quite a few bills intended to give them the help and recognition they truly deserve.

Second, I do not intend that there should be any action or any vote on this issue until the war has ended and all of our prisoners of war and American soldiers have returned to the United States.

Third, I am in no way attempting to exonerate these young men who have violated the law of the land. We are a nation of laws, and those who disagree with those laws must change them, not put themselves above them. Even the highest moral beliefs cannot give a man the right to put himself ahead of his obligation to obey the law of the land, without being willing to accept the consequences for his act.

Finally, I would like to point out that many young men who fled this country in the early days of the war could possibly have obtained deferments as conscientious objectors later on. Prior to 1967, this deferment was based on the belief in a Supreme Being. The 1967 Selective Service Act, however, dropped this section from the legislation, and from that point on, a deeply held moral conviction has been enough to qualify for a deferment.

Senator Taft has proposed that draft resisters be permitted to return to the United States on the condition that they serve three years either in the Armed Forces or in some form of alternate service. By giving my support to this proposal, I am not denying the principles which have guided our nation for the last two hundred years. Rather, I am trying to offer a realistic alternative to prison which will avoid national chaos.

Anyone who has followed the recent news stories on American prisons knows that they have beeen dramatic failures. They were designed to punish a man for his wrongdoing, but most importantly, to rehabilitate him so he would not commit a crime again. Yet, after more than 100 years of following this policy, 80% of those who have been to prison return.

Prisons have been aptly described as schools for crime, and the director of the U.S. Bureau of Prisons, Norman Carlson, has observed that "anyone not a criminal will be when he gets out." I see no reason for sending a draft resistor to prison where the only trade he will learn may be burglary and his alienation toward his country will only increase. Instead, I believe these men should be permitted to pay their debt to society in a more constructive manner, namely some form of public service. Three years of public service will benefit the individual and society much more than three years in prison.

Finally, I would like to emphasize once again that amnesty is not a new idea. It has been granted in some form after every war since the days of George Washington. Yet, in spite of this, the nation has survived a civil war and two world wars. Therefore, I do not fear a chaotic social structure if we follow what we have always done in the past—offer every individual, no matter what his crime, a second chance to share both the responsibilities and privileges of living in the United States. The only difference with this war is that it has been more unpopular than others and has lasted longer than others. Therefore, talk of amnesty has perhaps been more prevalent than in other wars.

I suppose it would have been easier not to raise this issue until the war has ended. As I have repeatedly said, no action should be taken before that time anyway. In addition, the political controversy surrounding my statement could have been avoided. But I have always made it a policy to answer every question as directly as I can, and it would have been unfair to the student who asked me my views on this issue and to all of my constituents if, for the sake of political expediency, I gave only half an answer.

Sincerely,

STEWART B. MCKINNEY,
Member of Congress.

WPLN–FM RADIO, NASHVILLE

HON. WILLIAM R. ANDERSON

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 29, 1972

Mr. ANDERSON of Tennessee. Mr. Speaker, as of February 21, WPLN–FM radio in Nashville was expanded to 100,000 watts stereo. This expansion of an outstanding station, which has listeners from Kentucky, middle Tennessee, and Alabama, was made possible through the grant program funded by the Public Broadcasting Act. The residents of the Sixth District of Tennessee and the Nashville area are much richer for this experience. WPLN programing is not strictly educational, or musical, but blends a fine array of programs to produce an excellent format. Listeners can appreciate fine classical music, have the opportunity to hear congressional hearings and major speeches live, can enjoy science lectures from the British Broadcasting Corporation, delight in a European music festival and be kept up to date by in-depth news coverage and recent happenings in Nashville.

The modern history of public radio began in 1967 with the enactment of the Public Broadcasting Act. The Corporation for Public Broadcasting was also created and set its goal at developing noncommercial radio and television. The CPB functions in a nonprofit, independent manner and is the main financial supporter for the National Public Radio network. WPLN, as one of the 500 public radio stations in the Nation, actually belongs to the community. The operation is financed through municipal appropriations, individual contributions, plus the Public Broadcasting grants.

In a day when the media is being attacked for peddling pablum to the public, WPLN and its sister stations stand out as an attractive alternative leading the way in entertaining, informative and educational programing.

I hope my colleagues are aware of the fruits of the Public Broadcasting Act such as WPLN, and will vote in favor of continued funding for the corporation.

SENATE—*Thursday, April 6, 1972*

The Senate met at 11 a.m., and was called to order by Hon. JAMES B. ALLEN, a Senator from the State of Alabama.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, we lift our hearts to Thee in thanksgiving for many blessings, but especially for this good land which Thou hast given us for our heritage. Help us to prize highly and to conserve carefully the rich endowment of natural and human resources and to use both for the common welfare.

Look upon all who serve in the Government of this Nation, giving them wisdom and strength for public action, and spiritual renewal and inspiration in home and family life. Bind leaders and people together for united action in concerting those measures which shall best further the kingdom of righteousness and peace befitting a nation under God.

In Thy holy name we pray. Amen.

DESIGNATION OF THE ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. ELLENDER).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 6, 1972.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. JAMES B. ALLEN, a Senator from the State of Alabama, to perform the duties of the Chair during my absence.

ALLEN J. ELLENDER,
President pro tempore.

Mr. ALLEN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, April 5, 1972, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

KALISPELL, MONT., ROTARIANS CLEAN UP THEIR VALLEY

Mr. MANSFIELD. Mr. President, I am in receipt of an issue of the Rotarian, an international magazine, which published an article entitled "Kalispell Comes Clean."

Kalispell, Mont., is one of the most beautiful cities in the Nation. It nestles in one of the most beautiful areas of the Nation, in the Flatland Valley in the northwestern part of my State.

In recent months, the Kalispell Rotary Club, a subsidiary of the Planned Environment Committee, created in 1969 and

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headed—then and now—by an old friend of mine, Louis A. "Sam" Bibler, a geologist of renown and good repute, has undertaken to bring about a cleanup in the valley itself.

What the Rotarians have done in Kalispell, up in the Flatland country is, I think, worthy of commendation and a degree of publicity.

I wish to express my personal thanks to Mr. Bibler and the Rotarians for the job they have done in cleaning up their area, and to express the hope that the example set by the Kalispell Rotary Club will be followed by other civic organizations in other parts of the country, to the end that this Nation may become a better and a cleaner place in which to live.

Mr. President, I ask unanimous consent to have the article I referred to earlier printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

KALISPELL COMES CLEAN

Fired with concern about their environment, plus a large dose of aesthetic outrage, this alert Rotary Club conceived and carried out an imaginative plan to rid its community of a blighted landscape.

Back in the Spring of 1892, some lumbermen and cherry growers up in the northwestern U.S. State of Montana proudly incorporated the little city of Kalispell, its musical name meaning "prairie above the lake" coming from the local Pend d'Orielle Indians. Located just a few miles from Glacier National Park and Hungry Horse Dam, today's Kalispell of some 10,000 people still lists its chief industries as lumbering and agriculture.

Could such a sunny, fresh-air community suffer any kind of urban blight?

