful means, or which incite or employ acts of violence to obstruct the execution of Federal law, and all other questions relating to the foregoing, including the administration and the execution of the laws of the United States, "that would aid the Congress or any committee of the House in any necessary remedial legislation." The committee is required to report to the House the results of any such investigation, together with such recommendations as it deems advisable.

While I have thus briefly summarized this rule of the House, it is the practice of the committee to set forth its pertinent provisions in full in all reports and documents issued by the committee. Indeed, a copy of the rule was made a part of the report which Judge Gesell had before him. The legislative purpose is expressly

avowed on the face of the House resolution, together with a specification of the subject of inquiry mandated to the committee for that legislative purpose. It is a matter of settled law that where a legislative purpose is thus expressly avowed and the committee inquiry is within the scope of the authorized subject matter, a legislative purpose must be presumed. This was precisely the point ruled in *McGrain v. Daugherty*, 273 U.S. 135, 174–180 (1950). Even in cases where a legislative purpose is not thus expressly avowed in the resolution of the parent body, if the subject of inquiry embraces a subject upon which the Congress may legislate, the committee's legislative purpose must likewise be presumed. This was the ruling in the case of *In Re Chapman*, 166 U.S. 661, 669–70 (1897). Moreover, that the subject matter of House Resolution XI is one upon which legislation may be had, and consequently inquiry made, is now indisputable. See, for example, *Barenblatt v. United States*, 360 U.S. 109 (1958); *Uphaus v. Wyman*, 360 U.S. 72 (1959); and *Barsky v. United States*, 167 F. 2d 241, cert. denied, 68 S. Ct. 1511 (1948).

These cases and a long line of decisions also teach that if the legislative purpose of the parent body is thus being served by its committee, the motives of the committee cannot be questioned or its legislative purpose impugned, even where it appears that the inquiry was for other or mixed purposes, legislative and otherwise. *Watkins v. United States*, 354 U.S. 178, at 200 (1957); *Barenblatt v. United States*, 360 U.S. 109, at 132; *Wilkinson v. United States*, 365 U.S. 399, at 412 (1961). These indeed were first amendment cases, involving the compulsion of speech of others.

Nevertheless, Judge Gesell endeavored to dissect the report and to censor its language. He says, "No purpose or contemplated legislation is mentioned." But it has been expressly ruled by the District of Columbia Circuit that the power of inquiry is not limited to the scope or content of contemplated legislation, and none need be mentioned. *Barsky v. United States*, supra, at page 245. It is not necessary that the House or the committee should declare in advance what it meditated doing when the investigation was concluded. *In Re Chapman*, supra, at page 670. He then takes an isolated statement in the report in which there was an appeal to college administrators, alumni, and parents. But it has been expressly ruled that, although action other than contemplated legislation is suggested by the proceedings, this fact does not invalidate the proceedings. *McGrain v. Daugherty*, supra, at page 180. Yet, in the face of these precedents to the contrary, Judge Gesell took the position that he was "inescapably" impelled to the conclusion that the committee was pursuing no legislative purpose in making its report.

On the contrary, let me make clear that this committee has, since its inception on February 18, 1969, pursued none other than a legislative purpose. This must be obvious in the light of the great demands imposed on the Congress for legislative action to cope with the activities or rev-

olutionary violence which are racking our Nation. Countless bills on this subject have been introduced in the House and referred to various committees, including the Committee on Internal Security. The solution of such legislative problems require the most painstaking and thorough understanding of all aspects of the subject, and necessitates inquiry into the extent, character, and objectives, the organizational forms, financing, and other facts with respect to those organizations and individuals engaged in revolutionary activities, or giving assistance to them. Recently we have given much attention to such organizations as the Students for a Democratic Society, the New Mobilization Committee To End the War in Vietnam, the Black Panther Party, and supporting organizations.

An important and relevant question, as I have noted in the report, is the source and means of financing of such activities. It has been indicated in the many published accounts, and repeatedly in the testimony of the Director of the Federal Bureau of Investigation before the House Subcommittee on Appropriations, that the leadership of such revolutionary organizations, and persons assisting them, have derived substantial funds from speaking engagements at colleges and universities, and even secondary schools. Indeed, William Kunstler, a director of the American Civil Liberties Union and highly publicized counsel for persons in the leadership of the revolutionary movement, recently told newsmen quite candidly, "We raise most of the money for our movement through speaking engagements."

With the authorization and approval of the committee, and at my direction, the committee staff conducted a survey on this subject. It made what we believed to be a representative sampling of 179 institutions of the some 2,500 colleges and universities throughout the Nation. In the conduct of this survey, the committee agreed that it should refrain so far as possible from compulsory intrusion into the administration of the college and university system, and would not utilize its authority of compulsory process to obtain the information it sought. Accordingly, the voluntary cooperation of college and university administrators was sought through a letter requesting that they furnish the committee with information about honorariums paid to guest speakers, other than academicians and lecturers who appeared in connection with courses of instruction. Emphasis was placed on voluntary participation of the institution in all committee references to this project.

In thus undertaking this project, the committee recognized from the outset that there were certain unavoidable circumstances which would undoubtedly diminish the value of the committee's survey and subsequent analysis of the information received, but nevertheless concluded that the report would have some utility in providing the committee and the House with relevant information on a limited, but important aspect of the subject of revolutionary violence. I might add that the commit-

tee had no illusions as to the earth-shaking importance of this report. I think it sufficient to say at this time that we had the substantial cooperation of a large number of the institutions upon whom request had been made. We believed that the report prepared on this subject contained information of significance to our legislative function and was a matter of public interest as well. On October 7 we agreed to make our report to the House.

Now, Mr. Speaker, this brings us to the point where I previously left off. Having agreed to afford opportunity to a member to prepare a dissenting view, it was my plan to file the report with the House on the afternoon of October 14. Meanwhile, on October 13, the complaint was filed in this case and an order restraining its printing and dissemination was obtained.

This temporary restraining order, together with a copy of the complaint, to which I have already referred, was then served upon the defendants by the U.S. marshal on the forenoon of October 14. Since by the terms of the order I was specifically excepted from its restraint, it did not in any way operate to affect my duties as chairman to file the committee report with the House, as required by the rules of the House. The report was accordingly filed and duly referred to the Union Calendar. On the other hand, the Public Printer and Superintendent of Documents were clearly within the restraints of the order. By the rules of the House, all committee reports are delivered to the Clerk for printing. The Public Printer and the Superintendent of Documents are required by an act of Congress, and by order of the House, to print and disseminate the reports of committees to those entitled to receive them. Thus, the Public Printer and Superintendent of Documents were obviously on the proverbial horns of a dilemma.

In view of the fact that the House had recessed on October 14 for the general election, there was an obvious problem of communicating with and among interested parties. Entertaining some hope that the court, after full hearing and opportunity for review of the facts and law, would inescapably reach the conclusion that it was without jurisdiction to intrude upon the freedom of speech of Members of Congress, it was agreed after consultation with several members of the committee, other Members of Congress, and general counsel for the Public Printer and Superintendent of Documents, that appearances should be entered in the action and a motion filed in support of a dismissal of the complaint.

The Department of Justice was then requested to act on our behalf and ultimately appearances were entered by the Department for all defendants with the exception of one member of the committee who chose not to appear. On October 20, motions to dismiss the action were filed on behalf of the defendants, together with supporting affidavits and memorandum of law by which the court was apprised of the facts with respect to the issuance and filing of the report, as well as points of applicable law.

On October 23, 1970, Judge Gesell heard argument of the parties on plaintiffs' motion for a preliminary injunction and defendants' motion to dismiss. At

argument he was fully apprised of the facts surrounding the issuance of the report. Moreover, his attention was explicitly directed to two precedents of his own circuit by which he was presumably bound and, if followed, would seem clearly to leave open to him only one path to pursue; namely, a summary dismissal of the complaint: *Methodist Federation for Social Action v. Eastland*, 141 F. Supp. 729 (D.C.C. 1956), decided by a statutory three-judge court in which two judges of the Court of Appeals had sat with the district judge in deciding the issue; and secondly, *Hearst v. Black*, 87 F. 2d 68 (1956), a decision of the U.S. Court of Appeals for the District of Columbia.

In *Methodist Federation*, the plaintiff in May of 1956 brought suit against members of the Senate Subcommittee on Internal Security, the Public Printer, and the Superintendent of Documents, to restrain the publication and distribution of a pamphlet entitled "The Communist Party of the United States—What It is—How It Works—A Handbook For Americans." The pamphlet was issued by the Senate Subcommittee on Internal Security, and by concurrent resolution was ordered to be printed as a Senate document, to include a printing of 75,000 additional copies for the use of that committee. The plaintiff alleged that the pamphlet contained a false and defamatory statement charging that the plaintiff was a Communist-front, that the charge was made without a hearing, and caused irreparable injury. It was further alleged that the concurrent resolution abridged the plaintiff's rights of free speech, assembly, press, and religion, deprived it of liberty and property without due process of law, and amounted to a bill of attainder.

No appearance was entered in the case by the defendant members of the Senate subcommittee. On the basis of the complaint, Judge Wilkin in the district court issued a temporary restraining order against the Public Printer and the Superintendent of Documents, as did Judge Gesell in the case before us. Judge Wilkin then asked for the appointment of a three-judge court which was duly ordered, and two distinguished judges of the Court of Appeals, Edgerton and Prettyman, sat with him. The complaint was dismissed, Judge Wilkin dissenting. In the opinion for the court, delivered by Judge Edgerton, the court ruled that by express provision of the Constitution, article I, section 6, Members of Congress "for any speech or debate in either House shall not be questioned in any other place."

It would—

He said—

be paradoxical if members could be questioned in any other place for statements in a document which both houses have ordered published.

Holding that a judgment for the plaintiff would hence invade the constitutional separation of powers, it was thus unnecessary, he said, to consider the claim whether an injunction would violate the first amendment. The court concluded with these particularly pertinent remarks:

The premise that courts may refuse to enforce legislation they think unconstitutional does not support the conclusion that they may censor congressional language they think libelous. We have no more authority to prevent Congress, or a committee or public officer acting at the express direction of Congress, from publishing a document than to prevent them from publishing the *Congressional Record*. If it unfortunately happens that a document which Congress has ordered published contains statements that are erroneous and defamatory, and are made without allowing the persons affected an opportunity to be heard, this adds nothing to our authority. Only Congress can deal with such a problem.

The constitutional history called to our attention includes no instance in which an English court has attempted to restrain Parliament, or an American court to restrain Congress, from publishing any statement. This history therefore tends to confirm our view.

I should point out, indeed, that no case has been called to my attention, nor has my research revealed, any decision in the history of this country, or that of England since the Bill of Rights was wrested from the Crown in 1689, where any injunction has been sustained against the printing and publishing of a committee report of the Congress or of the British Parliament. On the other hand, I have found a precedent in England in which this was attempted, at least indirectly, and the attempt was repulsed. This was *Rex v. Wright*, 8 T.R. 292, decided in the year 1799.

In *Rex against Wright* an application was made to the court for the granting of a criminal information for libel against a private bookseller for printing and publishing a report of a committee of the House of Commons. This report contained a paragraph titled, "Attempts to Assemble a Convention of the People in England," which reflected on the character of certain individuals and by which it was made to appear that their views were of a nature completely hostile to the existing Government and Constitution of the Kingdom, and went directly to the subversion of established authority. This report, made to the House, was entered on its journals, and the House ordered it printed by the official printer, Mr. Wright undertook privately to print and publish the document, and it was for this act that he was cited. The application was denied.

In denying this application, Lord Kenyon, chief justice, said it was impossible for the court to admit that a report of the proceedings of either of the Houses of Parliament is libel. The report in question, he said, was a proceeding by one branch of the legislature and the judges could not, therefore, inquire into it. This reasoning was fully approved by the Court of Queen's Bench which had occasion to apply it in *Wason v. Walter*, 4 Q.B. 73 decided in 1868, a civil suit for libel. The defendant was charged with printing a faithful report in a public newspaper of a debate in the House of Lords which had the effect of defaming a barrister, who had been referred to in the debate as making false statements for the purpose of deceiving an Election Committee of the House of Commons. The court held that the publication was

privileged on the same principle as an accurate report of proceedings in a court of justice is privileged. The advantage of the publicity to the community at large, said the court, outweighs any private injury resulting from the publication. The court concluded:

There is nothing unlawful in publishing reports of parliamentary proceedings. Practically, such publication is sanctioned by Parliament; it is essential to the working of our parliamentary system, and to the welfare of the Nation.

Returning now to the District of Columbia Circuit: In *Hearst*, a Senate committee, authorized to investigate lobbying activities, obtained copies of telegrams pertinent to its inquiry which the Federal Communications Commission made available to it and which the Commission concededly had unlawfully obtained under subpoena from telegraph companies and passed to the Senate committee. The plaintiff sought to restrain the committee from keeping the messages or making any use of them, or disclosing their contents. It was held that a court of equity had no authority to do any of these things. In dismissing the complaint, the Court of Appeals said:

The Constitution has lodged the legislative power exclusively in the Congress. If a court could say to the Congress that it could use or could not use information in its possession, the independence of the Legislature would be destroyed, and the constitutional separation of the powers of Government invaded.

With these precedents and history before him, Judge Gesell nevertheless, and much to our surprise, made his adjudication to the contrary. On October 28, 1970, he entered a final order enjoining the Public Printer and the Superintendent of Documents from printing and distributing the committee report aforesaid, or any portion, restatement, or facsimile thereof, with the exception of a "normal" publication or distribution of the full text of the report in the CONGRESSIONAL RECORD, without special reprinting or excerpting of any portion, and further declared any other publication of the report at public expense to be illegal.

One may then inquire on what basis Judge Gesell should independently conclude that he possessed and should exercise a power of enjoining speech in the House and the publication by the House of its proceedings, an action without precedent in the history of the United States and even of England?

We must thus look to Judge Gesell's opinion of October 28. As we approach it, Mr. Speaker, assuredly we do so with some expectation that we shall find in it a clear and compelling statement of constitutional authority or public need to justify a departure from over 300 years of precedent and history. What we find, on the contrary, is a statement of unsupported assumptions as the bases for premises he advances which are neither wholly related to, nor logically connected with, each other or with his conclusion. Indeed, I have found it difficult to follow his tortured, obscure, and disjointed reasoning.

Initially he rejects the holding in *Methodist Federation*, and totally ignores

Hearst. In rejecting the former, he sought to do so on two grounds. His first argument was that the plaintiffs' claim in *Methodist Federation* was founded on an alleged libel in the document, and not on an abridgment of first amendment freedoms. This distinction is a palpable misrepresentation of the facts. As noted above in my recital of the facts, the complaint in *Methodist Federation* specifically raised the first amendment issue in the allegation therein contained that the concurrent resolution abridged the plaintiffs' right of free speech, assembly, and press. However, in view of the specific commitment to Members of Congress under the speech and debate clause, article I, section 6, the court took the position that it was unnecessary to consider whether an injunction would violate the First Amendment as well as the prerogatives of Congress. Moreover, if the plaintiffs in *Hentoff* were not allegedly defamed, then what was the basis of their claimed injury?

The second ground alleged by Judge Gesell as a basis for rejecting *Methodist Federation* was that the decision had been "in effect overruled" by a later decision of the Supreme Court in *Powell v. McCormack*, 395 U.S. 486, 1969, in which, he said, the Supreme Court state:

That House employees are acting pursuant to express orders of the House does not bar judicial review of the constitutionality of the underlying legislative decision. 395 U.S. at p. 504.

Now of course it is necessary for a court to distinguish a precedent by which it would otherwise be bound, if it dares to avoid the impact of that precedent. But surely no one can fail to apprehend the utter unreality of the distinction which he seeks to make. The court in *Methodist Federation* did not dismiss the complaint against the Public Printer or Superintendent of Documents on the ground that judicial review was barred. There is nothing in the case which remotely suggests it. On the contrary, the court in *Methodist Federation* dismissed the complaint against the defendant Members of Congress for lack of jurisdiction, but dismissed the complaint against the Public Printer and the Superintendent of Documents "for failure to state a claim on which relief can be granted," a result not at all inconsistent with *Powell*.

Moreover, while there are some questions involved which are common to both cases, the courts ultimately had different issues to resolve. *Methodist Federation* dealt with a question of pure speech in the House, and whether that speech could be enjoined in light of the speech and debate clause. In *Powell*, the court was not called upon to determine whether it might enjoin the public dissemination of speech in the House in relation to the speech and debate clause—article I, section 6—nor indeed was it called upon to determine whether it might grant coercive—that is, injunctive relief—at all. The question before the Supreme Court was whether it could declare the rights of *Powell*, that is, grant him only "declaratory" relief, with respect to the action of the House in ex-

cluding a Member under the provision of article I, section 5.

The court in *Powell* thus had before it the basic and ultimate issue whether *Powell* was improperly denied membership in the House. In *Methodist Federation*, the ultimate issue was whether Members could be enjoined from speaking in the House. In determining these issues, the court in both cases had to decide three subsidiary questions: First, whether the court had jurisdiction over the subject matter; second, whether the court had jurisdiction of the parties defendant, or whether the defendants were immune from suit; and third, whether the claim was, in the semantics of the courts, "justiciable." In *Powell*, the speech and debate clause was in the case only on the second question. In *Methodist Federation*, the speech and debate clause was involved in the determination of the second and third question. Now let us see what the court decided in *Powell* with respect to these subsidiary questions in contrast with the result in *Methodist Federation*.

First, as to the question of jurisdiction of the subject matter. It is clear that in both cases the courts maintained that they had jurisdiction of the subject matter. Undoubtedly district courts are invested with jurisdiction in all civil actions where the matter in controversy arises under the Constitution. In *Methodist Federation*, the plaintiff claims a violation of first amendment rights. In *Powell*, the claim was made that he was wrongfully excluded in violation of article I, section 5 of the Constitution. We therefore, see no difference on this point.