Indeed it did—but no more, thanks to the energetic Rotary Club of Kalispell (80 members).

Until less than a year ago, the main highway approach to the town was marred by a growing tract of land littered with ramshackle dwellings, outhouses, derelict autos and trucks, and heaps of other junk.

Kalispell Rotarians decided to tackle the problem through their Club's Planned Environment Committee, created in 1969 and headed then and now by Rotarian Louis A. (Sam) Bibler, a geologist. The Committee, with the approval of the rest of the Rotary Club, formed a limited-partnership land improvement company and purchased 10½ ugly acres from eight different landowners and estates with $75,000 in investment funds provided by 57 of the Club's 80 members.

Immediately upon purchase, things began to happen. Local men and youths, including Rotarians and their sons, cleared the land of tons of junked vehicles and other debris. Five area volunteer fire companies burned all the shacks to the ground in a joint fire-control exercise that was beneficial to firemen as well as the new property-holders. Then the land was graded, leaving only its tall, beautiful trees. Then it was sown with grass seed.

Now what? Here is the long-range view of the Rotary Club in the words of the Planned Environment Committee: "Now that the property has been reclaimed and restored to its original beauty we plan to resell a major portion of it under restrictive covenants that would prevent any return to degradation. We also hope to develop one portion into a landscaped park."

Chairman Sam adds that proceeds of the land sales will be invested in new improvement projects so that the original investment can be used as a rotating environmental fund.

Enthusiastic coverage by local radio, television, and newspapers, Sam believes, helped inspire a concurrent junked-auto removal program spearheaded by the Chambers of Commerce throughout the Flatland Valley (the catch: 3,500 rusting hulks); and it also helped arouse a general community concern about environmental education and land use.

Bold and imaginative as it is—since the Kalispell Rotarians do not yet know when and if they'll sell that land—the project is but one of countless good works by environmentally-conscious Rotarians and Rotary Clubs in many places.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the distinguished minority whip desire recognition at this time?

Mr. GRIFFIN. No, Mr. President.

The ACTING PRESIDENT pro tempore. Very well then, in accordance with the previous order, the Chair now recognizes the distinguished Senator from Maryland (Mr. BEALL) for not to exceed 15 minutes.

THE ITT CONTROVERSY

Mr. BEALL. Mr. President, it appears that some of our Democrat colleagues are guilty of gross hypocrisy in their handling of the current ITT hearings. They have condemned this Republican administration for the ITT settlement which forced the largest business divestiture in history, even though it was their own Democrat administrations which, by default, permitted ITT to become the giant conglomerate that it is today.

Our friends on the other side of the aisle conveniently ignore the fact that it was during the Kennedy administration that ITT first began to undertake sizable growth. During the inactive antitrust days of the Johnson administration—a period in which there was a Democrat appointed Assistant Attorney General, Donald F. Turner—ITT again showed remarkable and unchecked growth by acquisition. Other companies followed ITT's example.

At no time during this long period of conglomeration did either of the previous Democrat administrations take meaningful steps to halt the fantastic growth of ITT by vigorous antitrust legislation. The Democrat administrations failed to raise a finger in the direction of ITT, to warn that the Government would take action. There was an utter lack of will to take on the huge company during the Kennedy- or Johnson-dominated years, but my Democrat friends ignore this fact. Yet, they come forward, at a time when a Republican administration has taken action against ITT, to severely criticize what was achieved.

The previous administrations could have filed the ITT antitrust suits that this administration has, but they did not. They claimed that they had little chance of success or that the law was not broad enough to allow such suits.

But the Nixon administration believed it was worth the effort—that action had to be taken against the supercorporate threat to free enterprise. The Attorney General in a speech at the beginning of this administration in 1969, made his position clear:

The danger that this super-concentration poses to our economic, political and social structure cannot be overestimated. Concentration of this magnitude is likely to eliminate existing and potential competition. It increases the possibility for reciprocity and other forms of unfair buyer-seller leverage . . .

To leave no doubt as to the action the Justice Department would take, Attorney General Mitchell gave the following warnings:

The Department of Justice may very well oppose any merger among the top 200 manufacturing firms or firms of comparable size in other industries.

The Department of Justice will probably oppose any merger by one of the top 200 manufacturing firms of any leading producer in any concentrated industry.

And, of course, the Department will continue to challenge mergers which may substantially lessen potential competition or develop a substantial potential for reciprocity.

Consistent with that warning, the Nixon administration proceeded to bring key conglomerate antitrust suits, three of which were against the leader—ITT. The Antitrust Division went to court in each of the ITT cases, but was met by adverse decisions, in each, at the lower court level. At the time these three cases were settled, two had been lost in both preliminary and final orders, and the third had been lost at the preliminary stage and was awaiting trial. But at that point ITT realized that it stood to lose $1.2 billion for its shareholders if the Supreme Court overturned those lower court decisions—an unlikely eventuality according to the Solicitor General, yet still possible. This gave the Antitrust Division the leverage to dictate a tough settlement in those three cases.

That settlement, which my Democrat colleagues now denounce, was a substantial victory for the Government. A giant conglomerate was forced to divest itself of corporate holdings representing $1 billion in sales and, further, to refrain from additional substantial acquisitions for 10 years. The consent decree based on that settlement was a clear deterrent to other conglomerates which might otherwise have continued the merger trend. The settlement was harsh enough on ITT that its stock dropped drastically on the New York Stock Exchange on the day following the announcement and has yet to rebound completely. The business community complained bitterly of the settlement. Antitrust experts around the country applauded it, and still applaud it.

The Solicitor General of the United States, the esteemed Erwin Griswold, characterized the settlement as an "extremely favorable one." In his own words he states:

This is a very substantial victory for the government, and the first one in the whole conglomerate field, probably setting a great precedent in the area, and it seems to me most misleading to keep telling the public that the government dropped three suits in the antitrust field, it didn't.

Despite all of this, some prominent Democrats have presented quite a different story to the American people.

This kind of political misrepresentation is tragic, particularly when those who continue to mislead the public have full knowledge of the true facts of the case.

So that I will not be misunderstood let me recount those facts:

First. ITT made its most substantial growth during the two Democrat administrations before the Republican President took office.

Second. ITT could not have grown to its present size—if it had not been for the acquiescence of these two previous Democrat administrations.

Third. The Nixon administration made clear its intention to take action against giant conglomerates when it took office.

Fourth. This administration filed antitrust actions against ITT where the Democrats chose to look in the other direction.

Fifth. The suits led to a settlement where for the first time in history a giant conglomerate was forced to divest itself of substantial corporate holdings—a settlement praised by the respected Erwin Griswold as "a substantial victory for the Government."

I believe these facts are most important and were well stated in an editorial in the Wall Street Journal on Tuesday of this week. I read from the editorial:

> The record, after all is this: The previous Democratic Administration did not believe the antitrust laws applied to conglomerate mergers and did almost nothing about them. Mr. McLaren started to test legal theories making the application and the results were not encouraging. In the lower courts he lost two of the ITT cases outright and suffered a sharp setback.
>
> Whereupon Mr. McLaren settled the ITT cases by consent decree. The net result is that while the previous administration's tactics would have won nothing, Mr. McLaren got the biggest divestiture in history, a promise to take ITT out of the acquisition business for ten years and an example that did help deter the conglomerate movement. This does not sound to us like the record of an administration that sold out.

Mr. President, it is clear that this administration has taken action against a huge business conglomerate and established a precedent that will benefit our free and competitive enterprise system. To try to confuse the American people on this point is reprehensible. This administration has walked where Democratic administrations feared to tread. It is time to stop the hypocritical statements to the contrary.

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. At this time, in accordance with the previous order, there will be a period for the transaction of routine morning business not to exceed 30 minutes, with speeches by Senators therein limited to 3 minutes.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ITT AND THE KLEINDIENST NOMINATION

Mr. MANSFIELD. Mr. President, I have just listened to an excellent political speech about a matter which is of paramount importance to the American people. I hold no brief for what has been done under previous Democratic administrations. I hold no brief for what is being done under the present Republican administration. But I have noted from time to time what when the questions of the hearings now being held in the Judiciary Committee were being discussed, somehow or other it was always brought out that, "Well, it was worse under previous administrations, but no political connection was being inferred."

As a matter of fact, I think that the Judiciary Committee is doing the only thing it can do at this time in view of the publicity which has been created covering a situation which seems—and I use the word "seems" advisedly—to have had some connection with the nomination of the nominee for Attorney General of the United States, a man who, by the way, is, in fact, the Attorney General at this moment, even though he is only acting in that capacity. However, as acting Attorney General, he has all the prerequisites and the responsibilities which go with that job, excepting confirmation by the Senate.

I think that when it comes to politics, I have leaned just about as far backwards in this case as any Member on either side of the aisle. I except no one. I have been waiting for the facts to be brought forth so that evidence would be established before I am able to make a final judgment myself. It may be a little more difficult for a man who is not a lawyer to reach such a judgment. However, by the same token, because one is not a lawyer, it may be simpler also.

I have stated that as far as the hearings in the Judiciary Committee are concerned, they should be continued, but that only legitimate—and I emphasize the word "legitimate"—witnesses should be called in relation to the case as it affects the nomination of Mr. Richard Kleindienst.

I think that the American people demand that the legitimate witnesses be heard. And I think that if they are not heard, a cloud will be raised which will continue over Mr. Kleindienst's head. And may I recall to the Senate that these hearings were reopened at the express request of Mr. Kleindienst, who said that he wanted any cloud over his nomination removed. And I paraphrase his exact words a little freely but I believe, most accurately.

I do not want to see a witch hunt. But I do want to see the truth brought out. And Mr. Kleindienst himself, in asking that the case be reopened, wants the truth brought out. More questions are being raised than answers are being found.

There are other matters affecting this which are separate and apart from the nomination of Mr. Kleindienst, and they should be considered separate and apart.

The Foreign Relations Committee is going into the activities of multinational U.S. companies, many of them investing abroad at the express request of this Government. This is not something which was brought about because of ITT and the Chilean revelations, or the alleged revelations.

The inquiry—and I use the word "inquiry" advisedly—into the multinational corporations, has been discussed in the Committee on Foreign Relations for at least 6 months to my knowledge, but because of certain allegations raised publicly in a column, the matter has come to a head. And the committee has agreed unanimously to continue an inquiry in depth. It will take some time.

The committee has agreed also that it will not issue reports, if my recollection is correct, during the course of the hearings, so that politics will not be helped insofar as what the committee is endeavoring to do is concerned.

I understand—and I have not seen the stories as yet—that some new allegations, some new relevant questions were raised in the Baltimore Sun and the San Diego Union, I believe, in their issues of today.

Every legitimate question raised should be answered. Every legitimate witness should be called. This matter has got to be settled one way or the other. We have Mr. Kleindienst's nomination on the calendar. I am holding it here awaiting a judgment from the committee. I will seek its advice and its counsel as to what it thinks should be done. But I cannot do a thing about it until and unless such counsel and/or advice is forthcoming.

There are other matters, I understand, apart from the Chilean allegation, which have come to light which may well be considered by the Committee on the Judiciary, and if those allegations have any substance they should be and must be considered.

But I, for one, dislike very much to have the word politics involved in a matter which is of the highest importance. So may I say that I decry the politics involved. I am interested in the truth and the truth only. I would think all Senators seek that objective. I am interested in bringing these hearings to a conclusion one way or the other, but before that is done I want to see all the questions raised answered and I want to see all the legitimate witnesses called. In other words, I want to see Mr. Kleindienst getting a square deal because this is not helping him by having these hearings dragged out, it is not helping the Committee on the Judiciary, it is not helping the Senate, and it is not helping the country.

But questions have been raised and they must be answered, and the only way they can be answered is to call the appropriate witnesses, the appropriate legitimate witnesses, so that the questions can be asked and, if possible, the answers forthcoming.

So I would hope we would get away from the emotional aspects of this matter, and look at it as logically, and coldly, and impartially as we can. That is not too much to ask. It is not too much to ask the Committee on the Judiciary to meet more often, in the morning and in the afternoon, to bring this matter of the nomination, which is on the Senate Calendar, to a head so that on the basis of a thorough investigation and a calling of all the legitimate—and I emphasize the word again "legitimate"—witnesses the Senate can then be in a position to pass on the advice, counsel, or guidance of the Committee on the Judiciary as to what it should do in its wisdom in disposing of this nomination.

Again, may I say that I hope we do not get involved in politics, what previous Democratic administrations have done in comparison with what is being done now, because as a Democrat I am willing to admit we have made our share of mistakes, and more—maybe in this particular field. But going back into past history does not solve the problem which confronts us today, and I hope something definitive will be coming forth shortly based on the stipulations I made, based on the answers to allegations which have been made, and the hearing of all legitimate witnesses. As far as I am concerned, once a decision is reached, not in a political context, but in a fair and open minded context, then I am prepared to consider taking up the nomination of Richard Kleindienst to be Attorney General.

Until that time occurs I am doing my best, my very best, to try to keep an open mind until the evidence is in, all the questions pertinent to the nomination raised and answered, and all the legitimate witnesses heard.

Mr. GRIFFIN. Mr. President, the distinguished majority leader has reacted to a speech which he has characterized as political, and I can understand that. I think, however, that he would be the first to admit that if there have been political speeches on this subject, they did not start on this side of the aisle. There have been a good many coming from the other side of the aisle.

But I want to indicate that the distinguished majority leader has not himself addressed this subject in a political way, and for that I want to express my appreciation. He has said before he realizes many of the matters that have been raised in the press and which have taken the time of the Committee on the Judiciary, are not related to the nomination of Richard Kleindienst. It is quite obvious there has been very little evidence that bears on the fitness of Mr. Kleindienst to be Attorney General of the United States. I share the view the majority leader has expressed that while the Committee on the Judiciary should be encouraged to call such witnesses as may be necessary to answer legitimate questions as to the fitness of Mr. Kleindienst, that that should be done as expeditiously as possible.