We now pass to the second question, as to jurisdiction of the parties. In both cases the actions were filed against Members of Congress together with employees of the Congress. In both cases the action was dismissed against the parties-defendant who were Members of Congress. In *Methodist Federation* the action was dismissed as to the Members of Congress on the stated ground of the express provision of the speech and debate clause that Members of Congress shall not be questioned in any other place. The court said that in view of this provision it would be "paradoxical" if Members could be questioned in the courts. In *Powell*, the defendant Members of Congress were likewise dismissed on the basis of the speech and debate clause, and the court did so because of the broad construction given to the speech and debate clause in a series of cases holding that this clause insulates the Members from being required to defend themselves, not merely with respect to pure speech or words actually spoken in debate, but to "things generally done in a session of the House by one of its Members in relation to the business before it," citing on this point particularly *Kilbourn v. Thompson*, 103 U.S. 168 (1880). Thus in both cases jurisdiction against congressional employees was assumed, and the claims of the plaintiffs judicially reviewed.

This brings us then to the third question of justiciability. On this phase, while declaratory relief was granted against the congressional employees in

Powell, the injunctive relief sought against them in Methodist Federation was denied. The court in Powell said that two determinations must be made to resolve the question of justiciability: First, whether the claim presented and the relief sought are of the type in which the court can "mold effective relief," or in other words admits of judicial resolution; and second, whether the issue presented is a "political question," that is, a question which is not justiciable in Federal court because of the separation of powers provided by the Constitution. In Methodist Federation, the plaintiff sought injunctive relief, but in Powell sought only declaratory relief, and in the latter case the Court did not resolve the issue of whether coercive relief could be granted. On the political question, whether separation of powers barred relief of any kind, the courts reached different results, and did so because of the difference in the basic issues before the court.

In determining the "political question," the court in Powell, citing *Baker v. Carr*, 369 U.S. 186 (1962), said that this question involved a determination whether there was "a textually demonstrable constitutional commitment of the issue" to the House. The court concluded that the "textual commitment" under article I, section 5, has demonstrated that in judging the qualifications of its members to be seated, Congress is limited to the standing qualifications prescribed in the Constitution. On the other hand, in Methodist Federation with respect to a distinct and separate provision of the Constitution, article I, section 6, the speech and debate clause, the court determined that no relief could be granted to restrain Congress from speaking because the courts were by the express terms of that provision denied the power to grant any relief and that therefore the separation of powers—the political question—barred the granting of relief. The court therefore implied that it indeed found "a textually demonstrable commitment of the issue" to the House. Although differing in result, the two cases are, of course, clearly consistent with each other in principle.

We must thus conclude that since Powell had no occasion to decide the "political question" issue under the speech and debate clause, the holding in Methodist Federation still stands as a precedent, unreversed by the Supreme Court, and not "in effect" overruled by Powell as Judge Gesell suggests.

But the court's confusion does not stop at this point. After thus passing over Methodist Federation, he then proceeds to make certain curious assumptions in an attempt to justify his restraints on the printing and public dissemination of the Committee report.

His first major assumption is that nothing in the Constitution or the cases suggests that a committee report is a necessary adjunct to speech or debate in Congress. This assumption requires close examination. I would place emphasis on his use of the word "necessary." Please note that he does not say that a committee report is not speech or debate, and he does not say that a committee report is not within the protection of the speech

and debate clause of the U.S. Constitution. Obviously this he could not say in the face of clear pronouncements to the contrary in prior decisions of the Supreme Court by which he is bound. See *Kilbourn v. Thompson*, 103 U.S. 168, 204 (1880), and Powell against McCormack, supra, at 506. What he says is that a committee report is not a "necessary adjunct" to speech or debate, just as one might say that the eating of meat and potatoes is not a "necessary adjunct" to the maintenance of life. He says, in short, that the speech of Congress may be exercised by means other than a committee report. Of course with that much and only so much may we agree, although it would seem clear to me that to preclude a committee from communicating with the House by other than the present reporting system would be a matter of no little inconvenience to the House.

On the other hand, if Judge Gesell is suggesting that because a committee report is not a necessary adjunct to speech and debate the court may, therefore, prohibit the House from exercising its speech by means of a committee report, that conclusion does not follow from, nor is it justified by, his major premise. We do not concede his claim. Whether speech or debate is to be exercised through a committee report is not a question of necessity. It is a question whether that is a determination confided by the Constitution to the House. It is plain that Judge Gesell would settle this question by claiming that for one reason or another the court has the power of making this determination. And he cites no pertinent authority in support of this conclusion. This is not unexpected, for he is clearly running against the irresistible current of history and authority.

Instead, he cites a number of irrelevant cases, involving not the speech of Members of Congress in relation to the speech and debate clause, but the compulsion by Congress of the speech of others in relation to the first amendment, citing *Bates v. City of Little Rock*, 361 U.S. 516 (1960); *West Virginia Board of Education v. Barnett*, 319 U.S. 624 (1943); together with the dissents in *Abrams v. United States*, 250 U.S. 616 (1919) and in *Barenblatt v. United States*, 360 U.S. 109, 147-59 (1959). In *Bates*, custodians of the records of local branches of the NAACP were convicted for refusing to furnish city officials with lists of the names of the members of the local branches of the association. In *West Virginia Board of Education*, a State statute made it compulsory for children in the public schools to salute the flag and pledge allegiance. In *Abrams*, the defendants were convicted of a violation of the Espionage Act for circulating statements allegedly in violation of the act. In *Barenblatt*, a conviction was sustained for refusal to testify as a witness before the House. Why Judge Gesell should cite a dissent in this case, when by that decision, and many others, the Supreme Court has ruled that even speech may be compelled by the Congress over first amendment claims, makes no sense to me.

Now, Mr. Speaker, let us turn to consider the effect of Judge Gesell's order

with respect to the processes of the House. The effect of the order was, of course, to suppress all publication of the report. The only publication authorized by the order was what the court referred to as a "subsequent normal publication or distribution of the CONGRESSIONAL RECORD." With the House in recess, no publication could be made in the CONGRESSIONAL RECORD. On the other hand, if the House were in session, it is not the rule of the House or its practice to print the full text of committee reports in the CONGRESSIONAL RECORD. Nor are committee reports published in full text in the House Journal. Committee reports are published separately, as a matter of convenience of distribution and to avoid duplication of printing. However, although only the Public Printer and the Superintendent of Documents were enjoined from printing or distributing any copy of the report, it was not feasible that members of the committee would attempt to have the report privately printed, or even prepared, printed, and disseminated by members of the committee staff, in view of the fact that in its declaratory order the court pronounced any publication of said report at public expense, other than in the CONGRESSIONAL RECORD aforesaid, to be illegal.

The order thus runs afoot not only of the speech and debate clause, but other constitutional inhibitions. Article I, section 5, clause 3 of the Constitution requires that "each House shall keep a Journal of its proceedings, and from time to time publish same." In practice the House maintains both a Journal and the CONGRESSIONAL RECORD. It is said that the Journal and not the CONGRESSIONAL RECORD is the official record of the proceedings of the House. See Rules of the House of Representatives, House Document No. 402, 90th Congress, second session, annotation, page 26. Yet the full text of committee reports is printed in neither. Committee reports are printed separately, but a reference to the titles and subject thereof are entered both on the Journal and printed in the RECORD. Rule XIII, paragraph 2, of the House.

The distinction between the Journal and the CONGRESSIONAL RECORD is likewise made in the act of Congress regulating public printing and documents. Title 44, United States Code, section 701 authorizes on order of either House of Congress a separate printing of "a document or report." It fixes the number and distribution of the printing, reprinting, and distribution of such documents and reports for the use of the Congress and to meet public requirements. Section 713 authorizes the printing of the Journals of the Senate and of the House in specified numbers and regulates their distribution. Chapter 9—44 United States Code 901 et seq.—authorizes and regulates the printing and distribution of the CONGRESSIONAL RECORD to specified persons and Government agencies, foreign legations, and newspaper correspondents without charge, and to all members of the general public on subscription at a fixed rate.

What, then, is a "normal" distribution of the CONGRESSIONAL RECORD, as that term is used in the court's order? How

does Judge Gesell resolve the constitutional question of barring publication of a proceeding which, by the terms of article I, section 5, clause 3, the House is required to publish? We find no answer to the former question, but Judge Gesell endeavors to answer the latter.

He takes note that article I, section 5, clause 3, of the Constitution provides "each House shall keep a journal of its proceedings, and from time to time publish same." Evidently recognizing this constitutional provision as a mandate to publish the proceedings of the House—a committee report filed with the House being presumably a proceeding in the House—he concedes that some publication of the report cannot be enjoined. What he says is that this mandate is fulfilled by a "normal" printing of the CONGRESSIONAL RECORD, and hence the publication in the CONGRESSIONAL RECORD, cannot be enjoined. He says, however, that any additional printing of a committee report for "wider publication and sale" allegedly stands on a "different footing." He concludes that nothing in the Constitution compels more than a distribution in the CONGRESSIONAL RECORD for printing and distribution to Members of Congress, and second, that its printing and distribution beyond that is not necessary to give effect to the freedom of Congress to speak and debate on the floor of the House.

These assumptions must be fully examined, for they likewise demonstrate the confusion in this judge's mind. Article I, section 5, clause 3, which authorizes—and presumably, in the use of the word "shall," directs—the House to keep a journal of its proceedings and to publish the same is, of course, a positive mandate to the House to do something—indeed, to publish its proceedings. To publish means to bring before the public, and the power to publish necessarily includes, quite to the contrary to what Judge Gesell maintains, the power to make a widespread dissemination; that is, a dissemination to the public. This conventional meaning of the term is likewise supported by the history of the provision. With respect to the adoption of this provision, the Journal of Proceedings of the Constitutional Convention discloses the following debate in the Committee of Detail:

ELLSWORTH. As the clause is objectionable in so many shapes, it may as well be struck out altogether. The legislature will not fail to publish their proceedings from time to time. The people will call for it if it should be improperly omitted.

WILSON. Thought the expunging of the clause would be very improper. The people have a right to know what their agents are doing or have done, and it should not be in the option of the legislature to conceal their proceedings. Besides, as this is a clause in the existing Confederation, the not retaining it would furnish the adversaries of the reform with a pretext by which weak and suspicious minds may be easily misled.

The provision was adopted. See "Drafting the Federal Constitution, A Rearrangement of Madison's Notes, etc.," by Arthur Taylor Prescott, Louisiana State University Press, 1941, at page 429.

If, then, to "publish" means to disseminate to the public, on what author-

ity does the court conclude that the report can be disseminated only to some portion of the public and not to others? While admittedly the printing of 1,000 copies of a report is, of course, a different thing from printing 10,000 copies, it is only a difference of quantity, but not of constitutional authority. It is also a difference in result as to whether the constitutional mandate of article I, section 5, clause 3, is effectively carried out.

Now, Mr. Speaker, I have for present purposes concluded my discussion of Judge Gesell's opinion and action. It should be evident that what we are witnessing is an unprecedented and notorious encroachment upon the constitutional powers and privileges of the House and of its Members. This blatant assault upon the rulemaking powers of the House, upon the authority of the House to publish its proceedings, and upon that most imperative and high privilege of speech in the House, all of which are accorded to the House and its Members by express terms of the Constitution, cannot pass unnoticed. This clearly affects the integrity of the proceedings of the House and rights of its Members and, as such, is clearly a question of privilege. See House rule IX.

It was long ago noted by Madison in Federalist No. 48 that—

It will not be denied that power is of an encroaching nature, and that it ought to be effectually restrained from passing the limits assigned to it. After discriminating, therefore, in theory, the several classes of power, as they may in their nature be legislative, executive, or judiciary, the next and most difficult task is to provide some practical security for each, against the invasions of the others. What this security ought to be is the great problem to be solved.

It is evident that in the nature of our constitutional structure it cannot be maintained that the House is conclusively bound in all cases and in all matters by the judgment of any coordinate branch. While the court is certainly entrusted generally as the arbiter of questions arising under the Constitution, it is likewise clear that in matters fundamental to the existence and function of a coordinate branch we are not in all instances to be concluded by the judgment of the court. It was asked by the author of Federalist No. 51:

To what expediency, then, shall we finally resort, for maintaining in practice the necessary partition of power among the several departments, as laid down in the Constitution?

It is apparent that there has been no wholly satisfactory answer to this question. While it was hoped that the interior structure of the Government be so contrived that its several constituent parts may, by their mutual relations, be the means of keeping each other in their proper places, it was evident, he said, that each department should have "a will of its own."

Ultimately there must be cases, as the case before us, in which on natural principles of self-preservation the House must make its own judgment. How otherwise is it to preserve itself? Moreover, as in the instant case, where a court clearly disregards the precedents of its own branch and, in the system of appellate

review, accords us no prompt relief, are we not obliged to take such measures as may be discreet and necessary to exert that authority which is so essential to the preservation of our structure of government in a system of liberty? Are we not at least accorded the powers of self-help allowed to street demonstrators? See *Wyatt T. Walker v. City of Birmingham*, 388 U.S. 307 (1967).

It is a point of importance that we have applied to the Court of Appeals on October 30 for an expedited review of the action of Judge Gesell. This was denied us. Meanwhile the proceedings of the House on the committee's report must await the leisure and perhaps indifference of the appellate branch. How long is the business of the House to be delayed? One may only speculate as to when our appeal will be finally and favorably disposed of. Matters of this sort have frequently been in the courts for years awaiting final result. I suggest that this cannot be tolerated.

We have, Mr. Speaker, a precious heritage in the Constitution, and in this House which it established. We have received this heritage in trust, for our temporary use. We have no power of disposal or alienation. It must pass unimpaired to succeeding generations. We are bound in duty and honor to protect and preserve it against all who would trespass upon and in any wise diminish it.

I have, of course, advised the Members of proposals I am contemplating on a question of privilege. I thought it necessary and important to have an expression of views and the judgment of the Members on the likely course we should pursue, and that is the purpose of the time I have this day reserved.

Mr. SCHERLE. Mr. Speaker, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Iowa.

Mr. SCHERLE. Mr. Speaker, I compliment my colleague from Missouri for bringing this to the attention of the House.

I would hope that the explanation provided by the gentleman from Missouri (Mr. ICHORD) in reference to the decision made by the judge will provide the necessary tools for this House to operate without any restrictions or handicaps as far as committee responsibilities are concerned.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Speaker, I, too, would like to commend the gentleman from Missouri, the very able chairman of the Internal Security Committee, for attacking this problem head on. It appears to me that Judge Gesell is in obvious and perhaps arrogant violation of the separation of powers between the judiciary and the legislative branches of Government. I think this is the only way to meet this very serious problem. Again I commend the gentleman for meeting it head on.

Mr. ICHORD. Mr. Speaker, I thank the gentleman from Ohio.

Mr. Speaker, I reiterate my statement that when we examine what has happened in these proceedings, every Mem-

ber of Congress had better be quite concerned about what is going to happen in the future, regardless of his particular philosophical persuasion. Today it is a nonelected judge of one philosophical persuasion making the decision, tomorrow it is a judge of the opposite persuasion handing down the decision. Today it is one committee, tomorrow it is another committee. Such action can only lead to a tyranny of nonelected judges.

Mr. HUNT. Mr. Speaker, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from New Jersey.

Mr. HUNT. I thank the gentleman from Missouri for yielding.

I take this opportunity to commend the gentleman for his fortitude and for the clarity with which he has approached this tremendous problem. It has long been said, and it will always be said, that the Congress of the United States is the mouthpiece for its people.

If we should come to the point that one man—a one-man court—may suppress that voice, then we shall have gone a little too far.

In my humble estimation the courts have interfered repeatedly with the due processes and rights of the Congress, and we can no longer stand by to see a continued erosion of the powers of Congress. Let the courts stay in the courts and let the Congress handle its particular methods of dealing with the people, for the people, because this is a democracy. No one should be muzzled in this war.

If it comes down to the point that the national security may be in jeopardy, or can possibly be in jeopardy, or one scintilla of evidence exists whereby we are suppressing information the American public should know, then I say to you, Mr. Chairman, you should reveal this on the floor of the House and it should be made a matter of public record.

Once again I commend the gentleman for his fortitude. I want him to know he is not fighting a lone battle. He has many supporters who are with him all the way, and we intend to stay with him until the finish.

Mr. ICHORD. Let me say to the gentleman from New Jersey that I do believe it is advisable to avoid a head-on collision between the judiciary and the Congress if at all possible. I have given a great deal of thought as to how the Congress should proceed in this matter. This is the reason why I circulated the letter to the Members of the House, and why I have instructed the staff of the House Committee on Internal Security to prepare a new report.

That report has been circulated to the Members of the House Committee on Internal Security. If the House Committee on Internal Security reports a new report on the same subject to this House, I intend to hold the report at that time, and at the time I introduce the report into the House for printing I intend to introduce a privileged resolution which will order the Government Printer to print this report; and all persons will be enjoined from interfering with the printing of the report.

I would further state that it is my intention before calling this matter up to

circulate a copy of the report to all the Members of the House, including a copy of the privileged resolution, because this decision, I will say again to the gentleman from New Jersey, if permitted to stand, can only lead to the tyranny of the Judiciary. If a committee of Congress abuses the speech and debate clause that is for the electorate to correct, not nonelected judges.

Mr. HUNT. I thank the gentleman from Missouri for his explanation. I most thoroughly agree with him. I am quite sure when this matter finally comes to an ultimate clarification the rights of the Congress to speak up on behalf of the American people shall be upheld once more.

I am most certain the gentleman is on the right track, and many of his colleagues in the House believe the same as he does and will substantiate and assist him all along the line.

Mr. ICHORD. I thank the gentleman for his contribution.

Mr. THOMPSON of Georgia. Mr. Speaker, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Georgia.

Mr. THOMPSON of Georgia. I, too, would like to commend the gentleman for the diligence he has shown in bringing this before the House. Quite frankly, I know of nothing, in the short 4 years I have been in the House, which has concerned me more than this particular matter.

It concerns me because I see in this the possibility of a precedent of tremendous proportions being established. I feel that this House cannot acquiesce. This House does have the authority to interpret the Constitution of the United States. Granted the courts also have this authority, but no where in the Constitution of the United States is there exclusive authority granted to the judiciary to interpret what the Constitution means. Particularly this is true where there is a conflict between the coequal branches of Government. I feel that we as a body can in no way allow the judiciary to place their interpretation on the free speech clause or on the rights and powers of the Congress where there is a conflict between these two branches. We must insist on our position. Should we not insist on our position, frankly, I feel that the entire American system of government will be the loser.

I commend the gentleman from Missouri. I do have some concern about presenting a new resolution or a new report unless this report is identical with the one rejected. I state this because it concerns me that this could be interpreted by some as acquiescing to the court's action, and then the court would simply state, "Well, our position prevailed. This is a precedent for future cases involving other committees of the Congress. The new report entered was not enjoined because it was a different report." That concerns me.

Mr. ICHORD. I agree with the gentleman from Georgia that it is seemingly unfair to permit a coequal power in our form of government, which is the aggressor in this case, to decide the respective powers of coequal branches of Government. I cannot predict the work

of the House Committee on Internal Security. I am chairman of that committee, but that will depend upon the work of the House Committee on Internal Security. I will point out that Judge Gesell in his final injunction, did not enjoin me from putting the report in the CONGRESSIONAL RECORD. As a matter of fact, the CONGRESSIONAL RECORD was specifically exempted in his order. But I have not put the report in the CONGRESSIONAL RECORD for many reasons. I think I would be bowing to the authority of the court if I so did, and I would not do that without permission of the House of Representatives. Second, the rules on printing prohibit the printing of a committee report in the RECORD. Judge Gesell in his decision seemed to be quite confused about records of the House of Representatives. He seemed to think that the CONGRESSIONAL RECORD was the same as the Journal. It is not. They are two completely different things. The Constitution of the United States in article I does require the House of Representatives to keep a Journal of its proceedings. However, it is not the practice of the House of Representatives to print committee reports in full in the Journal. They merely print them by title.

The mandate of the Constitution to keep a record of its proceedings is carried out by the printing of the committee reports separately.

The CONGRESSIONAL RECORD, of course, is not the Journal. So, the House would have to change its own rule prohibiting the printing before I would be permitted to carry out even what Judge Gesell held was permissible in his decision.

Mr. THOMPSON of Georgia. I certainly thank the gentleman for the explanation. If I may say this, as one Member of the legislative body of this Government, I certainly do not acquiesce, I certainly do not concede, that the judiciary has the exclusive power to interpret the Constitution, particularly where we as legislators of the United States are involved. I think we also have this power. But it is certainly true, because of the peculiar organization of the legislative branch of the Government, as opposed to the judicial branch of Government, that one individual acting by himself in the judiciary may at times appear to be able to assert a position which certainly may not be concurred in by the other members of the judiciary. In the legislative branch we often need to get a majority of all of those in order to have the position of an individual legislator maintained. So, there is a peculiar distinction, because of the organization of our legislative branch. And, of course, that is true of our judicial branch which may appear at this time to give one individual in the judicial branch an advantage over an individual in the legislative branch. But we are coequal and I certainly do not acquiesce in any position that the judicial branch of the Government has exclusive authority to interpret the Constitution where a conflict between the coequal branches is concerned.

Mr. ICHORD. I thank the gentleman from Georgia for his contribution.

Mr. Speaker, I would be happy to yield

to any other Member if he wishes to participate in this discussion.

Mr. EDWARDS of California. Mr. Speaker, will the gentleman yield?

Mr. ICHORD. I am glad to yield to the gentleman from California.

(Mr. EDWARDS of California asked and was given permission to revise and extend his remarks.)

Mr. EDWARDS of California. Mr. Speaker, I thank the chairman of the committee for yielding to me and I too, with him, regret that this confrontation has taken place between the legislative branch and the judiciary.

Mr. ICHORD. May I say to the gentleman from California, if I may interrupt the gentleman at that point, I think I am familiar with the philosophy of the gentleman from California and we differ on many matters, but I do respect his opinions. I think, however, that when I submit this matter to the House of Representatives it will probably pose a very difficult question for the gentleman.

Mr. EDWARDS of California. I shall not anticipate what my actions would be, nor do I anticipate, Mr. Speaker, what the actions of the Supreme Court or the court of appeals will be in this matter. It is very possible that the judge could be overruled.

Mr. ICHORD. The gentleman brings up another reason why I intend to proceed as I announced. This does involve a matter of separation of powers, and in view of that I asked the court of appeals, through my attorneys, for an expedited hearing in the Court of Appeals of the District of Columbia. That expedition was denied, and this is an added reason why it is my intention to take the action which I have announced.

Mr. EDWARDS of California. That would certainly be very wise.

Since the gentleman from Missouri brought up the matter of the Constitution, I think it should be pointed out that in Judge Gesell's decision that—and I have not seen this report, but I think I probably know what it is—it is not the regular kind of report for legislative purposes that are available to Members before a vote; this apparently is one of the reports issued by the gentleman's committee that is disseminated throughout the country, perhaps through mailing lists. I note the gentleman ordered 6,000 copies of this report.

Mr. ICHORD. If I may comment on that—

Mr. EDWARDS of California. If the gentleman will permit me to finish my sentence—in other words, it is not the usual type of a legislative report. This is the type of report that is issued by the gentleman's committee. There are scores of them. Is that not correct, on different groups in the United States?

Mr. ICHORD. I would say that this report does differ from the reports of other congressional committees. As a matter of fact, the gentleman well knows that most if not all committee reports are prepared by the staff members of the various committees, and this report was also prepared by the staff of the House Committee on Internal Security. However, there is one difference in the procedure and that is under the rule of the Committee on Internal Security be-

cause of the nature of the work of the committee, we have a rule which requires that the report be available to the members of the committee 3 days before it is acted upon. So it does differ from the reports of other committees of the House in that the membership of the committee did have this report before them at the time it was reported to the House, and as I indicated before there was one dissenting vote.

Mr. EDWARDS of California. This court found that this report is a blacklist of college speakers, and that it does, the court found, impinge on the first amendment right of these speakers.

Mr. THOMPSON of Georgia. Would the gentleman yield?

Mr. ICHORD. In just a moment.
Mr. EDWARDS of California. And that this blacklist was issued for the purposes of exposure with no legislative purpose by the committee in mind. And the court pointed out, and I quote the decision: "apparently with the hope and expectation that college officials, alumni, and parents would bring social and economic pressures upon the institutions that had permitted these speeches in order to ostracize the speakers and stultify further campus discussion."

Now, the gentleman knows that I am very much concerned about some of the activities of the gentleman's committee, and I have been for 8 years.

It seems to me—although I have not seen a copy of this particular document, since it has not been published yet—it could have been put in the CONGRESSIONAL RECORD had the gentleman chosen, and as the gentleman knows the judge pointed this out, that at any time it could be put in the CONGRESSIONAL RECORD, and the gentleman could make speeches about it. Anything could be done. The only thing that had to do with the injunction was that the report—

Mr. ICHORD. The gentleman is quite correct in one respect; there was no injunction against me as a Member of Congress for disseminating the report, and there is no injunction against my having the report printed at private expense; the extent of the injunction was to prohibit the printing at Government expense.

Mr. THOMPSON of Georgia. Mr. Speaker, will the gentleman yield?

Mr. ICHORD. I intend to reply more thoroughly and fully to the gentleman from California, but I yield to the gentleman from Georgia at this time.

Mr. THOMPSON of Georgia. I would like to inject this at this point because I feel the RECORD may be being built on something which is not the case. It is a usual practice of committees of Congress to print reports which are intended for general distribution. The Committee on Government Operations does this quite frequently and quite frequently thousands of reports are printed when they are matters of unusual interest to the public.

I would like to submit that by the Committee on Internal Security making available more copies of the report than only to the Members of Congress is not an unusual procedure so far as other committees of the Congress are concerned. I am certain, if the gentleman

would like, we can have the Public Printer provide us with figures on the reports that have been printed and the numbers and the record will conclusively show that this is a usual and customary practice on certain reports which are of general interest that many more be printed than are needed solely for dissemination within the House of Representatives itself and they are indeed sent to interested parties throughout the United States.

Mr. ICHORD. In further answer to the gentleman from California, I would like to point out that the House would have to reject its own rule prohibiting the printing of committee reports in full in the CONGRESSIONAL RECORD before that can be done. There is such a rule. Also, I did not make any request for a printing of any copies other than the usual number of copies.

But let me further state to the gentleman from California that I totally reject the contention of Judge Gesell and perhaps his contention, even though he stated that he has not read the report, that this is a blacklist of speakers or that this was intended to discourage universities and college campuses from bringing these particular speakers upon the campuses.

I would point out to the gentleman from California that I am aware of his feelings in regard to the House Committee on Internal Security. At the first part of this session, he voted against the establishment of the House Committee on Internal Security. I must confess I cannot understand the rationale of his reasoning. I think most of the opponents of the establishment of the House Committee on Internal Security did agree that the language of the mandate of the House Committee on Internal Security which was proposed and adopted was certainly more unambiguous, much clearer than the mandate of the House Committee on Un-American Activities.

As I understood the debate and the argument, and I do not wish to put words in the mouth of the gentleman from California—that his idea was to vote against the establishment of the House Committee on Internal Security because the opposition would eventually have the chance to abolish the House Committee on Un-American Activities. This, to me, is very esoteric reasoning indeed.

Mr. EDWARDS of California. Mr. Speaker, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman.

Mr. EDWARDS of California. Mr. Speaker, I suggest that the reason why a number voted against the change of name and a change of rules was our fear that exactly what has happened is happening—this unnecessary confrontation with the courts and the Committee on Internal Security issuing an obviously—even though I have not seen it—but I do know the chairman is going to order it to be corrected—so there must be something that disturbs the chairman about the report.

Mr. ICHORD. Let me say to the gentleman from California that this new draft of the report—and the gentleman is familiar with the legislative process—has been submitted to the members of the committee for their consideration.

Mr. EDWARDS of California. Why is there a new draft? You have sent one draft to the Public Printer.

Mr. ICHORD. I have stated heretofore that I did not believe that it would be desirable to have a direct confrontation with the court on this issue. I think the gentleman from California will concur, regardless of his feelings on this particular report. I do feel it necessary to proceed in this way because this new report could well be considered a restatement and would also be subject to the injunction. The original report is in litigation and that litigation can proceed.

May I further say to the gentleman that this report was prepared by the staff committee. I am not saying that the language of the report was perfect. I am not saying that it did not need improvement. I think we can state that about nearly all, if not all, the committee reports that emerge from all committees. They are not perfect documents. They are the creatures of the human mind. I do think that the language of the report can be improved. But I reject the contention that the House Committee on Internal Security, having the mandate which it does have over subversive activities—subversive activity being defined in the mandate as that action which would overthrow this Government by force, violence, and unlawful means—does not have the right and the authority to look into the financing of revolutionary activity within this country.

As a matter of fact, when the committee was first established, I asked the committee to authorize an investigation into revolutionary activity within the country, and I submit to the gentleman from California that the committee does have the authority, and not only the authority, but it has a duty under that mandate to ascertain the numbers of such revolutionary organizations. It has the duty to ascertain, if it can, the objectives of such organizations. It has the duty to ascertain the financing of such organizations.

I think that in this respect the gentleman will have to concede that we do have considerable revolutionary, violent activity throughout the Nation. As a matter of fact, in recent testimony before the permanent Subcommittee on Investigations of the Committee on Government Operations of the Senate, a representative of the Treasury Department testified to these figures, and I bring them to the attention of the House. He testified that for a scant 15-month period, January 1969, to April 1970, this country suffered a total of 4,330 bombings, an additional 1,475 attempted bombings, and a reported 45,129 threatened bombings. Of the 4,330 actual bombings, 3,335 were incendiary in nature and 975 were explosives. Of the total number of bombings, attempts, and threats reported in number 39,934, 64 percent were of unknown attribution, and of the 36 percent in which there is an estimate of attribution, 56 are attributed to campus disturbances—56 percent—14 percent white extremists, and 19 percent black extremists.

In the reported periods these bombings were responsible for the deaths of 43

people and \$21.8 million worth of property damage.

I would also point out to the gentleman from California that in the new report I intend to have figures of another study having been made by a department of the Government which will show the damages to Federal and non-Federal property at institutions having ROTC facilities. This, I think, might surprise the gentleman from California.

Now, to contend that the U.S. Government, which is in many instances furnishing large sums of money, does not have jurisdiction in this matter, I submit to the gentleman is not a valid contention.

Mr. EDWARDS of California. The gentleman brings up the matter of the terrible number of bombings in the United States. The gentleman knows I am a member of the House Judiciary Committee that has recently written and enacted a very strong law on that subject. I support the bill and will support it in the future.

Mr. ICHORD. Let me say to the gentleman that in this matter of internal security and particularly attacking the problems which the House Committee on Internal Security has the duty of attacking, and also the House Committee on the Judiciary, there is considerable overlapping of jurisdiction. It is not a very easy matter to legislate within this field. Often we come up against the rights and the privileges and the guarantees of the first amendment, which we both do hold sacred and should as citizens of this great Republic. It is often difficult to draft measures which are constitutional. It is even more difficult to draft measures that will be effective. I would say to the gentleman from California that I do not believe that all the organizations that have been responsible for some of this activity were working closely together, they would have the ability at this point in history to overthrow our Government; but I do think they have the ability to so stultify this Nation, this free society of ours, that we will not be able to muster the will and the unity to solve the many difficult problems we have.

I fear they do have the capacity to cause the gentleman and me to be deprived of our own liberties and freedoms. Already we have witnessed measures proposed and some have been passed which will have this effect. I think the gentleman from California is just as concerned as I am about many of these proposals that have been made in the Congress in an effort to solve our problems in this area.

It is true that the Federal Government can move into the field of keeping the peace in every city and town of the Nation but it is vain and perhaps dangerous to enact a law if it is not enforced. To enforce such laws we would have to establish a national police force, and if that is done, we will have lost a great deal of what this country is all about.

Mr. Speaker, I thank my colleagues for their participation in the discussion at this late hour.

QUESTION OF SEPARATION OF POWERS

(Mr. SCHERLE asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. SCHERLE. Mr. Speaker, the issue before us is simple. It is the question of the separation of powers between the legislative, judicial, and executive branches of Government. To be even more specific, it is the question of whether the judiciary may infringe upon the power of Congress.

A Federal judge has—in unprecedented action—established himself as a censor to the Congress and thus, in effect, to the people of this country.

U.S. District Judge Gerhard Gesell has in essence told Congress that it cannot, through its House Committee on Internal Security, issue a report to the people of the United States on a matter of vital concern to their interests. This is not a matter of his jurisdiction. In short it is none of his business.

The rights and duties of the three branches of Government were spelled out with great clarity by the Founding Fathers of this Nation. It was one of their foremost concerns in drafting the Constitution because they knew from bitter experience as colonists under King George the Third of England the tragic results from the subjugation of one branch of government to another.

By issuing an order to the Public Printer and Superintendent of Public Documents permanently restraining further dissemination of what has come to be known as the "College Honoraria Survey," Judge Gesell is in clear violation of the speech and debate clause of the U.S. Constitution, the cornerstone of our democracy.

Yet this judge seeks to censor Congress. He sets himself up as a committee of one—an appointed and a non-elected committee at that—to tell Congress what it may or may not do.

Even if this report in question were without factual basis, if it were in fact fiction, Judge Gesell under our Constitution would have no right whatsoever to interfere with its publication.

But that is far from the case. The report was carefully and painstakingly researched and written by people who are experts in the field of subversion. It was closely scrutinized by the members of the House Committee on Internal Security prior to their decision to issue it to the Congress and to the American public.

It identifies more than 60 persons dedicated to changing our form of government, by force if necessary, who spoke to students and faculty members on college campuses, and it tells how much money they earned through these speaking engagements.

Some of them are household words, synonyms for revolution. To name just a few: Elaine Brown, Stokeley Carmichael, Angela Davis, Tom Hayden, Jerry and Nancy Rubin, and Abbie Hoffman. Others included are just as well known and some are not but all share a dislike and disrespect for our present form of government.

Thus we have the spectacle of a Federal district judge saying that the Stoke-

ley Carmichaels and Jerry Rubins of this world have the right to preach riot and revolution—for money—on our college campuses but a congressional committee does not have the right to identify them.

Mr. Speaker, under the House Committee on Internal Security's mandate it is not only the committee's right but its duty to submit reports on various people, so that Congress may be aware of their activities and, if necessary, write legislation concerning their involvement.

It is also the committee's right—and duty—to report on their activities for purely informational purposes.

Judge Gesell maintains in his opinion that the committee seeks to infringe on the first amendment rights of those named. That is nonsense. Nowhere in the report is it suggested that they do not have the right to speak or even that they should not. It simply names them and reveals how much they earned.

I fail to see why Judge Gesell and the American Civil Liberties Union want to shield those named from public knowledge. Most of them are proud of what they are or represent. One would think that they would be most eager to be thus identified.

But that is beside the point, Mr. Speaker. The point is, that Judge Gesell does not have the constitutional right to diminish the power of this great and venerable House.

We must not, Mr. Speaker, through laxity or inaction permit this matter to rest unchallenged. We must not let this judge establish himself or any other judge as a censor to this House or this Congress.

The eyes of history are upon us, Mr. Speaker. We cannot let history depict us as weak and ineffectual men in times that require strength and vigor to maintain our very existence.

Recently, a landmark decision was handed down by a Federal judge which threatens the investigative prerogatives of congressional committees. If upheld by the Court of Appeals, it could hamstring the effectiveness of congressional investigations and severely curtail the right of the people to know.