If there are other questions relating to ITT, conglomerates, or whatever, that the committee or some other committee wants to investigate, that should be handled separately. I think the Senate owes it to Mr. Kleindienst, the administration, and the country to pass on this nomination on its merits as quickly as possible and with as little politics as possible.

While my colleague from Maryland has done a very effective job in pointing the finger at the other party, I would say frankly, that I believe a lot of the confusion in the country must be attributed to the way the press has reported this matter. In the evening news I have watched and listened to the newscasters say, in effect, that the Government gave a favorable settlement to ITT in exchange for a contribution to the Republican Party.

No matter how many times that statement is corrected it seems as if it continues to be said over and over again, even though whatever contribution involved was not to the Republican Party, but was to the San Diego Convention Bureau.

But more important, it was not a favorable settlement for ITT; it was a very unfavorable settlement for ITT and a victory for the Government, as far as antitrust was concerned.

The Senator from Maryland, I think, has documented that point very well in a very objective way. The day following the announcement of the settlement of the ITT case, ITT stocks dropped dramatically on the stock market. I do not know what other evidence we need in an objective way that it was an unfavorable settlement in the eyes of all investors around the country. Beyond that, the New York Times has reported, some of the highest officers in ITT sold large blocks of stock while the negotiations for settlement were going on. That buttresses the evidence that this was not a favorable settlement as far as ITT is concerned.

I yield the floor.

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. BEALL. Mr. President, inasmuch as I started the discussion, I want to say a few words to terminate it. When I took the floor I did so hoping to clear the air, as I think the Senator from Michigan tried to point out in his remarks.

I have the greatest respect for the distinguished majority leader. I think his has been a voice of moderation and understanding, and one of reasonableness in this discussion. I feel that we are all anxious that the matter should be brought to a conclusion fairly.

I believe that as a result of discussions that have taken place to date Mr. Kleindienst still remains every bit qualified to be Attorney General of the United States, and I hope we can get his nomination ratified as soon as possible.

However, I think there is a responsibility on each Member of this body when he feels an injustice has been done to his leaders to see that the injustice is corrected.

I do not think it is fair to accuse this administration of bringing about an unfavorable settlement of a trust-busting case when the opposite is true.

All I was pointing out in my remarks had nothing to do with the nomination of Mr. Kleindeinst. It had nothing to do with the hearings going on in the Judiciary Committee or whether they should continue. It was just to point out that it was under the Nixon administration that the ITT conglomerate antitrust case was brought, and it was under the Nixon administration that this conglomerate was forced to divest itself of some of its holdings.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. ALLEN) laid before the Senate the following letters, which were referred as indicated:

REPORTS OF THE ASSISTANT SECRETARY OF DEFENSE

A letter from the Deputy Assistant Secretary of Defense transmitting, pursuant to law, reports of the military construction projects which have been placed under contract in fiscal year 1971, in which the working estimate exceeded the amount authorized by the Congress by more than 25 percent; and reports of individual projects in which the project scope was reduced (with accompanying papers); to the Committee on Armed Services.

PROPOSED LEGISLATION AUTHORIZING VOLUNTARY ASSIGNMENT OF CERTAIN RESERVE MEMBERS

A letter from the General Counsel of the Department of Defense submitting proposed legislation to amend section 269(d) of title 10, United States Code, to authorize the voluntary assignment of certain Reserve members who are entitled to retired or retainer pay in the Ready Reserve, and for other purposes (with accompanying papers); to the Committee on Armed Services.

PROPOSED LEGISLATION TO EXTEND THE PROVISIONS OF THE COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT ACT OF 1964

A letter from the Secretary of Commerce submitting proposed legislation to extend the provisions of the Commercial Fisheries Research and Development Act of 1964, as amended (with accompanying papers); to the Committee on Commerce.

LIST OF REPORTS OF THE GENERAL ACCOUNTING OFFICE

A letter from the Comptroller General of the United States transmitting, pursuant to law, a list of reports of the General Accounting Office in March 1972 (with accompanying papers); to the Committee on Government Operations.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. ALLEN):

A resolution of the House of Representatives of the State of Georgia; to the Committee on Armed Services:

"H.R. 984

"A resolution urging the U.S. Army to return "treasure trove" to Mr. Donald W. Morrison; and for other purposes

"Whereas, Mr. Donald W. Morrison of Homerville, Georgia, while serving on active duty in the defense of his country in Viet Nam, found a 'treasure trove' of $150,000.00; and

"Whereas, he is entitled thereto against all the world, including the U.S. Army, except the true owner thereof; and

"Whereas the true owner has not asserted a claim to the 'treasure trove' for over four years, but the U.S. Army has unlawfully confiscated the 'treasure trove' without any creditable evidence that the 'treasure trove' was enemy property and without attempting to prove the lawful owner of the 'treasure trove'; and

"Whereas, Mr. Donald W. Morrison is being unjustly forced, at a considerable financial loss, to pursue legal courses of action to compel the U.S. Army to return his 'treasure trove'; and

"Whereas, the injustice being accorded this veteran of Viet Nam is severely damaging the image of the U.S. Army during a time when the Army is attempting to attract young men into service.

"Now, therefore, be it resolved by the House of Representatives that this Body does hereby urge the U.S. Army to return to Mr. Donald W. Morrison his 'treasure trove' of $150,000.00 without further legal action and without further delay, with interest thereon from the date of confiscation to date of return at six percent per annum.

"Be it further resolved that the Clerk of the House of Representatives is hereby authorized and directed to forward an appropriate copy of this Resolution to the President of the United States, the Secretary of Defense, the Secretary of the Army, the Chairmen of the Appropriations Committees of the United States Senate and House of Representatives, the Chairmen of the Armed Services Committees of the United States Senate and House of Representatives, the Governor of Georgia, and each member of the Georgia Congressional Delegation."

A joint memorial adopted by the Legislature of the State of Idaho; to the Committee on Foreign Relations:

"SENATE JOINT MEMORIAL 115

"A joint memorial to the President of the United States, the Secretary of State of the United States, the President of the Senate and the Speaker of the House of Representatives of the United States in Congress assembled, the Senators and Representatives representing this State in Congress, the Governors of the fifty States, and the Basque Government in exile in France

"We, your Memorialists, the Senate and House of Representatives of the state of Idaho assembled in the Second Regular Session of the Forty-first Idaho Legislature, do hereby respectfully represent that:

"Whereas, the history and traditions of this nation rest upon the principles of freedom from oppression and the rights of all citizens to life, liberty and the pursuit of happiness; and

"Whereas, we believe that democracy and freedom, when denied in one country stand threatened everywhere; therefore, it is our responsibility to bring to the attention of the people of the United States, and, we hope, to the people of the entire world that these very freedoms of the Basque people are threatened under the Franco regime in Spain today; and

"Whereas, the Basque people have a long and glorious history of personal accomplishment and a devotion to the preservation of their national heritage; and

"Whereas, the sole aim of the Basques, since human time began, has been to bar the world's wars, tribal, racial, religious, imperialistic or civil, from the tiny green mountain land which was their own before history began; and

"Whereas, no other country in the world holds the traditions of its forefathers so sacred as Euzkadi, as the Basques call their homeland; and

"Whereas, the Basques have been denied the rights to learn their own language, have been jailed, and have been denied their human rights by the Franco regime and are virtually threatened in their continued existance; and

"Whereas, the state of Idaho is known as the North American center of the Basque population; and

"Whereas, the Basques of North America have carried the traditions of their forefathers as honest and self-reliant peoples, possessing the basic elements of democracy, humanity, charity and mercy; and

"Whereas, the Basques of North America feel first they are Americans, and as such they feel for America as the Basques of Euzkadi felt for their country, which is: Gu Amerikarentzat eta America, Jaungekoarentzat. Which means We are for America, and America is for God.