U.S. District Court Judge Gerhard Gesell issued a permanent injunction barring official Government publication or distribution of a report by the House Internal Security Committee listing the names and political affiliations of certain radical campus speakers. The judge reasoned that the report served no direct legislative purpose and concluded that its primary intent was to inhibit the free speech of the persons named. As such, he argued, it represents an unwarranted extension of congressional powers to the point of infringing upon the rights of individuals. In addition, he warned, the committee's action bordered dangerously on Government meddling with academic freedom.

In actuality, the committee's objective was to determine whether or not fees paid to campus speakers amounted to a significant source of financing for revolutionary groups. William Kunstler, lawyer for the "Chicago Seven," has publicly stated that speaking engagements are the prime means of financing such

causes. Consequently the committee determined to investigate the truth of his claim. A survey was taken in which close to a hundred colleges participated voluntarily.

The survey revealed that most of our campuses are exposing students—wherever the administration of the institution is directly involved—to a wide-ranging variety of speakers. Where student organizations autonomously sponsor the speakers, radical leftist orators predominated. Frequently in these cases, the amount of the speaker's fee is unknown because the college administration requires no accounting for the expenditure of separate student funds. From those records which are available, however, one can infer that the amounts involved are considerable.

The committee concluded that the campus speaking circuit is a lucrative source of funds for the promoters of disorderly and revolutionary activity among students. Moreover, such speaking appearances are not only revenue-producing but afford a forum for expanding the radicalization process. In consequence, the committee believed that the American public had the right to know the extent to which campus speaking engagements promote the cause of revolution. In particular, it wished to alert college administrators to the implications involved in allowing such speakers to appear on their campuses.

Contrary to the opinion of some misinformed wizards, the ruling of the court did not apply, and was never intended to apply, to Members of Congress. The courts have no jurisdiction over official public statements made by Congressmen. A Congressman would be fully within his legal rights in publishing the list. The court's intention appears to be to limit the access of congressional committees to channels of public communication. Thus the Government Printing Office was enjoined from publishing the committee's report. This decision, while it may not effectively silence members of the committee, therefore, could be the beginning of a precedent-setting trend to restrict the investigative functions of Congress to the narrowest possible interpretation and to limit the people's right to know the results of congressional investigations conducted on their behalf. The Court of Appeals should reverse this dangerous and unconstitutional decision. Under our form of government, the three branches are equal. The judiciary should not trample the rights of Congress.

CAMPAIGN FINANCE REFORM BILL

The SPEAKER pro tempore (Mr. ADAMS). Under a previous order of the House, the gentleman from Illinois (Mr. ANDERSON) is recognized for 60 minutes.

Mr. ANDERSON of Illinois. Mr. Speaker, I am today introducing a comprehensive campaign finance reform bill; a measure which I believe offers some concrete means for remedying the numerous deficiencies of our present system. I would like to begin by suggesting what appear to me to be some of the high priority areas for reform of campaign finance, and then briefly to summarize the

ways in which my bill attempts to deal with these problems.

The first and most obvious problem is the skyrocketing cost of conducting a political campaign. The following figures help to underscore the rapid escalation of the cost of running for public office in the United States: In 1952 total spending for political candidates at all levels amounted to \$140 million; by 1960 the figure was \$175 million; by 1964 it was \$200 million; and the cost of the 1968 election has been estimated at nearly \$300 million. This means that in the last 20 years the costs of political campaigns have increased over 100 percent, and in the last 4 years almost 50 percent. One does not have to be a mathematical wizard to understand that if these trends continue, by 1985 we will be talking about multibillion-dollar campaigns. The American people are now well aware of this problem. A recent Gallup poll indicates that a full 80 percent of those questioned favor a clear and fair limit on runaway campaign spending.

A second and related problem is that these huge sums simply cannot be raised on the basis of numerous small contributions by voters of average means. Instead, it is becoming increasingly necessary for candidates for major public offices to rely on large individual or group contributors.

In every presidential year since 1952, except for one, the Democratic National Committees have relied on contributions of over \$500 for upwards of 60 percent of their funds. In the same period in every year except one, the Republican National Committees have depended on donations of more than \$500 for over half of their campaign funds. And in congressional races, especially for the House, the tendency to depend on a few substantial contributors has become even greater.

In our present system the only alternative to dependence on large contributors is reliance on personal, or family wealth. Yet, the profoundly disquieting spectacle of candidates spending millions of dollars of their own funds to win primary and general elections from New York to Arizona during the last campaign reminds us that this is no option at all. For the essence of our democratic system is access to public office by any citizen of average means who can gain the confidence and support of his fellow citizens. We would have to admit, I believe, that this ideal is reflected only dimly by the electoral process in our Nation today.

A third glaring deficiency of our campaign finance system concerns the runaway cost and deteriorating quality of political advertising on the electronic media. In 1956, \$9 million was expended by all candidates on radio and TV advertising; this figure rose to \$25 million in 1964, and to over \$40 million in 1968—an astounding increase of almost 350 percent in a little over a decade. For presidential campaigns the rate of increase in media expenditures has been even more startling. In 1956, presidential candidates spent \$4.6 million for radio and TV; by 1968, the figure had climbed to \$20.4 million.

This increase of almost 400 percent for media spending in presidential campaigns helps us to understand why the total costs of presidential campaigns have increased from about 19 cents per vote in 1952 to 29 cents in 1960 and to over 60 cents in 1968. It also indicates that no attempt to get overall campaign spending under control would be meaningful without some emphasis on reduction of expenditures for political broadcasting.

If these huge amounts of money were being spent for informative and enlightening political programing, they might be easier to justify. But the sad fact is that the 10-, 20-, or 30-second spot has come to dominate political advertising on radio and TV. Between 1964 and 1968 spending for political broadcasting in the form of bloc programing remained stable at about \$5 million. But expenditures for spot advertising jumped over 100 percent in that period from \$10 to \$20 million. In 1968, almost 75 percent of funds expended for TV broadcasting were devoted to spot commercials and some informed observers predict that this may rise to 85 or 90 percent when the returns from the 1970 elections are calculated.

Not only do these spot commercials devalue the currency of political discourse, but they are also a most inefficient and irrational way of utilizing scarce resources. One of our colleagues from the State of Texas reported to a Senate committee holding hearings on campaign finance that he once bought a one-half hour program bloc on about half of Texas' 50 TV stations for \$12,000. Yet, to purchase the same amount of time on these stations in the form of short spot announcements would have cost over \$300,000. In 1968 a presidential candidate could have purchased time for a 1 minute spot commercial from one of the networks for about \$50,000. However, a half hour bloc of program time would have cost only about \$80,000. This means that for approximately the same amount of money a candidate could have either bought enough time to thoughtfully discuss his position on a number of important issues facing the Nation or he could have used a carefully produced tape showing him running along the beach, striding up the Capitol stairway or chatting with an important Government official.

When we consider the growing complexities of issues like the environment, military spending, fiscal and monetary policy, health care, and housing that will confront the Nation in the coming decade, it becomes clear that our elections must play a more educative and informative role than they have in the past. Yet unless something is done about what one news commentator has called the slick political commercials now polluting the airwaves, it is likely that emotionalism, simplification of issues, and empty rhetoric will carry the day.

A fourth major problem area in our election process concerns the inadequate and gap-filled system of reporting campaign contributions and expenditures contained in the 1925 Corrupt Practices Act. For instance, in one 1970 senatorial race the two major party candi-

dates spent an estimated \$5 million, yet neither acknowledged spending a single cent in reports to the Secretary of the Senate. And in another well-publicized Senate race, a candidate estimated to have spent almost \$2.5 million on media advertising alone reported no campaign expenditures.

The legal sieve which permits this kind of evasion and circumvention is, in my view, worse than no law at all. For it merely perpetuates and inflames the cynicism and suspicion of large segments of the American public. If we are to restore the faith and trust in our political system that will be a vital prerequisite to solving the problems that confront us today, a most important first step will be to open campaign giving and receiving to the full light of public scrutiny.

There are, no doubt, other aspects of the process by which we finance our political campaigns that could be singled out for special attention; but I want now to turn to my own proposals for reform.

I have attempted to develop a comprehensive campaign reform bill for two major reasons: First, I think there was no small amount of validity in the President's contention that the political broadcasting bill he vetoed was a half loaf that may have raised as many problems as it solved and that it was incumbent and discriminated against the broadcast media. Second, I have sought to develop a comprehensive measure because too frequently efforts at campaign finance reform seize upon a single objective, for instance lowering the costs of campaigning or providing public subsidies, and then merely fashion a mechanism for carrying out that narrow objective. Thus other important values or objectives may be sacrificed in the process of maximizing the original aim.

For example, the 1966 presidential campaign finance law gave clear expression to the limited goal of public subsidies for increasingly expensive political campaigns, but by making payments directly from the Treasury to the national party committee, it greatly diminished the dependence of our political parties on individual contributors, and thereby undermined an equally important objective of campaign finance reform: Namely, encouraging wider participation and giving by all classes of citizens.

Much the same kind of deficiency plagued the political broadcasting bill. By placing a sharp ceiling on expenditures for campaign advertising, the bill probably would have encouraged the final takeover of political broadcasting by spot commercials. For with sharply reduced amounts of dollars to spend candidates would have attempted to get maximum exposure through repeated, short spot commercials.

Similarly, if one were to place a ceiling on the total amount of money a candidate could spend in a campaign, but do nothing about the size of contributions he might receive, the candidate would find it even easier than at present to secure funds from a small number of large contributors; yet in doing so the

value of widening the base of campaign contributions would be undermined.

These examples suggest that in fashioning any truly comprehensive campaign finance measure a number of objectives need to be kept in view, and an attempt must be made to balance the several complementary objectives that true reform ought to include.

These objectives, which I have tried to write into this bill, include the following:

First, substantially lowering the total cost of political campaigns;

Second, reversing the current dependence of many candidates on a few large contributors or personal sources of wealth;

Third, increasing public support for and subsidization of certain costs of Federal election campaigns;

Fourth, Encouraging wider grassroots participation in the electoral process through small contributions and active solicitation by political parties and candidates;

Fifth, providing for public reporting and ready public access to all financial aspects of campaigns for Federal office;

Sixth, providing strong incentives for a stable two-party political system, and strengthening political parties, vis-a-vis special interest groups, in the electoral process;

Seventh, elevating political discourse and encouraging more adequate consideration of the issues during election campaigns, especially in the use of electronic media;

Eighth, equalizing, to some extent, the conditions of electoral competition between incumbents and challengers; and

Ninth, reducing public cynicism and suspicion of the electoral process.

Title I of the bill I am introducing today sets the framework for obtaining these objectives by thoroughly rewriting and reformulating the Corrupt Practices Act of 1925. This example of legislative miscarriage, I need not remind this body, is one of the most thoroughly disreputable laws on our books today. It fails miserably in its function of regulating campaign finance and informing the public of the source of political contributions and expenditures. It contains at least four major loopholes:

First, it does not include primaries, but in many parts of the country the primary is for all practical purposes the final election;

Second, Its reporting and expenditure limitation provisions do not include intrastate committees or candidate's committees organized in the District of Columbia, thus providing an easy means of evading the requirements of the law;

Third, It includes unrealistically low ceilings on candidates expenditures, which only further exacerbate the practice of circumvention and evasion through the proliferation of committees allegedly organized without the "knowledge and consent" of the candidates;

Fourth, It does not provide for an adequate central depository and administrative agency for processing and preserving data reported by candidates, and for checking on violations of the law and reporting them to the Attorney General.

I have attempted to close some of these

gaps by first, providing a new definition of the term "election" to insure that election activities in both general and primary elections and caucuses and conventions, are bound by the requirements of the act.

Second, the bill provides new definitions of three basic types of committees so as to make it nearly impossible for a committee to be formed that is not covered by the provisions of the Corrupt Practices Act. Under the new provisions of the law the term "national political committee" will be used to designate only political committees making expenditures of over \$1,000 in support of two or more candidates in two or more States. The term "State political committee" will be used to designate intrastate committees supporting two or more candidates. And the term "candidate's committee" will be used to designate any political committee expending more than \$100 and organized for the specific purpose of supporting a particular candidate for Federal office.

Third, the bill provides that all political committees shall observe certain requirements of organizational form, including having an official treasurer obligated to perform certain minimum reporting duties specified in the bill; and also provides that all political committees shall register with the Registry of Election Finance 10 days after formation, specifying such information as the name and address of the organization and its officers, the candidate or party being supported, names of affiliated organizations, and the place at which funds are to be deposited.

Fourth, the bill establishes a Registry of Election Finance in the General Accounting Office designed to provide a professional, full-time agency to collect, process, and analyze reports by candidates and committees and to monitor the law to detect violations. The bill also provides that no candidate's committee may collect or spend more than \$100 a year in behalf of a candidate without his written authorization, and that no national or State political committee may make direct expenditures in excess of \$500 without the candidate's prior authorization. Finally, the bill provides for the filing of reports each June and September 20, and on the 30th and 10th days before each election, and on December 31 by each candidate, candidate's committee and State and national political committees. These reports must include an itemization of each expenditure over \$50 and each contribution of more than \$10.

I believe that these new definitions and requirements for reporting make it feasible to provide ceilings on total spending by candidates and on the amount individual contributors may give to any one candidate. For clearly without tight definitions and reporting procedures and an agency equipped with modern information processing devices, spending ceilings are unenforceable and an invitation to disrespect and circumvention of the law. Believing that this bill does contain a workable system for tracing and accounting for most contributions and expenditures, I have provided for ceilings on total spending which include all

expenditures by candidates and candidate's committees as well as authorized expenditures by State and national political committees, as follows:

First, candidates for the office of President and Vice President may spend an amount equal to 10 cents a vote cast for that office in the last previous election, in both the primary and general elections.

Second, candidates for the Senate and House may spend 20 and 30 cents, respectively, in both the primary and general election campaigns.

The bill also limits contributions by any individual to \$5,000 to candidates for President, \$2,500 to candidates for the Senate and \$1,000 to candidates for the House. A further provision places a ceiling on the amount any national or State political committee may contribute to a candidate or candidate's committee with the exception that these ceilings do not apply to the official national party committee and congressional campaign committees of the major parties, or to State subdivisions of these party committees. The aim of this exemption is to encourage giving to political parties which are broad, mass-based organizations rather than narrow special-interest oriented political committees.

A second title of the bill provides a 50-percent tax credit for political contributions aggregating up to \$50 in any calendar year. A justified criticism of proposals to place a ceiling on the amount that any contributor may give to candidates is that they provide no way of replacing the great reduction in funds that would result. I believe that this provision for a tax credit substantially answers this criticism. It is designed both to make the average citizen more willing to give and political parties and candidates more willing to actively solicit. In the typical election campaign only 10 to 13 percent of eligible voters make political contributions of any kind. Yet, the campaign finance expert, Herbert Alexander, once calculated that between 25 and 35 percent would be willing to do so if encouraged by a tax incentive and if actively solicited by a candidate or political party. If this kind of increased participation in election finance actually results from the tax incentive provision of the bill, we will both have answered a strong criticism against placing ceilings on individual contributions and have furthered the laudable aim of broadening the base of campaign finance.

The third title of my bill deals most directly with that aspect of political campaign finance directly covered by the bill vetoed by President Nixon: The use and cost of political broadcasting on the electronic media. As I stated earlier, I believe one of the most unfortunate and even tragic aspects of the election campaign process in the United States is that almost by inadvertence we have transformed a medium rich in potential for elevating and invigorating political discourse into a forum for packaging and selling candidates like soap or cereal. On the final evening of the campaign I took the opportunity to stay at home with my family and was frankly horrified by the

barrage of 10- and 30-second political commercials that emanated from my television set; and in all fairness I would be forced to include my own in that criticism. We simply must begin to devise forums for thoughtful, intelligent presentation of the issues to the voters, and the way to do that, I believe, is to encourage candidates to use the medium of television for 15- or 30-minute programs on the issues rather than generally uninformative, sometimes misleading and often banal spot advertisements.

In order to accomplish this end I have tried to give legislative expression to the concept of "Voter's Time" proposed by the Twentieth Century Fund Commission. Voter's Time is a designation for blocks of TV program time to be provided to candidates for Federal office and to be paid for out of funds from the General Treasury.

Under my bill, candidates of major parties for the Presidency would receive six half-hour blocks in the 35 days preceding a general election, candidates for the Senate would receive three half-hour blocks and three 15-minute blocks and candidates for the House would receive two half hour blocks and three 15-minute blocks. The bill also provides a formula for distributing lesser amounts of time for qualifying minor party candidates.

The bill stipulates that all blocks shall be sold at the lowest commercial rate, made available during prime time and aired simultaneously by all stations in the jurisdiction. The only qualification on the way candidates may use Voter's Time is that it involves substantial live appearance by the candidate and employs formats intended to promote substantive political discussion and give the audience insight into the views, abilities and personal qualities of the candidates.

I believe that this time for serious political programing will allow any candidate sufficient public exposure and opportunity to present his views in a thorough and meaningful way to the voting public. Therefore, I have included a severe limitation of 1 cent per vote on the amount of money any candidate may spend to purchase additional commercial time. When you consider that the 180 minutes of voter's time provided presidential candidates by this bill would have cost a candidate \$12 million to purchase in the form of 60-second spots during the 1968 elections, it seems clear that we are not unduly limiting any candidate's access to the public airwaves.

Unfortunately, I have found it impossible to arrive at a suitable formula for distributing voter's time equitably and fairly in primary elections. In primaries, especially during presidential years, there may be two, three, or four times the number of candidates involved in a general election, as well as varying degrees of seriousness among the contestants. To provide time for all the candidates would literally require preemption of the airwaves during prime time for the entire period before an election. Yet, to attempt to contrive a formula to distinguish between serious and nonserious or major and minor candidates would inevitably be arbitrary. Moreover,

it might be wise to limit this rather novel proposal to the more stable and uniform general election campaigns during the first few years of operation. It would be unwise, I believe, to risk initial public disapproval of such a promising concept because of the uncertainties and difficulties of applying it in primary campaigns. If in time it proves viable, and as we gain experience with voter's time in general election campaigns, it will always be possible to extend the concept to primaries.

For the present I have included in the bill a stipulation that no candidate may spend more than 3 cents a vote for broadcast time in primary elections as a means of holding down costs. Hopefully, the experience with voter's time in general election campaigns will encourage candidates to purchase larger time blocks in the primaries.

The final title of the bill is designed very explicitly to deal with a major point made by the President in vetoing the political broadcasting bill: the built-in advantages of office that accrue to incumbents during political campaigns. I believe it to be entirely proper that every major candidate for Federal office have the opportunity to put into the hands of the registered voters in his district at least one concise and reasoned statement of his views on the issues. Yet, in some large States this costs well over \$300,000 in state-wide races, making it impossible or inefficient to do so by those who must use the mails.

I have attempted to partially eliminate this constraint by providing for the establishment of a special campaign frank to be available to House and Senate candidates in the 35-day period before both general and primary election campaigns. This would include two pieces of mail for every registered voter in the district for major party candidates in the general election and one piece for any minor party candidate that filed a petition with the Registry of Election Finance bearing the signature of 5 percent of the registered voters in his district. During a primary election campaign two pieces of mail for every registered voter would be allotted to candidates filing petitions bearing the signatures of 5 percent of the registered voters in the jurisdiction, and one piece of mail for candidates filing petitions bearing the signatures of 3 percent of the voters.

Taken together, I believe the provisions of these four titles offer considerable hope for an equitable system of campaign finance that will command the confidence of the great majority of the American people. Most of the provisions of these titles, of course, are not really original and have been proposed in one form or another more than once during the past 10 years. I have merely tried to combine them in a comprehensive package that promotes several desirable objectives. While it is perhaps unusual to introduce such a major piece of legislation in the closing days of a Congress, it is clear to me that the American people are overwhelmingly in favor of thorough reform of political campaign finance, and that the postelection concern with this problem is likely to be dissipated and

obscured by new issues and preoccupations if concrete legislation is not offered before the 92d Congress convenes.

RELIEF HELP FOR VICTIMS OF PERUVIAN EARTHQUAKE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. EDWARDS) is recognized for 5 minutes.

Mr. EDWARDS of Alabama. Mr. Speaker, the Senator from Massachusetts (Mr. KENNEDY), in a speech the other day called U.S. relief help for the victims of the Peruvian earthquake "a fiasco."

These are words hardly calculated to bring us together or instill confidence, either here in the United States or abroad.

In any event, the gentleman from Massachusetts did not back up his language with facts. He had none.

However, I do.

Let us look at this so-called fiasco.

All told, the nations of the world and independent groups contributed \$43,040,490 for Peruvian relief. Of this sum, the U.S. Government donated \$16,441,000, and total American aid, public and private, came to \$26,741,000.

That is a lot of fiasco, especially when you consider that the dollar figures do not include contributions of manpower, either private or public.

More than 50 private American organizations contributed. I do not believe the Senator from Massachusetts was involved.

For his edification, I should like to include an editorial from the Lima, Peru, newspaper, *Ultima Hora*:

The disaster of May 31, which resulted in misery and pain for thousands of Peruvians, moved the entire world. Among the massive assistance received from abroad is worthwhile noting the very significant and valuable contribution of the United States.

There has been and there continues to be serious concern on the part of the Administration of the North American Government . . . the White House sent out a call to the American people to come to our assistance. The President himself appointed ex-Cabinet Minister Robert Finch as the Presidential Coordinator for the assistance operations.

NURSERY SCHOOLS START MOLDING SOCIALIST MAN

The SPEAKER pro tempore. Under a previous order of the House, the Chair recognizes the gentleman from Louisiana (Mr. RARICK) for 10 minutes.

Mr. RARICK. Mr. Speaker, "nursery schools start molding socialist man," captions a recent story by a Canadian correspondent following his visit to Communist China.

From all reports, the success of communism in perpetuating its system for tomorrow is by indoctrination of young people today which requires state full control over youth including separation from their parents.

This method of early youth training is routine in all Communist countries, as well as the system in National Socialist Germany under Hitler's iron hand. It has

never been accepted as a traditional education program in the United States.

Yet, our people who are quick to perceive the evils of thought control by state domination of youth in other countries have difficulty in grasping the direct correlation with what is taking place in the public schools in the United States.

Preschool-age training has been an announced goal by HEW and is being advanced under Headstart programs. In federally funded and supervised educational programs, more emphasis is being placed upon thought control than thought development by the injection of divergent activities such as sex education, sensitivity training, minority culture exposures, and other new so-called progressive programs. The individuals presently at the helm of the national education movement continually issue directives in order to diminish parental guidance and interference. More and more emphasis is placed on complete separation of the child from his home and parents, sought to be justified as in the best interest of the state.

While we have no way of knowing what happens to parents behind the Iron Curtain who may protest to their infant children being trained as Communists—they are probably taken out and shot, or found insane and committed to a mental institution—there is developing a national pattern for precedent in handling American parents who are objecting to their children's minds becoming state owned.

In Minnesota, parents objecting to curriculum deficiency feel duty bound for the protection of their children to remove them from school, feeling that they are better off being denied a formal education than to be molded as Socialist zombies.

In the State of New York, the Gerald Graceys objected to the new Socialist curriculum and took their children out of the public schools. Within the month the parents were summoned into court where a judge ordered six of the nine Gracey children removed from the home and placed in foster homes where speculation has it that they were forced to return to school against the parental wishes.

In the State of Oklahoma, the parents of Ray York, a 14-year-old schoolboy in Oklahoma City, were found guilty of criminal contempt by a Federal judge for refusing to comply with the court's order that the child be bused out of the neighborhood to attend another school to achieve racial balance. The original sentence of 30 days and \$1,000 per parent was reduced by an appellate court to \$250 for Mr. York and \$500 for Mrs. York.

Thus, in the United States educational experimenters are pursuing a destructive course by using our schools to mold the socialist man just as has already been accomplished in Communist countries. But in the United States we find God-fearing parents refusing to surrender their children to the dictates of the Government.

If anyone doubts that there are still Americans left who are able to preserve our heritage, who value the stewardship as a parent, what further proof is needed

than the courage and dedication of the Yorks, the Graceys, and the Minnesota family?

Mr. Speaker, I ask that several news clippings and letters I have referred to in my speech be made a part of my remarks:

[From the Washington Post, Nov. 26, 1970]

NURSERY SCHOOLS START MOLDING
SOCIALIST MAN

(By Norman Webster)

PEKING.—The children were 5½ to 6 years old and they were lovely. They sat attentively at pint-sized desks as the teacher led them through their numbers.

First she used an apparatus with colored beads and they counted in unison as she moved the beads. Then came some arithmetic.

The teacher put 10 airplane cutouts on a board. "The United States imperialists have sent 10 planes to bomb Vietnam," she said.

She brought out a toy automatic rifle, took aim and fired. The weapon made a splendid ratatat sound. She took down nine planes. "Our heroic Vietnamese brothers have shot down nine planes. How many are left?"

Several children put up their hands. A little boy in front was chosen. He answered correctly and was congratulated.

A harder problem: If eight students in the countryside helping the peasants with the harvest are joined by nine more, how many students are helping the peasants? A girl at the back gave the answer. She had little braids bound with bright ribbons.

The girl and her classmates are the children of workers at the Peking-Number Three Textile Mill. In China's cities a majority of mothers with young children hold steady jobs, and the community provides facilities for their families.

Not all working parents send their children. They may prefer to leave them at home with an elderly relative, if there is one. But very many do use the communal nurseries.

Both day care and week care are available. Children who stay for the week are 3 or older. They go home for part of Saturday and all day Sunday. This arrangement is especially convenient for a mother working a night shift.

The two factories I have visited in China—the textile mill in Peking and a sewing machine factory in Canton—had facilities for the young children of working parents. They looked good, and the children seemed well cared for.

As in most other areas of Chinese life, the political element loomed large. Molding of the new socialist man begins right after the toddler stage in China.

In Canton the youngest children were in cribs in a noisy nursery attended by white-garbed ladies. Some babies come the day their mothers return to work after their 56-day maternity leave. The mothers get an hour off each shift to nurse them until they are approximately a year old.

And there was entertainment. Children at both the textile mill and sewing machine factory supplied it for their visitors.

In the former, a group of 6- to 7-year-olds seized pikes and rifles and recited Chairman Mao's May 20 statement: "People of the world, unite and defeat the U.S. aggressors and all their running dogs." Then they did a dance while singing that the Indochinese peoples had taken up arms and were marching forward together.

As a teacher plunked away at the piano, they went on to sing cheerfully that political power grows out of the barrel of a gun. Then came a skit celebrating the launching of China's satellite.

At the sewing machine factory little girls waving yellow and pink paper flowers sang "The East Is Red," ending with the shout: "Long live Chairman Mao! Long Live the

Communist Party of China!" The ritual verbal beating was administered to Liu Shao-chi.

Then a group of 5-year-olds informed us that the Chinese people, armed with Mao Tse-tung Thought, were invincible. Should they dare to attack China, U.S. imperialism and (Soviet) social-imperialism would be soundly thrashed—indeed, completely wiped out.

Then the finale. "What I sing are Chairman Mao's quotations," rang out the piping voices.

November 27, 1970.

Subject: Minneapolis Public Education.

Representative JOHN RARICK,

Washington, D.C.

DEAR MR. RARICK:

To Whom It May Concern:

We moved to Minneapolis in the first of January 1970. Upon registering the children in school, we ran into various problems with the curriculum. The schools here are "way behind. Every thing that was offered, in the traditional subjects at least, our children had already studied. From early January, until we removed the children in May, they reviewed material they had already studied. The counselor in junior high found it difficult to place the oldest boy, as he had taken everything that was scheduled, and more. From January 5 to May 18 was a complete waste of time; no additional education.

Traditional education in the Minneapolis Public Schools is—shall we say, "obsolete", "old-fashioned"—"out of order". It seems it isn't necessary, in this day and age, to know how to read, write, or spell; and correct grammar went out with the spinning wheel.

Within ten days of our registering the children (my wife had spoken to the teachers, individually, and told them our children were not to have sex education in any form) we were already engaged in swapping irate notes with one of the teachers, and the principle at Lyndale school, about a film that had been shown in one of the classes, and the "spontaneous" discussion that followed the film. We became aware that the film had been shown, and the "discussion" had occurred, when our daughter began relating, in detail, all about the mating of animals—at the breakfast table. We sent a note to school saying, among other things, that our children were to view absolutely no more "visual aids"—and we plainly stated our reasons.

With a few minor exceptions, as far as we knew, our children's education went along smoothly until early April, when the teachers took their "Spring vacation". Incidentally, I wonder what this little episode taught the children in the modern "total child" concept? On the last day before the teachers took this "leave of absence", our daughter brought home a note from school saying, in part, "—teachers have begun, or will begin teaching a unit on Health," and, Human growth and maturation and the effects of drug abuse will be included in this unit."

When the teachers were out, this subject was pretty much a dead issue; but as soon as school was in session again, I went to see Mr. Corwall, to make certain that my children would not take this course. He sent me to Mr. Indehar, who assured me "If you don't want your children to have an aspect of sex education, —they will be removed from any class in which it is happening." Just a few days later, my wife visited the school, on another matter altogether, and witnessed a session of a "Minority History" (otherwise known as "Minority Culture") class. We later learned that this had been the highly-touted "task-force" class. The history class serves out to create friction between the negro and the white children, and between these children and their parents. One suspects, after attending one session, that this friction is the very purpose.

Another day, one of the kids brought home a thinly-disguised Psychology test titled, "What do you think?" We had previously told the kids how to recognize these tests, and not to fill them out, but to bring them home. The schools have no business either administering these tests or using the data acquired in any way; nor do they have either the authority or the facilities to function as self-styled psychoanalysts.

Pollution studies in each of the younger children's classes, while ostensibly included in the course of studies for the very worthy purpose of preventing the coming generation from suffocating in its own waste, invariably include a few paragraphs near the end, warning of a possible "population explosion" or of "people pollution." Incidentally, scientists disagree on the extent, or even the validity, of the claims of the pollution propagandists, but the propaganda goes on and on. . . . This continual harping on a population explosion (which will, or will not occur, depending on which "expert" you choose to believe) is intended to condition our children's minds to accept mandatory birth control within their lifetimes.

The "Human Relations" course is obviously the Elementary School equivalent of the adult (but more honestly titled) sensitivity training which is being forced upon the teachers. It is aimed at producing lower moral standards in the students. Its purpose is to produce a "change" by realigning loyalties away from family, home, church, and even nationality. Abusive and gutter language is condoned, and even prized as "an honest expression of true feelings." After brutal criticism of one's home, family, friends, religion, attitudes, beliefs, and ideas, one is apt to doubt that he has any values worth keeping or defending. Personal values, convictions, and morality are sacrificed to those of the group; individual intellect is subjugated to the group's emotions; individual security, to group security. Young children, since they are usually very naive, sincere, and impressionable, are particularly vulnerable to these series—intended to achieve a drug-like reaction, or a conditioned response to catch-phrases—to "depersonalize," and anyone who tries to be an individual will be looked upon as odd, reactionary, or antigroup.

To us, any parent or educator who submits himself, or his children, willingly or otherwise, to sensitivity training is not fit to teach our children.

Two of our children were supposed to have returned their "autobiography" to class as part of their regular assignments. This particular thing is only one of a number of snoop techniques currently used in the public schools system (along with psychology tests and the various facets of sensitivity training) to invade the last vestige of any pretense to the right of family privacy. Clearly, this is in direct violation of the fourth amendment to the United States Constitution.

From our contact with junior high school students in Minneapolis, we have observed that their attitudes are overwhelmingly collectivist in quality; by the time the student is this age, his mind is far down the path of collectivist subversion. The traditional subjects, Reading, Writing, Mathematics, English, Science, History, Geography, Spelling, and Hygiene (notice that I did not include "Social Studies") must take a backseat to the "total child concept" of education, major points of which, most of this letter describes. Those pushing for these are invariably members of the collectivist "far left". We will not allow these people and their concepts to deprive us or our children, of our independence, or our rights to think, choose, and do for ourselves.

Dr. Kennedy, and other professional educators, claim that we are depriving our children of an education, and we answer, "What education?"

"Family Life" belongs to the parents; Sex education belongs to the parents; Guiding the children's minds in the "right direction" belongs to the parents; "Human Relations" belongs to the parents; the right to privacy belongs to the individual members of the family. For the reasons we have stated, we took our children out of school May 18, 1970 and have no intention of sending them back, as long as the school system insists on thus violating our rights.

It's sad and pathetic that so many parents are so ill-informed as to what is really happening to their children. Some may be genuinely convinced that the school system is doing exactly the right thing; but we feel that when most parents become aware of the true situation, they will have no choice but to do as we have done: remove their children from the school system, and prevail, en masse, upon the school board, to get back to education, and upon their state legislators, individually, to protect our privacy from the psyche-snoopers.

The preceding letter was sent to our Superintendent of Schools by myself and my husband.

The too long arm of the law, the Judiciary reaching out to usurp the powers of the Legislative branch of the U.S. Government, is nowhere as evident as in the field of so-called civil rights, specifically in the area of desegregation and "racial balance." The public educational system is being destroyed by busing and the subjects they are pushing, and which flouts the will of Congress as expressed in the Civil Rights Act of 1964. Concerned parents, are up in arms figuratively to prevent the use of their children as instruments of social change, pawns in the revolution.

A CONCERNED PARENT

—
PONY-U, INC.,
Parents of New York United Inc.,
Clarence, N.Y.

GRACEY FAMILY IN THE DESPERATE PLIGHT

The Gerald Gracey family of Mexico, New York are fighting for the right to keep their own children. Their desperate plight has called forth widespread response from all parts of the country.

A local Reporting Committee for PONY-U Inc., Parents of New York United, talked with Mrs. Gracey on October 27th, in her Mexico home.

They reviewed the following events of the case with her:

Early in September the Graceys took their children out of the Mexico Public Schools. The parents objected to teachings which they contend are against their religious tenets. They are devout Roman Catholics.

Mrs. Gracey secured school desks and necessary teaching equipment. She has since that time taught them herself, keeping a five hour instructional day during the school week.

On September 28, Mr. Gracey was summoned to appear in Oswego Family Court, for a hearing. He had not been able to secure the services of a lawyer, although he had called the Pulaski Legal Aid Bureau, and several attorneys in private practice. The presiding Judge, Donald Comstock failed to provide him with a lawyer. He ordered a welfare agent to enter the Gracey household, and investigate their family life.

The agent reported back to Judge Comstock that the children were "receiving excellent care", and "sound moral teachings."

On October 14, Mr. Gracey appeared in court again, in answer to a summons. He still did not have a lawyer. He got no response of help or service from lawyers he contacted. Judge Comstock did not give him court-appointed counsel, but did assign a Mr. Robert Hurlbutt as guardian of the

Gracey children. The judge ordered the removal of six of the nine children from their home.

On October 19, two Sheriff's Deputies, and two matrons took the children to three foster homes. The Graceys did not know where their children were for better than two days!

Through an appeal to a priest outside their own parish, United Press and Associated Press were alerted, and the story out over the nation. Calls and letters from all parts of the country brought expressions of shock and sympathy to the Graceys. Some people have offered financial assistance.

A New York attorney, Mr. James McKenna has agreed to represent the Graceys.

Mr. McKenna brought a show cause order to Judge Comstock, who had the children returned to their parents on October 25th. But they are still under the guardianship of the court appointed lawyer, Mr. Hurlbutt.

Following the release of the Gracey children, Judge Comstock received two phone calls, threatening to bomb his house. According to the Syracuse Post-Standard, State Police evacuated the Comstock residence, but no such attack materialized. Speculation runs high on what connection this has with the case. Was it a move to get people to sympathize with the judge?