"Whereas, in World II thousands of American lives were lost in a war which was precipitated from the Spanish Civil War, a war of genocide of the Basques, by the three dictators, Franco, Mussolini and Hitler; and

"Whereas, the Basques, who once enjoyed the oldest democratic republic in Europe, fought for the allies in World War II; and

"Whereas, over 2.4 billion dollars in aid has been given to Franco Spain for economic and military assistance since 1946 by the government of the United States.

"Now, Therefore, Be It Resolved by the Legislature of the state of Idaho that we voice our strong belief that as a nation we should reward our friends and not our enemies, and we deplore any free and democratic nation providing assistance to a ruthless, totalitarian government, directly or indirectly.

"Be It Further Resolved that we urge all steps be taken to cause the Spanish government to cease and desist the denial of the Universal Declaration of Human Rights of Man and insist that total general amnesty for all Basques and Spaniards now imprisoned or exiled for their political and social activities be extended by the Franco government.

"Be It Further Resolved that if such steps are not carried out, the President of the United States, the Secretary of State, and the Congress of the United States take all necessary steps to withdraw all foreign aid or benefits to the Spanish dictatorship.

"Bt It Further Resolved that the Secretary of the Senate be, and he is hereby authorized and directed to forward copies of this Memorial to the President of the United States, the Secretary of State of the United States, the President of the Senate and the Speaker of the House of Representatives of Congress, the Senators and Representatives representing the state of Idaho in the Congress of the United States, the Governors of the fifty states of the United States, and to the Basque government in exile in France."

A joint resolution of the Commonwealth of Virginia; to the Committee on Interior and Insular Affairs:

"HOUSE JOINT RESOLUTION NO. 69

"A joint resolution memorializing the Congress of the United States to authorize a tour of the Liberty Bell throughout the United States

"Whereas, the Liberty Bell has long stood as a symbol of the ideals upon which this nation was founded; and

"Whereas, many of our young people have never seen the Liberty Bell or been properly educated to its principles; and

"Whereas, a reaffirmation of our allegiance to these principles will be beneficial to our Commonwealth and nation; and

"Whereas, a movement is underway to place the Liberty Bell on tour of the fifty states; now, therefore, be it

Resolved by the House of Delegates, the Senate of Virginia concurring, That the Congress of the United States be memorialized to authorized to direct that the tour be by way of highway transport in order that it may have the best possible access to as many American citizens as possible.

"Resolved further, That the Congress be memorialized to utilize to the fullest possible extent the offers of assistance from firms and organizations so as to cause no financial burden to the public.

"Resolved finally, That the Clerk of the House of Delegates is hereby directed to transmit a copy of this Resolution to the clerks of the United States House of Representatives and the United States Senate."

Resolutions agreed to by the Senate of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"RESOLUTIONS URGING THE CONGRESS OF THE UNITED STATES TO ESTABLISH A NATIONAL HUNTING AND FISHING DAY

"Whereas, Efforts are presently underway by the Congress of the United States to establish a National Hunting and Fishing Day on the fourth Saturday of each year, the Massachusetts Senate hereby recognizes the efforts of its resident hunters and fishermen in establishing fish and wildlife conservation programs that benefit game and non-game species alike; and

"Whereas, The sports of fishing and hunting are recognized as vital tools in helping to maintain healthy wildlife populations in balance with their habitat and natural food supplies; and

"Whereas, These citizens have contributed greatly to our Commonwealth's outdoor welfare, the conservation of our natural resources and the maintenance of a viable environment; now, therefore, be it

"Resolved, That the Massachusetts Senate, assembled in formal meeting this twenty eight day of March, 1972 in Boston, Massachusetts, does hereby urge the Congress of the United States to establish on the fourth Saturday of each year a National Hunting and Fishing Day; and be it further

"Resolved, That the Massachusetts Senate reaffirms its great concern for the future of conservation and its unswerving support of Massachusetts sportsmen in their efforts to mainstay fish and wildlife conservation; and be it further

"Resolved, That copies of these resolutions be transmitted forthwith by the Secretary of the Commonwealth to the President of the United States, to the presiding officer of each branch of Congress and to each member thereof from the Commonwealth."

A concurrent resolution of the Legislature of the State of Oklahoma; to the Committee on the Judiciary:

"H. CON. RES. 1074

"A concurrent resolution memorializing Congress to take appropriate measures to curb Federal judicial power over public school litigation in regard to forced transportation of students to achieve racial balance or overcome racial imbalance; and directing distribution

"Whereas, it was ordained and established in Article III of the Constitution of the United States of America that the Supreme Court's appellate jurisdiction shall be subject to such exceptions and under such regulations as Congress shall make; and

"Whereas, under the existing provision in the framework of governing law of the country, Congress can except from the jurisdiction of the Supreme Court such subjects as it sees fit; and

"Whereas, under the existing provision in the Constitution, Congress can surely take appropriate measures to curb federal judicial power over public school litigation in regard to forced transportation of students to achieve racial balance or overcome racial imbalance; and

"Whereas, the time has come when it should be called to the attention of Congress, the members of the House, the members of the Senate and the people of this country, that Congress can presently, without awaiting any amendment of the Constitution, except appeals of questions concerning a public school system of any state or public school system of any political subdivision of any state from the appellate jurisdiction of the Supreme Court.

"Now, therefore, be it resolved by the House of Representatives of the 2nd session of the 33rd Oklahoma Legislature, the Senate concurring therein:

"Section 1. That the Congress of the United States of America be memorialized to take appropriate measures to curb federal judicial power over public school litigation in regard to forced transportation of students to achieve racial balance or overcome racial imbalance.

"Section 2. That duly authenticated copies of this Resolution be distributed to members of the House of Representatives and Senate, including the Oklahoma Congressional Delegation, and the President of the United States."

A resolution adopted by the Board of Chosen Freeholders, Passaic County, N.J., praying for the enactment of legislation relating to the assumption of the cost of the welfare and relief programs presently administered by the counties and municipalities; to the Committee on Finance.

A resolution adopted by the Suffolk County, N.Y., county legislature, declaring moral support for the President of the United States to aid him in the achievement of an honorable and satisfactory conclusion of hostilities in Southeast Asia; to the Committee on Foreign Relations.