When the Graceys go to court to fight for their natural right to keep their own children, they will be fighting for all of us. They will be defending the sanctity of our most basic national group—the Family. The main issue will be: whether or not the State Education Department can gain the power to seize and remove children from their parents, on grounds that some kind of educational requirements are to be fulfilled this way.

Please bear in mind, that if a few cases could be decided quietly, in small courts, in favor of school systems having this power, a precedent would be established. Then you and I and all other citizens would be placed in real and immediate danger of losing our children, on the decision of a school agency.

We also interviewed Mr. Elvin Pierce, Supervising Principal of the Mexico Schools. He indicated to us, in person, that this will be a test case, whether or not parental objections and Constitutional rights can be overridden by the State Education Department may be decided here.

He also stated that "for some time, five or six years", there "had been talk" of taking children away from their homes, "to put them in distant schools."

One type of school program which takes children to distant locations is the education park. There is such a plan for the Syracuse area. There is also one for the Buffalo area, called "Project 1990", headed by Dr. Lamatie of SUNYAB.

Education parks are large schools where thousands of children would be concentrated, for long periods of time, totally isolated from the community and family.

This type of program could not be put into effect, unless parents are stripped of their rights to care for their children at home, to raise them in their own traditions and religion, and to guide them in their social life.

Within the fortress of the family the rights of individuals are established and preserved. From birth to death family structure provides the individual with his name and security in society. All our countrymen enjoy legal rights and responsibilities as "family members" and as potential family originators. When the walls of the family fall, so will die law and rights in our country. So will die all strength to support our free way of life. Search and seizure with permanent disappearance of citizens could occur.

I appeal to you and your friends to help these besieged citizens. Mr. Gracey is a Korean War Veteran, and a member of the V.F.W. He is a millwright, employed by Alcan Aluminum.

A preliminary hearing is scheduled for November 13 in Oswego Family Court. The court battle may be long and costly. The importance of its outcome to all of us cannot be overestimated.

Please make contributions payable to: PONY-U, Inc. Parents of New York United Legal Fund for Gracey Family, Box 20, Clarence, New York 14031.

[From the Daily Oklahoman, Jan. 20, 1970]

MOM MAPS PLANS—RAY WON'T GO BACK TO TAFT

(By Ron Fulkerson)

While 14-year-old Ray York sat in federal custody Monday, his parents began mapping new plans for his education and for a school boundary battle they say they will take to the U.S. Supreme Court.

The York boy was taken in custody by a deputy federal marshal outside Taft Junior High in accordance with an order by U.S. Dist. Judge Luther Bohanon.

The boy has been attending Taft since the start of school, although under the school system's integration plan, approved by Bohanon, his residence at 2608 NW 44 is in the Harding Junior High attendance district.

Bohanon last week ordered the boy's parents, Mr. and Mrs. Raymond York, to stop sending him to Taft and send him to Harding if he remains in public schools, and ordered marshals to keep him in custody during school hours if he attempted to enter Taft or its grounds.

Late Monday, Mrs. York describing herself as "tired after a hectic day," said she had no plans to continue attempting to keep Ray in Taft.

"We won't be back Tuesday," she said. "The point has been made. I don't intend to subject Ray to this any more. From now on, they can deal with me."

The housewife said she'll "wait and see" if she is to be jailed or otherwise penalized for refusing to comply with Bohanon's order. "I don't know what the judge will do," she said.

Mrs. York said her family next will go to the courts to resolve the matter of whether Ray's forced transfer to Harding violates the Yorks' civil rights or is in violation of the 1964 Civil Rights Act.

She said donations to aid in the court fight "are still coming in. We don't have nearly enough yet to finance the appeals, but as far as I'm concerned, the case will definitely go to court."

Meanwhile, Ray spent the day at the federal building with marshals he described as "nice."

The boy said the officers "took me through their building, showed me how they operate and what the other officers do."

Ray, an above average student, said he felt the marshals took him in custody only because they were forced to.

"I knew they were going to do it sooner or later," the boy said. "I knew they were ordered to do it, and it was what they had to do or lose their jobs. So I don't hold anything against them for it."

Mrs. York said late Monday the family is debating whether to enroll Ray in a private school or arrange for private tutors to train him.

In any case, the boy will never attend Harding, she said.

"We don't know what we're going to do, yet," the mother said, "Ray has to have an education."

She said the family has had an offer from an elementary school principal to tutor the boy, and this is being considered.

Ray was taken in custody Monday by U.S. Deputy Marshal Richard F. Moerck. "Son, you'll have to go with me," the deputy told the boy as he and his father approached the school.

A crowd of supporters nearby chanted, "What's he charged with? What's the boy charged with?" as the marshal and Ray walked away.

The marshal's office said Ray had not been arrested, that he was merely taken into custody. Asked the difference, a spokesman said, "Technically, there isn't any."

"I'd like to scream, I'd like to cry," Mrs. York said as Moerck led her son away.

YORK CASE

[From the Dan Smoot Report, vol. 16, No. 48, Nov. 30, 1970]

Last school year, Ray York, a 14-year-old boy in Oklahoma City, refused to leave the public school in his neighborhood and be bused (for "racial balance") to another school. The school board brought suit in federal court against the boy's parents. On January 19, 1970, Ray was arrested for trying to attend his neighborhood school. On January 23, federal judge Luther Bohanon held Ray's parents in criminal contempt of the court's order to keep Ray away from his neighborhood school. Judge Bohanon sentenced Mr. and Mrs. York to 30 days in jail and \$1000 fine each.

The Yorks put Ray in a private school, and appealed their case. Their lawyer is General Clyde Watts, who represents them without fee. Concerned citizens all over the United States (mostly subscribers to this Report) contributed enough to a York Defense Fund to finance the costs.

While the case was pending in the U.S. Court of Appeals at Denver, Judge Bohanon discovered that, in sentencing Mr. and Mrs. York, he had violated federal law (18 U.S.C. Sect. 401), which provides that a federal court may punish criminal contempt "by fine or imprisonment," but not by both. Judge Bohanon eliminated the jail sentences.

On July 29, 1970, the appellate court, relying on an unidentified (and non-existent) constitutional provision, held that the federal judge did have authority to enforce the school board's ruling, and that the Yorks should have obeyed the court's order even if it were invalid. The appellate court said, however, that the school board should not have taken the York case into federal court; and it concluded that the \$1000 fines against Mr. and Mrs. York constituted "harsh and excessive" penalties. While affirming that the Yorks were guilty of criminal contempt, the appellate court reduced their fines: Mr. York's to \$250; Mrs. York's to \$500.

The Yorks have appealed to the U.S. Supreme Court. Meanwhile, the complications of "racial balance" have caused another reshuffling of Oklahoma City school districts. Schools in Ray York's neighborhood are once again in his district. The boy is now attending public school in his own neighborhood, which is what a U.S. Marshal arrested him for trying to do on January 19.

Speaking for myself, and on behalf of the York family, I express deep appreciation to all who contributed to the York Defense Fund.

SECRETARY ROMNEY MAKES A DECISION

(Mr. PATMAN asked and was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, yesterday, the Secretary of Housing and Urban Development, George Romney—after a protracted delay—finally decided to lower the ceiling on interest rates on FHA and VA home mortgages.

The Secretary lowered the rate one-half of 1 percent, leaving the effective FHA interest rate at 8½ percent includ-

ing the mandatory one-half percent for insurance. Unfortunately, the Secretary delayed many months too long in making this decision. The need for a reduction in the FHA-VA rate has been obvious and there has been no satisfactory explanation for the atrociously slow decision-making process at HUD.

An earlier lowering of the ceiling by HUD would have stimulated the entire housing market and would have forced conventional interest rates down more rapidly. Like the commercial banking industry, the Secretary of Housing and Urban Development has one speed for imposing higher interest ceilings and another when the rates are brought down.

The Nixon administration had been in office only 5 days when Mr. Romney raised the interest rate on FHA mortgages from 6¾ to 7½ percent—plus one-half of a percent for insurance. The Secretary showed no hesitancy and in fact this was his first act and decision in his new position. Not satisfied with this ceiling, the Secretary of Housing and Urban Development issued an order on December 30, 1969, raising the rate a full percentage point to 8½ percent plus one-half percent for insurance.

Mr. Romney ignored repeated pleas from Members of Congress to take a look at the interest rate picture and to lower the FHA-VA ceilings.

Mr. Speaker, I include in the RECORD at this point a telegram which three members of the House Banking and Currency Committee sent to Secretary Romney on October 23 and a letter which I sent the Secretary on November 23:

OCTOBER 23, 1970.

HON. GEORGE ROMNEY,
Secretary, Housing and Urban Development,
Washington, D.C.:

As you know, many Democratic Members of the Congress disagreed strongly with the two increases which you imposed on the FHA and VA interest rate during first year as Secretary of the Department of Housing and Urban Development. We feel these increases were serious mistakes which helped to lock in high interest rates for all types of home mortgages.

FHA and VA interest rates stood at 6¾ per cent when the Nixon Administration took office and today, under orders signed by you, these rates have risen to 8½ per cent. In the case of FHA mortgages, there is another ½ per cent for insurance, leaving the homeowner saddled with a 9 percent rate, contrary to your claims, the interest rate increases did not eliminate the onerous discount points on mortgages.

We urge you to reconsider your earlier actions and take steps to lower these rates substantially. The prime lending rate now charged by the commercial banks is 7½ per cent and we do not feel the Federal Government should be insuring home mortgages at a higher rate. Certainly the homeowner deserves the same break in the cost of money as the big corporations.

Mr. Secretary, many of us in the Congress have long sought lower interest rates, particularly for home mortgages. We urge you to act without delay to roll back your recent interest rate increases. Such action would do much to revive housing production which today stands at less than half of the nation's need.

WRIGHT PATMAN,
WILLIAM A. BARRETT,
LEONOR K. SULLIVAN.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., November 23, 1970.

HON. GEORGE ROMNEY,
Secretary, Department of Housing and Urban
Development, Washington, D.C.

DEAR MR. SECRETARY: AS I am sure you noticed, the commercial banks have announced another reduction in the prime lending rate. This rate now stands at 7% and is two percentage points below the effective interest rate charged the consumer on FHA home mortgages.

Since you took office, less than two years ago, you have signed orders raising the FHA-VA interest rate twice. It is now far out of line with other interest rates and it is important that you act quickly and vigorously to lower this rate in line with other reductions in interest charges.

On October 23, along with my colleagues on the House Banking and Currency Committee, Mr. Barrett of Pennsylvania and Mrs. Sullivan of Missouri, I wired you urging an immediate reduction in the FHA-VA interest rates. Today, I re-urge this reduction to at least a level equal to the prime rate being paid by the big corporations.

As you know, Mr. Secretary, your authority to maintain FHA-VA interest rates above the statutory 6% level is temporary. This power expires next October and your present reluctance to lower the FHA-VA rate will undoubtedly be taken into consideration when we look at this temporary authority in the 92nd Congress.

Mr. Secretary, I am puzzled and deeply concerned by your failure to act to help the nation's homebuyers. If there is any reason to keep the FHA-VA interest rate at its present high level—far above commercial lending rates—I hope that you will inform the Banking and Currency Committee immediately. None of us here are aware of an economic rationale for this large discrepancy between home mortgage rates and the lending rates being paid by corporations and other prime customers.

Sincerely,

WRIGHT PATMAN.

Mr. Speaker, the Secretary of Housing and Urban Development is able to manipulate these interest rates above the statutory 6 percent under temporary authority granted him by the Congress. The granting of this power has been a controversial matter in the Congress and many of us have been quite reluctant to continue the authority. This temporary authority expires next October and I hope that we will take a careful and long look at Secretary Romney's use of this power. The evidence at hand indicates that the Secretary has difficulty administering this authority when interest rates are coming down.

Mr. Speaker, the homebuilding industry is still in a deep depression and we need bold steps by the officials who administer housing programs and such things as FHA interest rate ceilings. Only bold steps will cure the massive ills of the housing industry.

The first 2 years of the Nixon administration have been marked by cautious, timid, and backward-looking approaches on all housing programs. Attempts by the Congress to spur housing construction have been met by negative outbursts from the administration. At this moment, the Congress is struggling with an appropriations bill designed to repair the damage to the housing industry left by President Nixon's veto of all funds from the Department of Housing and Urban Development in August.

Secretary Romney may well be a captive of this reactionary, Republican, policy toward housing but I urge him to strike out on his own and to set a bolder course. I urge him to move more rapidly in lowering the ceilings on FHA and VA interest rates and to take a more constructive view toward housing programs put forth by the Congress.

In urging Secretary Romney to take a bolder course, I do not underestimate his troubles in an administration that apparently has no qualms about removing independent-minded Cabinet officers. I am sure that the recent personnel actions have sent a shiver through all of the bureaucracy, but I hope this fact does not deter the Secretary of Housing and Urban Development from doing what is right on housing programs.

SAFETY IN THE COAL MINES

(Mr. HECHLER of West Virginia asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HECHLER of West Virginia. Mr. Speaker, on November 20, 1968, the Nation was shocked by the terrible disaster at the Consolidation Coal Co.'s No. 9 mine at Farmington, W. Va., which took the lives of 78 coal miners.

Two years later, on November 20, 1970, the Morgantown, W. Va., Post saluted the Consolidation Coal Co.'s Christopher Division mines which swept first, second, and third place in the 1969-70 contest for the safest deep mines in northern West Virginia employing more than 150 men.

I join the Morgantown Post in congratulating the Christopher mines on this safety record and hope that other coal mines throughout the country will emulate Christopher division in this respect.

Despite this fine safety record of Christopher mines and the high promise of the Federal Coal Mine Health and Safety Act of 1969, more coal miners are getting gassed, crushed, and burned to death since the safety provisions of this landmark legislation went into effect April 1, 1970. Since then, 141 coal miners have gone to their deaths while on the job as compared with 126 miners being killed in the same April-November period of 1969. We have had dozens of "Little Farmingtons" since November 20, 1968, with the death toll of coal miners mounting to an unbelievable 414—or more than five times the number killed at Farmington. Christopher division's safety record shows that this mass killing can be stopped since not a single fatality was recorded in the Christopher division mines during the 1969-70 safety contest period. I include in the RECORD the following article from the November 20, 1970, Morgantown Post:

AMAZING, UNPRECEDENTED RECORD OF MINE SAFETY

We've noted several times in the past few years that perhaps the Humphrey Mine of Christopher Coal Company near Morgantown is about the safest place around in which to work. The accident figures over the years bear out this fact.

Now, we've received the report on the latest statistics, and they show that all Christopher mines, not just Humphrey, are safe places to work.

The figures were made public at the annual Safety Day of the Central West Virginia Coal Mining Institute.

They show that three Christopher mines placed first, second and third in the 1969-70 contest for the safest mine operations among deep mines employing over 150 men.

This amazing, unprecedented sweep of top honors in this category was made by Humphrey No. 7 Mine, which placed first, Osage No. 3 Mine, second, and Pursglove No. 15, third.

The three mines—part of the Christopher division of Consolidation Coal Company, mined a total of 7,022,235 tons during the 12 months ending June 30 this year, without a single fatality in amassing this impressive safety record.

Further dramatic evidence of the Christopher safety program lies in the fact that in the 1,998,576 man-hours expended in producing this tonnage, for the entire period there were only nine lost-time accidents.

This resulted in an average frequency rate per million man-hours of only 5.13.

Humphrey Mine produced 3,106,580 tons of coal during the period, with 956,488 man-hours labor involved. There were no fatalities and but three lost-time accidents. This resulted in an accident frequency rate of 3.13.

The Osage operation mined 2,485,605 tons of coal, requiring 650,552 man-hours. There were no fatalities but three lost-time accidents resulted in a frequency-rating of 4.61.

Likewise the Pursglove mine earned a frequency rating of 7.66 as a consequence of expending 391,536 man-hours, with but three lost-time accidents and no fatalities as it produced 1,430,050 tons during the year-long contest.

The contest ran from July 1, 1969, through July 30, 1970, and was supervised in its entirety by personnel of the West Virginia Department of Mines, at Charleston.

Each mining operation's safety program was judged on the basis of monthly reports submitted to the state mines department each month during the period.

These reports disclosed month by month how many men were employed, recorded details involving accidents whether or not a fatality occurred, and whether any accident was sufficiently severe to result in loss of time from work of employees. In addition figures were recorded to show the amount of coal produced.

The mines entered in the contest were those situated in the northern District I of the state—the 29 northernmost counties in which mining operations were periodically inspected by state mine inspectors.

The figures are indicative of careful planning and good safety programs by Christopher and Consol, but more than that, they attest to the high caliber and the attentiveness to safety rules on the part of the miners.

People, not mines, cause accidents, and the men of Christopher are setting a wonderful example for the rest of the industry. They are showing that it can be done.

MR. CHARLES OVERBY LEAVES THE CAPITOL PRESS CORPS

(Mr. FULTON of Tennessee asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FULTON of Tennessee. Mr. Speaker, Mr. Charles Overby, currently the assistant manager of the Nashville Banner's Washington Bureau, will be leaving the Capitol Hill press corps next week to assume duties as the Banner's chief political writer.

In his new position Mr. Overby will succeed Mr. Ken Morrell who has been elevated, after many years of careful and in-depth political reporting for the Banner, to the position of executive editor.

Mr. Overby is a young man but possesses a keen mind and a sharp instinct for political writing founded in a broad range of experience.

He spent most of last fall covering the elections in Tennessee. Prior to that he has covered the activities of President Nixon and Vice President AGNEW.

He also has worked closely with the Tennessee delegation and I have always found him to be a newspaperman of the highest integrity, ability, and fairness.

Mr. Speaker, Mr. Overby will be missed here on the Hill but Washington's loss will be a gain for the readers of the Nashville Banner, of which I am most loyal.

We will miss him but wish him well and every success in his new capacity.