A resolution adopted by the Common Council of the City of Buffalo, N.Y., praying for the enactment of legislation relating to a busing moratorium; ordered to lie on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HARTKE, from the Committee on Veterans' Affairs, without amendment:

S. 2013. A bill to amend chapter 21 of title 38, United States Code, to increase the maximum amount of the grant payable for specially adapted housing for disabled veterans (Rept. No. 92–730).

By Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, without amendment:

S. Con. Res. 74. A concurrent resolution authorizing the printing of additional copies of Senate Report 92–634, entitled "Interim Report of Activities of the Private Welfare and Pension Plan Study, 1971" (Rept. No. 92–731).

By Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, with an amendment:

S. Res. 286. A resolution to provide additional funds for the Committee on the Judiciary for routine committee expenditures (Rept. No. 92–732).

By Mr. KENNEDY, from the Committee on Labor and Public Welfare, with an amendment:

S. 3323. A bill to amend the Public Health Service Act to enlarge the authority of the National Heart and Lung Institute in order to advance the national attack against diseases of the heart and blood vessels, the lungs, and blood, and for other purposes (Rept. No. 92–733).

EXECUTIVE REPORTS OF COMMITTEES

Mrs. SMITH. Mr. President, as in executive session, from the Committee on Armed Services, I report favorably two nominations. I ask that these nominations be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations, ordered placed on the Executive Calendar, are as follows:

Maj. Gen. Vernon Anthony Walters, U.S. Army, for appointment as Deputy Director, Central Intelligence Agency; to be lieutenant general; and Maj. Gen. George Edward Pickett, U.S. Army, to be assigned to a position of importance and responsibility designated by the President; to be lieutenant general.

Mrs. SMITH. Mr. President, I also report favorably sundry nominations, for appointment in the Marine Corps and Marine Corps Reserve. Since these names have already been printed in the RECORD, I ask unanimous consent that they lie on the Secretary's desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations, ordered to lie on the desk, are as follows:

Jesse L. Altman, Jr., and sundry other officers, for promotion in the Marine Corps;

Kenneth R. Allen, and sundry other officers, for permanent appointment in the Marine Corps Reserve; and

Lynn Adams III, and sundry other officers, for temporary appointment in the Marine Corps.

By Mr. WILLIAMS, from the Committee on Labor and Public Welfare:

Walter Charles Howe, of Washington, to be Deputy Director of Action.

S. 3345—ORDER FOR STAR PRINT

Mr. HARTKE. Mr. President, it has been brought to my attention that when I introduced S. 3345 on March 14, 1972, a portion of a sentence was omitted from the bill due to a typographical error. I ask unanimous consent that a star print of S. 3345 with the necessary corrections be made.

The PRESIDING OFFICER (Mr. FANNIN). Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. BELLMON:

S. 3456. A bill to provide access to the health facilities of the Public Health Service and the Veterans' Administration, and for other purposes. Referred to the Committee on Interior and Insular Affairs, by unanimous consent.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BELLMON:

S. 3456. A bill to provide access to the health facilities of the Public Health Service and the Veterans' Administration, and for other purposes. Referred to the Committee on Interior and Insular Affairs, by unanimous consent.

MEDICAL FACILITIES ACCESS ACT OF 1972

Mr. BELLMON. Mr. President, Oklahoma, like other States, has certain citizens who are entitled to receive medical care at Federal expense. Primarily these include members of Indian tribal groups and veterans of the armed services.

The Federal Government has attempted to meet this responsibility through the establishment of various federally supported medical facilities.

For sometime, I have been concerned about the difficulties experienced, particularly by Indians in my State, in obtaining needed medical treatment. In order to reach facilities maintained for Indian citizens, it is often necessary for them to travel long distances at considerable expense and sometimes at great risk to the patient. This is especially true when hospitalization is required.

Our office files contain many examples of the inconvenience and the loss of time and money caused by the present system. One letter in particular illustrates the unfair situation which exists and how it can jeopardize a person's health.

Mr. President, I ask unanimous consent that this letter from State Senator Allen G. Nichols of Wewoka, Okla., be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OKLAHOMA STATE SENATE, 11TH SENATORIAL DISTRICT, SEMINOLE AND HUGHES COUNTIES,
August 28, 1971.

Senator HENRY BELLMON,
Washington, D.C.

MY DEAR SENATOR BELLMON: I am enclosing a letter as a basis for this letter. John Coley is a young full-blood Seminole Indian working his way through school and several of us are assisting him. He was advised after his wife became pregnant, to appear at Shawnee for assistance from the PHS Indian Health Center. They examined her and advised him that he could expect the baby around August 12, 1971 but that he would have to take her from Wewoka to Claremore, Oklahoma. Assuming the correctness of their diagnosis he made plans to take her to Claremore a day or so ahead of time.

However these so called experts mis-calculated the date. And about ten days before the appointed time, in the night time, the baby made its appearance. It was physically impossible for him to drive more than a hundred miles to Claremore. So the only thing he could do was to immediately rush her to the Wewoka Memorial Hospital and the baby was born in a few minutes. They kept her there for a week or more and they submitted the bill to this Benign Agency at Shawnee and as you can see they answered him in a very enlightening manner to wit: That he failed to comply with some rule and therefore they *declined* to pay the Hospital bill!

I explained to these Indians that we had one Senator in Washington who is not an Indian but that he is a great friend to all Indians and I am sure you will live up to my recommendations. I wish you would immediately turn the heat on that bunch of folks up there and let them know they ought to be penalized in mis-judging the arrival of this baby. In view of the fact that they fixed Hospital services more than a hundred

miles away. There is no way this Indian boy can pay this bill except to quit school and get a job. I am counting on you in getting the job done.

Sincerely Your Friend,

ALLEN G. NICHOLS.

Mr. BELLMON. Mr. President, to some extent, the same problems faced by Indian families also exist for veterans.

The result is that under the present narrow methods of administering these special Government health facilities, an Indian living in a city where the Veterans' Administration has a hospital may not use that facility, but rather is required to travel to another locality where the Public Health Service operates a facility for Indians.

Conversely a veteran living in an area where an Indian hospital is located is denied services at that federally supported institution and is forced to travel, often long distances at great expense, to a veterans hospital.

Moreover, certain federally supported medical facilities are located in remote and thinly populated areas where private or municipally operated medical facilities are totally lacking. Under those circumstances it is not at all uncommon for an American citizen whose taxes are supporting a Federal medical facility in the area to be denied access and be forced to go elsewhere to obtain necessary medical treatment.

Mr. President, in an effort to correct these inequities, I am today introducing legislation to provide better access to health facilities for Indians and veterans and eliminate the necessity for using only certain designated facilities. It also would allow Indians and veterans to obtain medical care at non-Government facilities on a cost reimbursement basis, and would make it possible for citizens not entitled to Government medical care to obtain treatment at a Government facility at their own expense.