MR. JAMES G. STAHLMAN RECEIVES AMERICANISM AWARD

(Mr. FULTON of Tennessee asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FULTON of Tennessee. Mr. Speaker, Mr. James G. Stahlman, publisher of the Nashville Banner, recently was awarded a Presidential citation for his contributions to Americanism from the Andrew Jackson Chapter 385 of the National Sojourners Association.

The award specifically centered on the June 13, 1970, Flag Day edition of the Nashville Banner which featured a full front page tribute to our flag entitled, "Old Glory Speaks," by the late Amos F. Hurley.

Our colleagues will recall this very appropriate tribute in Mr. Stahlman's newspaper for I was privileged to provide each with a copy of the edition of June 13.

This is just one of many, many citations which Mr. Stahlman as an individual or as publisher of the Nashville Banner has received for his work and the fine job done by the Banner in promoting our flag, Nation, and patriotism among our citizens.

I commend the Andrew Jackson Chapter of the National Sojourners Association for their decision to honor Mr. Stahlman and the Nashville Banner. The decision was most appropriate and the honor most deserved.

OUR FAILURE TO GRANT ASYLUM

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, the Coast Guard's return of the Lithuanian sailor to the Soviet fishing boat on September 23 is critical for two reasons. Foremost, is the immediate tragedy that a man was refused sanctuary and allowed to be brutally dragged from an American ship while her captain and crew looked on. Historically, the United States has offered to the politically oppressed people of this world the opportunity of freedom and sanctuary. It is outrageous and un-

merciful that not only did we fail to meet this traditional promise, but that our own citizens actually assisted in the return of the refugee to the Soviet boat.

It is monstrous that the Coast Guard should indicate that their judgment was affected by a concern over how granting asylum to seaman Simas might adversely affect their fishing conference. The American people now are rightfully asking whether fish have become more important than a man's freedom and life, as well as our country's honor.

The second aspect of this tragedy are the questions raised over how well our Government can be equipped to handle crises that it fumbles in the face of an international incident as simple as a man's jumping ship.

Does not the State Department and Coast Guard have contingency plans? This incident cannot help but remind us of the capture of the *Pueblo* by the North Koreans after Commander Bucher had been sent to sea lacking sufficient contingency plans and then was unable to obtain assistance in his moment of need.

The President reportedly is disturbed that his Office was not informed of the attempted defection—and indeed he should be. But, it seems to me that the fact that he was not informed of the incident while it was in the making—or immediately after—is a reflection on the personal relationship he has with the rest of the Government and the isolation he has imposed upon himself. This is really part of the same Presidential inaccessibility that former Secretary Hickel found himself victim of.

The State Department claims that if it had been fully informed the "incident would have developed differently." The Department seems to find some refuge in this statement, but it should be asked why it was not fully informed. The State Department was notified at least 6 hours before the Lithuanian sailor was finally dragged from the Coast Guard cutter that the *Vigilant* had "a potential defection case." This was not an instance in which only a few minutes were available and a quick decision had to be made. Why did not the State Department begin to work on this at 2:30 in the afternoon when first notified, instead of simply requesting that it be "kept informed"? Is not part of the State Department's responsibility getting the information it needs?

Indeed there was "an error in judgment," as White House Press Secretary Zeigler said. But I would suggest that a number of persons are responsible for this terrible error. And in the coming weeks during the investigation ordered by the President of this incident, care must be taken not simply to find someone on whom to place the blame, but to fully assess the nature of the error so that steps can be taken to prevent another such blunder.

I hope that consideration will be given to how future defections to our territories, missions, or ships can be handled. Certainly the State Department should not leave a case to be resolved by the Coast Guard. The responsibility for deciding whether a man is given asylum or is sent back to his country to die is not

one that should be given to a captain of a ship.

I believe that asylum should be given to political defectors with very rare exception. At least, any decision to return a defector should be made only after careful study and consideration, and a return should be processed only through our diplomatic channels. If we make it public policy that anyone who jumps aboard an American ship will be brought back to our shores and that his return can be obtained only through the Department of State, then the chances of another *Vigilant* mistake and even of a defection's escalating into an incident will be reduced.

The New York Times of today had an excellent editorial on this subject which I insert for printing in the RECORD at this time:

THE RIGHT OF ASYLUM

The United States Coast Guard sinks into ever-deeper waters as it tries to explain its incredible cooperation with Soviet seamen in their forcible return of a defecting Lithuanian to his fishing vessel off Martha's Vineyard. The commandant now says the hapless defector would have had a better chance of receiving sanctuary if he had leaped from his ship into the water rather than directly onto the Coast Guard cutter *Vigilant*.

This unbelievable comment is matched only by the simultaneous excuse that the defector was accused by the Russians of stealing ship's funds—as though such an unproved charge would have automatically forfeited his right to asylum. These explanations are as ludicrous as the Coast Guard's initial excuse that to have given asylum would have imperiled "delicate" discussions with the Soviets over the take of yellow-tail flounder.

"There appears to have been an error in judgment," says White House Press Secretary Ronald Ziegler in the understatement of the year. It was more than an error in judgment, more than an individual tragedy. It was almost certainly a violation of Article 33 of the Geneva Convention on Refugees of which this country is a signatory.

President Nixon promises "appropriate action" on the basis of a report he will receive today from Secretary of State Rogers and Secretary of Transportation Volpe, who is nominally in charge of the Coast Guard. Whatever action the President takes will have to be based on the probability that international law, and the certainty that American honor and tradition, have been shamelessly violated.

RESPONSIVE TO PUBLIC NEED IS GOAL CONGRESS SET

(Mr. SCHWENDEL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SCHWENDEL. Mr. Speaker, responsive to public need is a goal we in the Congress set for ourselves. It is a goal that Government, corporations, industry, and labor try to achieve.

The bigness of many of institutions, public and private, has been an inhibiting factor in trying to be truly responsive to the needs and wants of the individual.

This has led many of us to the conclusion that decentralization of power, both public and private, is a desirable goal. Further concentration of power diminishes the chances of reaching our goal.

That is why, Mr. Speaker, an article in the Wall Street Journal on Tuesday, November 3, 1970, is disturbing to me.

The story begins:

A system that was set up by Congress to supplement the farm loan activities of banks, insurance companies, and other private lenders seems on its way to becoming the dominant institution in the field, a role nobody envisioned for it.

The system referred to in the story is the Farm Credit Administration.

My concern is that future credit needs of our agriculture community be met. I have no ax to grind. I am not waging any campaign.

But it seems clear to me that the reason for the growth of the FCA is the advantages the Congress has given it. These advantages, immunity from State usury laws, and the 12 Federal land banks' immunity from income tax, and working an undue hardship on the rural, independent banks. These institutions play a crucial role now in meeting the credit needs of our agriculture community.

The farm credit system threatens to become a monopoly disguised as a farmer-owned cooperative.

The System is answerable only to Congress. If Congress does not revise the System's unfair competitive privileges, it will be contributing to the demise of one of the last bulwarks of human-sized, decentralized business organization—the independent, community bank.

Congress has long considered the preservation of the independent bank essential to our competitive economic system.

When Congress was debating the Bank Holding Company Act of 1956, a House of Representatives report put the matter this way:

Independent banks, by their willingness to bear substantial local risks, have accelerated the economic development of the United States. Most of our leading companies were once small, and got started because local banks had confidence in the ability of the founders. Ideas and ability are to be found everywhere. And who is so likely to recognize them as the local banker who has the power to act on his intimate knowledge, and who will benefit his bank and his community by developing a substantial customer and employer.

From House Report No. 609, 84th Congress, first session, May 20, 1955, House Miscellaneous Reports, volume 3, we read:

Your committee should like to reemphasize the fact that this is the only country left where most communities are served by home-owned and home-managed banks which are aware of and responsive to the needs of the people of their areas. Our independent banking system has been a vital factor in the development of the United States. Like yeast cells in a loaf of bread, each working in its immediate area, our banks scattered throughout the country have cooperated to produce the greatest and most general economic development the world has known.

Yet despite our national intent to preserve independent banking, we now can see the Farm Credit System apparently nibbling away at rural bank deposits.

It has been my experience to note that the independent bank welcomes competition, if it is equal and fair. Our country banks today offer a wide range of banking

services. At the same time, they provide the kind of personal service that makes the individual feel like a person rather than a number.

The record of banks in non-real-estate farm credit during the last 10 years is good. Bank credit increased from \$4,161 million in 1959 to \$6,652 million in 1964 and finally to \$9,720 million in 1969, an increase of 134 percent for 10 years, 46 percent for 5 years, and 5 percent for 1 year.

This is evidence that the people in rural communities have great confidence in the independent banks of America.

PCA's—a part of the Farm Credit System—have also shown an excellent growth.

What does this prove?

Simply that the PCA's and the banks have competed vigorously in the past.

The future, however, seems to offer something else. Unlike the banks, the Farm Credit System is not bound by usury ceilings or legal loan limits. Neither are they taxed on the same basis. They are not limited because of capital deficit areas or State boundaries.

The System now appears to be capitalizing on this unfair competitive advantage in an ambitious new farm lending program. Congress should make sure that the Farm Credit System competes on the same basis as banks.

Let us note how this came about.

The Cooperative Farm Credit System was designed by the Federal Government to serve the total credit needs of the farmer. It began with the Federal land banks in 1917 to provide real estate mortgage loans to farmers. The Federal Intermediate Credit Bank came along in 1923, followed by the Production Credit Associations and Bank for Cooperatives in 1933.

It has been a venture in which, under the leadership of the Federal Government, farmers joined together to solve their own credit problems, and it has grown into one of the largest credit systems in the Nation.

Because the credit needs of our complex agriculture are changing so rapidly, the Federal Farm Credit Board in 1969 turned to a panel of farm leaders for advice. It appointed a 27-man blue ribbon committee to study agriculture's credit needs today and in the seventies and to advise the Board on how the Cooperative Farm Credit System could meet the needs most effectively.

The Commission first formulated the following general objectives for the system:

Recognizing that a prosperous, productive agriculture is essential to a free nation, it is the objective of the farmer owned, Cooperative Farm Credit System to improve the income and well-being of American farmers and ranchers by furnishing adequate and constructive credit and closely related services to them, their cooperatives, and selected farm related businesses necessary to efficient farm operations.

To promote this stated objective the panel set 11 major goals that it felt the Farm Credit System should accomplish.

Many of the recommendations of the Commission are no different than poli-

cies any aggressive agricultural bank requires or considers.

However, these recommendations constitute a highly ambitious program, and will take many billions of dollars to finance.

The Farm Credit System is naturally concerned with the problem of raising money for this expansion. And that is where, according to the leaders in private banks, the first big anticompetitive wallop was delivered. This seems to put the Farm Credit System in direct competition with the rural bank for its savings dollar.

It must be remembered that the total investable funds in any given area are like fish in a pond. The fishermen may be banks, PCA's, savings and loan associations, insurance companies, credit unions, loan companies, mutual funds, or a host of other institutions that deal in credit and investments.

Regardless of the number or the size of the fishermen, the number of fish in the pond remains the same. The Farm Credit System would not increase the amount of investable funds in the area—it would simply shift control of these funds.

In the past the Farm Credit System has not fished in the local pond. Instead, it has raised its needed funds through tapping the major money markets with the sale of large denomination bonds.

During the last year it lowered its standards and started selling bonds in multiples of \$5,000 to the smaller investor, which tended to put it in competition with the banks for the medium-to-large savings customers.

Now the Farm Credit System is offering local rural customers bonds in denominations of \$1,000 due in 5 years at current market rates, which is more than banks are allowed to pay by law.

Where does this leave the rural, independent banks in their fight for funds to finance agriculture? They will have a hard time winning with the rules rigged against them.

Another unfair competitive move noted by competent observers is the Farm Credit System's goal of providing farmers with one-stop comprehensive credit service, with numerous modifications in the organizational structure of the System. Included in the recommendations are improved intraagency coordination and joint housing and common management for both the Federal Land Banks and the PCA's. This will preclude the country banks from continuing their historic alliance with the FLB System, which has been of benefit to the farm community since 1916.

The emphasis in this FCS report on a unified and cohesive Federal organization is most alarming from the standpoint of financial concentration.

Congress, in its wisdom, decided early in our history that one set of banking laws just would not be practical in the midst of so much diversity. Each State was considered best qualified to judge the type of banking structure that suited its people and its economy.

This pattern is fixed in the National

Bank Act—12 United States Code 36c—which says in effect that national banks in each State may branch only to the extent permitted to State banks under State law.

Such emphasis on State control of banking has helped preserve our independent banking system. But what will happen to the independent, rural banks if their deposits are drained off by the sale of \$1,000 Farm Credit System bonds at rates higher than banks are allowed to pay?

Some might claim that the bonds will make a relatively small dent in the independent bank's share of rural deposits. This is irrelevant, considering all the competitive pressures with which the independent bank now has to deal. As the court put it in *United States against Brown Shoe Co.*:

We can only eat an apple a bite at a time. The end result of consumption is the same whether it be done by quarters, halves, three-quarters, or the whole, and is finally determined by our appetites. A nibbler can soon consume the whole with a bite here and a bite there. So, whether we nibble delicately, or gobble ravenously, the end result is, or can be, the same. (179 F. Supp. at 740 (E.D. Mo. 1959)).

As deposits flow away, the independent bank in the rural community will not have the funds to fight the increased competition. So weakened, the independent bank will be unable to compete and the federally protected Farm Credit System will divide up the spoils.

Before we let this happen, we might do well to consider the following description of the dangers of banking concentration, as described in a report from the U.S. House of Representatives:

Your committee believes that the destruction of the American unit banking system, resulting in the further concentration of credit facilities, would have revolutionary effects upon our free-enterprise system. Ultimately, monopolistic control of credit would entirely remold our fundamental political and social institutions. (House Report No. 609, *supra*).

Let us restore fair competition to the rural credit field—before it is too late.

The material referred to follows:

THE EVER-GROWING FARM CREDIT SYSTEM

(By John A. Prestbo)

A system that was set up by Congress to supplement the farm loan activities of banks, insurance companies and other private lenders seems on its way to becoming the dominant institution in the field, a role nobody envisioned for it.

The organization in question is the Farm Credit System, a group of lending units of which the oldest, the Federal Land Bank System, was established in 1916. Other parts of the system were added in 1923 and 1933, but the purpose was essentially the same for each: To provide the credit that farmers needed but couldn't get at reasonable terms elsewhere because they were too far away from urban money-lending centers or because falling commodity prices made them bad risks.

In the past few years of tight money and high interest rates, however, the Farm Credit System has gone beyond that. In 20 states where the interest that private lenders can charge is limited by usury laws, the FCS—unencumbered by such restrictions—has emerged as the major institutional source of

farm credit. The situation is so severe in some areas, including such major agricultural states as Minnesota, Kentucky and North Carolina, that some insurance companies have either closed their loan offices or pared their staffs to one or two men.

Moreover, the system is planning to broaden its lending activities beyond its present narrow sphere of the farmstead and farmers' cooperatives. An advisory committee earlier this year urged that the FCS assist in financing non-farm rural homes, rural community needs and rural cooperative utility systems. The panel also suggested that the system begin making loans to farm-related industries, such as custom-combining concerns.

Proposed legislation needed to broaden the FCS' scope will be submitted to Congress early next year, says E. A. Jaenke, governor of the Farm Credit Administration, the Federal agency that supervises the system.

Not surprisingly, these developments seem legitimate and laudatory to the people who defend the Farm Credit System, and to those who run it. "We're like a public utility that's got to keep going no matter what," says Fred Gilmore, deputy governor of the FCA. "Our responsibility is to furnish a consistent supply of credit to agriculture, in good times or bad, regardless if there is anybody else around to lend money or not."

FCA CONTENTIONS

He and other FCA officials contend that this mission entitles the Farm Credit System to certain privileges that other lenders don't have. They also contend that private firms are voluntarily abandoning farm loans in favor of more profitable investments in companies, high-rise urban buildings, shopping centers and the like.

But officials of some private lenders don't see things that way. "The truth is that we are being pushed out of the field by the Farm Credit System—and the long-term loser will be the farmer," asserts Damian J. Hogan, vice president of farm and ranch mortgages for Metropolitan Life Insurance Co.

"We've given loans to farmers who were turned down by others—probably including FCS—and they have gone on to become very successful; there have been those that we've turned down who have made it with loans from our competitors. That's what lending competition has meant to farmers."

Mr. Hogan notes that total farm debt is expected to double to about \$120 billion by 1980 as farmers increasingly seek funds for expansion and modernization. "I believe it will require the active participation of at least all the lenders currently in the field if that demand for credit is to be met," he says. "The way it is now, the lenders who are being forced to leave probably won't return."

The FCA's own figures show that the Farm Credit System's share of the farm loan market in the last five years grew at twice the rate of the previous five. In 1959, the system held 17% of the nation's agricultural debt; five years later its share was up 2 percentage points to nearly 19%. In 1969, the system had gained 4 points more, making its total share 23%. Some analysts think that the system's share could go up to 25% this year alone and that it will continue to increase in the years ahead.

BIG GAINS IN FCS LOANS

The national figures don't show the tremendous gains in FCS loans in states whose usury levels are below the going rate for money. There, the system this year accounts for as much as 75% of the agricultural loans made by institutional lenders. (Normally, about 40% of farmer's credit is extended by individuals and firms that sell land, equipment and supplies on the installment plan.)

The Farm Credit System consists of three main parts. The Federal Land Banks handle mostly long-term loans secured by mortgages on real estate. The other two parts deal with short-term operating loans and loans to farmers' cooperatives. Unlike the Federal Housing Administration, which guarantees home loans made through banks and savings and loans, the Farm Credit System has its own network of 1,100 local outlets for farm loans.

When a farmer borrows from an FCS unit, a small portion of his loan goes to buy stock in the part of the system that is extending him credit. Thus, the system actually is a giant cooperative that is owned by the farmers that borrow from it. All the Federal Government money that was pumped into the system was paid back by 1968. The system's banks sell bonds and debentures to investors to raise the money that they lend to farmers. These securities aren't guaranteed by the Government, but they sell at prices close to those of U.S. Treasury bonds because investors assume that Congress would make good on them if the system ever got into trouble.

Despite these trappings of independence from the Government the system clings to a couple of advantages that Uncle Sam provided in the early days. No part of the system is subject to any state's usury laws. And the 12 Federal Land Banks don't have to pay income taxes, so they can do business more cheaply than can private firms. (Other parts of the FCS do have to pay income taxes.)

Critics say that these advantages constitute unfair competition and are the main reasons that the system is taking a bigger and bigger share of the farm loan field. "We think they should have to play the same ball game by the same rules as the rest of us," says Derl I. Derr, an agricultural specialist with the American Bankers Association.

"Suppose the Land Banks were subject to state usury laws," counters Lewis Davis, an official of the Federal Land Bank in Louisville. "We'd lose money. We've sold bonds recently for 8.55%—could we turn around and loan it out at 7%? Our competitors get their money much cheaper—4% to 5% on bank deposits, and even less on some life insurance policies—so they could loan at 7%."

RIDICULOUS AND ABSURD

Ridiculous, the critics answer. "Even though farm loans are highly rated as far as risk is concerned, it's absurd to think that we'd subsidize loans to farmers," says Ed Rutter, vice president of Prudential Insurance Co. of America.

Mr. Davis defends the above-usury rates that the FCS charges by pointing out: "At least we are providing credit to farmers whereas they otherwise might not be able to get it at all."

True, the critics say, but only at the expense of future farm loan competition. "It's a matter of the immediate welfare of those few farmers now obtaining loans from the Land Banks at usurious rates, as against the long-term welfare of practically all farmers who in the future will need an abundance of credit from all the sources that can be mustered," says Mr. Hogan.

The private lenders want equal footing with the FCS, which is not as simple a solution as it looks. It's probably unrealistic to expect 20 or more states to exempt private lenders from usury statutes when making farm loans. On the other hand, making the FCS subject to usury laws undoubtedly would mean that many farmers would be unable to get loans.

The resulting agricultural credit crunch likely would be temporary, ending when farmers convinced their state legislators that they needed relief. Most states' usury laws already are riddled with exceptions, indicating that credit squeezes have been felt and solved before.

Still, even a short credit crunch wouldn't be entirely painless. Moreover, putting the FCS within the purview of state usury laws or making the Land Banks pay income taxes aren't moves that are certain to restore private lenders to their former vigor in the farm loan market. It may turn out that farmers prefer the FCS, which will end up dominant after all.

What's more important than these considerations, though, is that full and equal competition be restored to the farm loan market. There's growing sentiment that as farms and farmers become increasingly bigger and more businesslike, they should be less and less assisted by the Government. Similarly, a Farm Credit System that has proven itself to be healthy and vigorous no longer needs special privileges.

INDEPENDENT BANKERS ASSOCIATION OF AMERICA FACT PAPER AND COMMENT ON LENDING PRACTICES OF FEDERAL LENDING AGENCIES

The Independent Bankers Association of America, at a recent meeting of its Executive Council in Detroit, directed its Agriculture-Rural America Committee, to seek ways and means to halt an invasion into the rural savings and investment field by government lending agencies, who pay rates of return much higher than commercial banks are permitted to pay.

Specifically, certain new investment bonds, sold to investors and savers by the Farm Credit Administration in minimum denomination of \$1,000, paying 6½ percent interest, and due in five years, are directly competitive with bank savings interest returns, which are limited to 5½ percent under Regulation Q. Bonds sold by the FCA in November pay 6 percent.

The IBAA agriculture group, in conferences here in Washington, have advised Treasury, Federal Reserve Board, FDIC, FHA, and Farm Credit System officials that this Federal lending program places rural banks at an unfair competitive disadvantage.

The FCA, PCAs and Federal Land Banks are permitted by law to offer higher interest rates than banks can pay on savings. The IBAA holds that this adverse interest competition, offered by Federal lending agencies compared with interest rates legally paid by banks on savings, results in a drainoff and withdrawal of rural bank savings deposits. Further, that liberality of redemption provisions, with little penalty after 60 days and no penalty after one year, makes them virtual demand deposits.

The specific facts on the Farm Credit System practices follow in summary:

The Farm Credit System, whose present status dates back to basic Federal Farm Loan Act legislation enacted in 1916, and operating currently through the PCAs and the FLBs, publicly indicates its intent to corner the entire farm credit field.

To promote this, a blue ribbon committee, named in 1969 to study the credit needs of agriculture, returned these five major recommendations:

1. Expand lending activities to include all farmers, full and part time.
2. Expand lending activities into the agribusiness field.
3. Expand into credit related services, such as credit life insurance, consultant and management services, computer bookkeeping, and the like.
4. Move toward a one-stop comprehensive credit service by combining the PCAs and FLBs under one roof, with common management.
5. Invade the rural savings field by selling new investment bonds to small savers, with minimum \$1000 denomination, five-year term, and liberal redemption provisions almost matching demand deposits.

Bankers welcome fair competition for farm credit and its related services. Bankers have

the tools and the know how to meet increased competition. Bankers are concerned over unfair competition with Federal lending agencies that enjoy non-tax status or favored tax sheltered status in competing with banks.

For example, Federal Land Banks pay no tax, of any type, which is worth ¾ percent in today's money market. They are likewise not subject to state usury laws, so can charge going market interest rates, which banks and insurance companies cannot in many cases, under state usury statutes.

We believe that since these agencies are now owned by their members, they should be subject to the same lending rules as banks and insurance companies. Similarly, PCAs are not subject to state usury laws, and have like competitive advantage over banks. They, too, should be subject to the same lending laws and statutes. In these favored circumstances, these Federal agency investment offerings result in actual documented withdrawals from community banks, and the potential is most alarming.

In summary, because these Federal lending agencies have special, favored tax shelters and lack of compliance with state usury laws, community banks cannot compete for savings in many areas. Further, issuance of these special savings bonds at rates and terms that banks cannot equal will cause savings to flow out of banks, decreasing lending funds at a time when agriculture loan demand is increasing.

IBAA conclusions are that FLB should be subject to taxes, FLBs and PCAs should be subject to usury laws, the FCS should withdraw its unfair special investment bonds yielding more interest than banks can pay, and the FCS should not issue joint bonds or debentures of any type under a \$10,000 denomination. The FCS is responsible to Congress only, and the IBAA places this problem, wherein a favored Federal lending structure provides unfair Federal competition with the private tax paying sector, with the Congress for study, and in its wisdom, for corrective legislative solution as required.

Members of an IBAA committee group, consulting with officials of the supervisory agencies, and with members of Congress, on the competitive problem, includes H. L. Gerhart, Jr., Newman Grove, Neb., IBAA Second Vice President; Don F. Kirchner, Riverside, Iowa, Agriculture committee chairman; E. L. Walton, Bushnell, Illinois, subcommittee chairman and Lee M. Stenehjem, Watford City, N.D., IBAA past president.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. PICKLE (at the request of Mr. WOLFF), for December 2 through December 7, 1970, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. MURPHY of New York, for 60 minutes, on Wednesday, December 16.

(The following Members (at the request of Mrs. HECKLER of Massachusetts) and to revise and extend their remarks and include extraneous matter:)

Mr. McCLOSKEY, for 60 minutes, on December 8.

Mr. EDWARDS of Alabama, for 5 minutes, today.

(The following Members (at the request of Mr. COLLINS of Illinois) and to

revise and extend their remarks and include extraneous matter:)

Mr. RARICK, for 10 minutes, today.

Mr. GONZALEZ, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. MADDEN, and to include extraneous material.

(The following Members (at the request of Mrs. HECKLER of Massachusetts) and to include extraneous matter:)

Mr. KLEPPE.

Mr. BELCHER.

Mr. MORSE.

Mr. TEAGUE of California.

Mr. BEALL of Maryland.

Mr. SCHMITZ in three instances.

Mr. RHODES.

Mr. WYMAN in two instances.

Mr. TAFT.

Mr. GROSS.

Mr. ZWACH in two instances.

Mr. McEWEN in three instances.

Mr. DAVIS of Wisconsin.

Mr. MCKNEALLY.

Mr. HOSMER in two instances.

(The following Members (at the request of Mr. COLLINS of Illinois) and to include extraneous matter:)

Mr. FRASER.

Mr. GALIFIANAKIS in two instances.

Mr. BARING in two instances.

Mr. RARICK in two instances.

Mr. EVINS of Tennessee in four instances.

Mr. COLMER in two instances.

Mr. WOLFF in six instances.

Mr. COHELAN in three instances.

Mr. THOMPSON of New Jersey in two instances.

Mr. VANIK.

Mr. FRIEDEL in two instances.

Mr. BLANTON in two instances.

Mr. BRASCO in two instances.

Mr. ROONEY of Pennsylvania in two instances.

Mr. TIERNAN.

Mr. MILLER of California in five instances.

Mr. ZABLOCKI.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the Speaker's table and, under the table, referred as follows:

S. Con. Res. 2. Concurrent resolution authorizing acceptance for the National Statuary Collection of a statue of the late Senator E. L. Bartlett, presented by the State of Alaska, to the Committee on House Administration.

ENROLLED BILLS SIGNED

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4302. An act to amend title 28 of the United States Code, section 753, to authorize payment by the United States of fees charged

by court reporters for furnishing certain transcripts in proceedings under the Criminal Justice Act;

H.R. 8470. An act for the relief of Capt. Jackie D. Burgess;

H.R. 9677. An act to amend section 1866 of title 28, United States Code, prescribing the manner in which summonses for jury duty may be served;

H.R. 14714. An act to amend authority of the Secretary of the Interior under the Act of July 19, 1940 (54 Stat. 773), to encourage through the National Park Service travel in the United States, and for other purposes; and

H.R. 17272. An act for the relief of certain employees of the Department of Defense.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2224. An act to amend the Investment Company Act of 1940 and the Investment Advisers Act of 1940 to define the equitable standards governing relationships between investment companies and their investment advisers and principal underwriters, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 4302. An act to amend title 28 of the United States Code, section 753, to authorize payment by the United States of fees charged by court reporters for furnishing certain transcripts in proceedings under the Criminal Justice Act;

H.R. 8470. An act for the relief of Capt. Jackie D. Burgess;

H.R. 9677. An act to amend section 1866 of title 28, United States Code, prescribing the manner in which summonses for jury duty may be served;

H.R. 14714. An act to amend authority of the Secretary of the Interior under the Act of July 19, 1940 (54 Stat. 773), to encourage through the National Park Service travel in the United States, and for other purposes; and

H.R. 17272. An act for the relief of certain employees of the Department of Defense.

ADJOURNMENT

Mr. COLLINS of Illinois. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 25 minutes p.m.) the House adjourned until tomorrow, Thursday, December 3, 1970, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2585. A letter from the Attorney General, transmitting a report on identical bidding in advertised public procurement, pursuant to section 7 of Executive Order 10936; to the Committee on the Judiciary.

2586. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting reports

concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

2587. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in the cases of certain aliens found admissible to the United States, pursuant to section 212(a) (23) (I) (ii) of the Immigration and Nationality Act; to the Committee on the Judiciary.

2588. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in cases in which the authority contained in section 212(d) (3) of the Immigration and Nationality Act was exercised in behalf of certain aliens, together with a list of the persons involved, pursuant to section 212(d) (6) of the act; to the Committee on the Judiciary.

2589. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders suspending deportation, together with a list of the persons involved, pursuant to section 244(a) (1) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

2590. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders suspending deportation, together with a list of the persons involved, pursuant to section 244(a) (2) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

2591. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated October 2, 1970, submitting a report, together with accompanying papers and illustrations, on Portuguese and Bucana Rivers, P.R., in response to items in section 4 of the Flood Control Act of August 18, 1941 (H. Doc. No. 91-422); referred to the Committee on Public Works and ordered to be printed with an illustration.

2592. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 2, 1969, submitting a report, together with accompanying papers and illustrations, on First Creek, Tenn., requested by a resolution of the Committee on Public Works, House of Representatives, adopted March 15, 1949; referred to the Committee on Public Works.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HAYS: Committee on House Administration. House Resolution 1239. A resolution to provide funds for the further expenses for the studies, investigations, and inquiries authorized by House Resolution 192 (Rept. No. 91-1644). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Resolution 1262. A resolution authorizing expenditures incurred by the Special Committee To Investigate Campaign Expenditures to be paid from the contingent fund of the House (Rept. No. 91-1645). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Resolution 1274. A resolution providing additional funds for the Committee on the District of Columbia (Rept. No. 91-1646). Ordered to be printed.

Mr. HAYS: Committee on House Adminis-

tration. House Resolution 1270. A resolution relating to telephone, telegraph, and radio telegraph allowances of Members of the House of Representatives and the Resident Commissioner from Puerto Rico (Rept. No. 91-1647). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Resolution 1276. A resolution relating to the stationery allowance for Members of the U.S. House of Representatives; with an amendment (Rept. No. 91-1648). Ordered to be printed.

Mr. DENT: Committee on House Administration. House Concurrent Resolution 788. Concurrent resolution authorizing the printing of additional copies of "Hearings Relating to Various Bills To Repeal the Emergency Detention Act of 1950," 91st Congress, second session; with an amendment (Rept. No. 91-1649). Ordered to be printed.

Mr. DENT: Committee on House Administration. House Concurrent Resolution 789. Concurrent resolution to provide for the printing of the prayers offered by the Chaplain as a House document; with an amendment (Rept. No. 91-1650). Ordered to be printed.

Mr. POAGE: Committee on Agriculture. H.R. 19846. A bill to amend the act of August 24, 1966, relating to the care of certain animals used for purposes of research, experimentation, exhibition, or held for sale as pets; with amendments (Rept. No. 91-1651). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG: Committee on Rules. House Resolution 1290. A resolution providing for the consideration of S. 3070. An act to encourage the development of novel varieties of sexually reproduced plants and to make them available to the public, providing protection available to those who breed, develop, or discover them, and thereby promoting progress in agriculture in the public interest (Rept. No. 91-1652). Referred to the House Calendar.

Mr. ANDERSON of Tennessee: Committee on Rules. House Resolution 1291. A resolution providing for the consideration of H.R. 18582. A bill to amend the Food Stamp Act of 1964, as amended (Rept. No. 91-1653). Referred to the House Calendar.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. S. 336. An act to amend section 3(b) of the Securities Act of 1933 to permit the exemption of security issues, not exceeding \$500,000 in aggregate amount, from the provisions of such act (Rept. No. 91-1654). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. S. 3431. An act to amend sections 13(d), 13(e), 14(d), and 14(e) of the Securities Exchange Act of 1934 in order to provide additional protection for investors; with amendments (Rept. No. 91-1655). Referred to the Committee of the Whole House on the State of the Union.

Mr. FALLON: Committee on Public Works. S. 1. An act to provide for uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs and to establish uniform and equitable land acquisition policies for Federal and federally assisted programs; with an amendment (Rept. No. 91-1656). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PERKINS:

H.R. 19898. A bill to extend for 3 additional years the authorization of appropriations

contained in the Economic Opportunity Act of 1964; to the Committee on Education and Labor.

By Mr. CHAMBERLAIN (for himself, Mr. GERALD R. FORD, Mr. CEDERBERG, Mr. BROOMFIELD, Mr. HARVEY, Mr. HUTCHINSON, Mr. VANDER JAGT, Mr. BROWN of Michigan, Mr. ESCH, Mr. McDONALD of Michigan, Mr. RIEGLE, and Mr. RUPPE):

H.R. 19899. A bill to amend the Federal Aviation Act of 1958 to require that any air carrier proposing to discontinue any air transportation to or from any point named in its certificate must give notice thereof at least 60 days in advance of the proposed discontinuance, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CORMAN:

H.R. 19900. A bill to amend the Internal Revenue Code of 1954 to provide that in certain cases a spouse will be relieved of liability arising from a joint income tax return; to the Committee on Ways and Means.

By Mr. GRIFFIN:

H.R. 19901. A bill to amend the Internal Revenue Code of 1954 to encourage higher education, and particularly the private funding thereof, by authorizing a deduction from gross income of reasonable amounts contributed to a qualified higher education fund established by the taxpayer for the purpose of funding the higher education of his dependents; to the Committee on Ways and Means.

By Mr. FOLEY (for himself, Mr. QUIE, Mr. ANDERSON of Illinois, Mr. ANDERSON of Tennessee, Mr. BIESTER, Mr. FRASER, Mr. O'NEILL of Massachusetts, Mr. ROBINSON, Mr. SMITH of Iowa, and Mr. STEIGER of Wisconsin):

H.R. 19902. A bill to amend the Food Stamp Act of 1964, as amended; to the Committee on Agriculture.

By Mr. QUIE:

H.R. 19903. A bill to designate certain lands as wilderness; to the Committee on Interior and Insular Affairs.

By Mr. ANDERSON of Illinois (for himself, Mr. LATTA, Mr. COUGHLIN, Mr. ESHLEMAN, Mr. FULTON of Pennsylvania, Mr. GROVER, Mr. GUDE, Mr. HOSMER, Mr. KEITH, Mr. LLOYD, Mr. McCLORY, Mr. MOSHER, Mr. PELLY, Mr. SCHWENDEL, Mr. SEBELIUS, Mr. STAFFORD, Mr. TALCOTT, Mr. WYLLIE, Mr. ZWACH):

H.R. 19904. A bill to revise and supersede the Federal Corrupt Practices Act, and for other purposes; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADDABBO:

H.R. 19905. A bill for the relief of Salvatore and Catherine Spatola and minor children Natale, Rosalia, and Francisco Spatola; to the Committee on the Judiciary.

By Mr. COLLINS of Illinois:

H.R. 19906. A bill for the relief of Veronica Serrano; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

643. The SPEAKER presented a petition of the United Macedonians of North America, Toronto, Canada, relative to citizenship; to the Committee on the Judiciary.