Mr. President, this bill will greatly improve health conditions for our Indian citizens and eliminate much of the frustration encountered by both Indians and veterans in obtaining the care to which they are entitled. It also will result in better utilization of our tax-supported hospitals and clinics and will help to solve the problem of providing adequate medical care for citizens who live in rural areas of the country.

This bill provides for a credit card system to simplify administration and it is not anticipated that it will cost the Treasury any additional funds because it will make use of existing facilities and will provide for reimbursement by private citizens who use Federal facilities.

Mr. President, I ask unanimous consent that the bill and a section-by-section analysis be printed in the RECORD, and further that the bill be referred to the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 3456

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 "Medical Facilities Access Act of 1972".

SEC. 2. (a) Section 322(a) of the Public Health Service Act is amended by striking the period at the end of paragraph (8), and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(9) an Indian who is (A) an enrolled member of a tribe, band, or other organized group of Indians, including those tribes, bands, or groups terminated since 1940 and those recognized now or in the future by the State in which they reside, or an individual who is a descendant, in the first or second degree, of any such enrolled member; (B) an individual who is considered by the Secretary of the Interior to be an Indian for any purpose; (C) an individual who is an Eskimo or Aleut or other native of Alaska.

(b) Section 332(d) of such Act is amended to read as follows:

"(d) The Secretary, within the limits of the Service facilities shall furnish care and treatment to any person not otherwise entitled to such care and treatment if—

"(1) such person would be eligible for such care and treatment in a Veterans' Administration facility; and

"(2) lives in an area remote from or extremely inconvenient to a Veterans' Administration facility and a Service facility is closer or more convenient to the residence of such person."

(c) Section 322(e) of such Act is amended by inserting immediately after the word "under" the following: "paragraphs (1) through (8) of".

(d) Section 322 of such Act is amended by adding at the end thereof the following new subsections:

"(f) Persons entitled to care and treatment under paragraph (9) of subsection (a) shall be issued a medical care card by the Secretary. Such card shall contain such information as the Secretary deems appropriate to indicate that the person to whom it is issued is eligible to receive care and treatment at the expense of the Service in public or private medical or hospital facility if he would be eligible for such care and treatment in a Service facility and such facility, or a facility of the Veterans' Administration is not reasonably accessible to such person.

"(g) Persons not otherwise entitled to treatment and care at institutions, hospitals, stations, or other Service facilities may, in accordance with regulations promulgated by the Secretary, receive such treatment and care when such institution, hospital, station, or other facility is the only facility reasonably accessible to such persons. Persons receiving care and treatment under this subsection shall be charged at rates established to reflect the reasonable cost of providing such care and treatment.".

SEC. 3. Chapter 17 of title 38, United States Code, is amended by adding at the end of subchapter III the following new subsections:

"§ 628. Hospital care and medical services provided in areas remote from Veterans' Administration facilities; medical care cards; eligibility of Indians

"(a) Subject to such regulations as the Administrator shall prescribe, a veteran may obtain such hospital care and medical services as he needs at the expense of the Veterans' Administration from private facilities if he would be eligible for such care and services in a Veterans' Administration facility and (1) he lives in an area remote from or extremely inconvenient to a Veterans' Administration facility, or (2) such hospital care or medical service can be provided at a cost equal to or less than the cost at which such care or service could be provided at the nearest Veterans' Administration facility.

"(b)(1) The Administrator shall provide for the issuance of a medical care card to any veteran who makes application therefor and who is eligible for hospital care and medical services from the Veterans' Administration. Such card shall contain such information as the Administrator deems appropriate to indicate that the veteran to whom it is issued is eligible to obtain specified hospital care and medical services at the expense of the Veterans' Administration.

"(2) The Administrator shall make such arrangements as may be necessary to pay persons and facilities which furnish hospital care and medical services to veterans eligible to obtain such care and services from private facilities at the expense of the Veterans' Administration.

"(c) The Administrator, within the limits of Veterans' Administration facilities, shall furnish hospital care and medical services to any Indian in need thereof if such Indian (1) would be eligible for such care and services in a Public Health Service facility, and (2) lives in an area remote from or extremely inconvenient to a Public Health Service facility and a Veterans' Administration facility is closer or more convenient to the residence of such Indian. Hospital care and medical services shall be furnished Indians under this subsection in accordance with such rules and regulations as the Administrator shall prescribe but only to the extent that the furnishing of such care and services does not adversely interfere with the furnishing of such care and services to veterans.

"(d) Persons not otherwise entitled to hospital care and medical services from a Veterans' Administration facility, may (to the extent that the furnishing of such care and services does not adversely interfere with the furnishing of such care and services to veterans) in accordance with regulations promulgated by the Administrator, receive such care and services when such facility is the only facility reasonably accessible to such persons. Persons receiving care and services under this subsection shall be charged at rates established to reflect the reasonable cost of providing such care and treatment.".

MEDICAL FACILITIES ACCESS ACT OF 1972—SECTION-BY-SECTION ANALYSIS

1. Section 2(a) by amendment to the Public Health Service Act establishes for the first time the right of Indians to health care in *any* Public Health Service Facility, rather than just those facilities transferred to the Public Health Service from the Bureau of Indian Affairs (68 Stat. 674).

2. Section 2(b) provides for the care and treatment of veterans in Public Health Service facilities where such facilities are more accessible than a Veterans' Administration facility.

3. Section 2(d) provides that Indians shall be issued medical care cards which shall entitle the holder to receive care and treatment at the expense of the Public Health Service from public or private facilities if he would be eligible to receive such care and treatment from a Public Health Service facility or a Veterans' Administration facility but such facilities are not reasonably accessible to such Indian.

4. Section 2(d) also provides that persons not otherwise entitled to care or treatment at Public Health Service facilities may receive such care if such facility is the only facility reasonably accessible to such persons. Persons receiving such care shall have to pay a reasonable charge covering the cost of such care.

5. Section 3 amends title 38 of the United States Code to provide that—

(1) Veterans may obtain medical care at the expense of the Veterans' Administration from public or private facilities where a Veterans' Administration facility is not reasonably accessible to such veteran;

(2) Upon application therefore, veterans shall receive a medical care card which shall

entitle the holder to the private care described above;

(3) The Administrator of the Veterans' Administration is authorized to furnish medical care to Indians in a Veterans' Administration facility where such facility is more accessible than a Public Health Service facility. Such services shall not interfere with the furnishing of services to veterans.

(4) The Administrator is authorized to provide medical care in a Veterans' Administration facility to any person where such a facility is the only facility reasonably accessible to such person, to the extent such care does not interfere with the care of veterans. Persons receiving such care must pay reasonable charges covering the cost of such care.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 2871

At the request of Mr. WILLIAMS, the Senator from Michigan (Mr. GRIFFIN) was added as a cosponsor of S. 2871, the Marine Mammal Protection Act of 1971.

S. 3083

At the request of Mr. HARTKE, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 3083, the Truth-in-Food Labeling Act.

S. 3136

At the request of Mr. SCHWEIKER, the Senator from Missouri (Mr. EAGLETON), the Senator from Illinois (Mr. STEVENSON), the Senator from California (Mr. TUNNEY), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of S. 3136, a bill to amend the Federal Food, Drug, and Cosmetic Act to regulate the amount of lead and cadmium which may be released from glazed, ceramic or enamel dinnerware.

S. 3139

At the request of Mr. CHILES, the Senator from Indiana (Mr. HARTKE) was added as a cosponsor of S. 3139, a bill to authorize acquisition of the Big Cypress National Fresh Water Reserve in Florida.

S. 3302

At the request of Mr. PEARSON, the Senator from Tennessee (Mr. BAKER) and the Senator from Missouri (Mr. EAGLETON) were added as cosponsors of S. 3302, a bill to amend the Airport and Airway Development Act of 1970 in order to make certain airports where the landing area is owned by the United States or an agency thereof eligible for assistance under such acts.

S. 3322

At the request of Mr. HARTKE, the Senator from Oklahoma (Mr. HARRIS) was added as a cosponsor of S. 3322, a bill to amend the Internal Revenue Code of 1954 to encourage State and local governments to decrease their reliance on real property taxes as the principal means of funding expenditures for education by allowing a credit against Federal income tax for State and local income taxes imposed to fund such expenditures.

S. 3338

At the request of Mr. TALMADGE, the Senator from Texas (Mr. TOWER) and the Senator from North Carolina (Mr. JORDAN) were added as cosponsors of S. 3338, to amend title 38, United States Code, to increase the rates of compensation for disabled veterans, and for other purposes.

S. 3357

At the request of Mr. MONDALE, the Senator from North Dakota (Mr. BURDICK), the Senator from Washington (Mr. JACKSON), and the Senator from Maine (Mr. MUSKIE) were added as cosponsors of S. 3357, a bill to provide price support for milk at not less than 85 per centum of the parity price therefor.

S. 3382

At the request of Mr. JAVITS, the Senator from Colorado (Mr. DOMINICK) was added as a cosponsor of S. 3382, the Gifted and Talented Children's Education Assistance Act.

S. 3407

At the request of Mr. WILLIAMS, the Senator from Massachusetts (Mr. KENNEDY), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Maine (Mr. MUSKIE), and the Senator from Hawaii (Mr. INOUYE) were added as cosponsors of S. 3407, a bill to amend the Education of the Handicapped Act to provide for improved opportunities for handicapped persons, and for other purposes.

SENATE CONCURRENT RESOLUTION 75—SUBMISSION OF A CONCURRENT RESOLUTION TO URGE EACH AMERICAN FAMILY TO PLANT A VEGETABLE GARDEN

(Referred to the Committee on Agriculture and Forestry.)

Mr. ALLEN. Mr. President, our Nation is taking stern measures to fight inflation. We are making massive efforts to combat malnutrition and we are working steadily to promote physical fitness. We are using massive governmental machinery to achieve our aims. However, there is available to us a most effective means for achieving all these goals. We cannot afford to overlook it merely because of its simplicity. I refer to the family vegetable garden.

With a vegetable garden, the family can help fight inflation and outflank and roll back increasing food prices. At the same time the family can insure better nutrition and can enjoy the benefits of healthful fun and exercise together.

Mr. President, there is an honored and most successful precedent for encouraging the use of the family garden. During World War II, the President of the United States urged us to plant victory gardens to help win the war against fascism. Why not plant victory gardens to help win the war against inflation, malnutrition, and poor health?

Self-help is the American way, and vegetable gardens are just as important to Americans in the war against inflation as they were in the war against fascism. They will increase the food supply and reduce the cost of the family meal. They will increase the supply of vegetables and thus reduce the demand in the marketplace and thus help bring down prices which must be paid by those without space for a garden. They will provide natural vitamins for family nutrition, and they will provide wholesome exercise for members of the family. On top of that, working together in the garden will bring families together in a common cause in our war against inflation.

Mr. President, the American way is to take positive action, with every American pulling and working together. It is already recognized that self-help can be much more effective than just passing laws.

Mr. President, Reader's Digest has published a condensation of an article entitled "Backyard Gardens Are Back in Style," from Empire in which the distinguished Representative from South Carolina (Mr. DORN) is cited for his great interest in gardening and for gardening's beneficial effects for him.

Mr. President, I commend the Reader's Digest condensation to the consideration of the Senate. It is timely and most interesting. I request unanimous consent that the article be printed in the RECORD.

I also send to the desk for appropriate reference a resolution urging the planting of gardens, and I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the article and concurrent resolution were ordered to be printed in the RECORD, as follows:

BACKYARD GARDENS ARE BACK IN STYLE

Behind their duplex apartment in Watertown, Mass., John and Jane Nagy maintain a vegetable garden richly fertilized with leaves, plus vegetable and fruit parings. Their plot is postage-stamp size, but super productive.

Nearly every weekend, Rep. W. J. Bryan Dorn (D., S.C.) dashes out of the House Office Building in Washington to catch a plane to Columbia, then drives to his home outside Greenwood. Minutes later, he has changed clothes and is in his one-acre garden. "You'd be surprised," he says, "how quickly complicated questions of state straighten themselves out between rows of okra and corn."

The John Meekers of Gilroy, Calif., owned a strip of "useless" clay 18 inches wide by 42 feet long between their driveway and their neighbor's. It's useless no longer; the Meekers mixed in leaves, grass clippings and the end product of a small compost pile, and now have a "vertical garden" of artichokes, tomatoes, cucumbers and pole beans.

The Nagys, Congressman Dorn and the Meekers are representative of a rapidly growing tribe of home gardeners reviving the good old American custom of growing at least part of their food in their own backyards. In the process, they get needed exercise save money and have fun; *and* they enjoy the tender, tasty perfection of truly fresh vegetables—which no frozen, canned or store-bought variety can possibly approach. At a time when the number of commercial farms is declining toward a rock-bottom minimum, when the cost of eating has never been higher, sales of garden supplies, seeds and nursery stock are soaring. According to Burpee's, the leading seedsmen, there are today more home gardens than at the height of the World War II Victory Garden fever.

Part of the appeal of growing your own food comes directly from the feeling that you are working in harmony with the forces that underlie and sustain the universe. This spiritual dimension, once present in all agriculture, until recently seemed doomed

by the whole concept of "agribusiness." Now, led by the home organic gardener, it is surging back—and is increasingly present even in the ranks of commercial farmers.

The organic approach—that everything comes from, and so should be returned to, the soil—is central in today's fight to protect our environment.[1] By recycling into backyard gardens grass clippings, leaves and the decomposable garbage every family produces, home gardeners appreciably relieve the burden on our nation's overburdened sanitary landfills and incinerators and, ultimately, on the atmosphere that surrounds us. At the same time, by utilizing nature's own pesticides, they are helping to reduce the tonnages of persistent chemicals that are poisoning our land and water, and endangering man and animal alike by entering the food chain.

If *you* want to discover the thrill of totally fresh produce, and the feeling that you're working with, rather than against, nature, it's easy to hop on the backyard-garden bandwagon. Here's how:

Soil. The successful growing of anything starts with proper soil preparation. Pick a sunny location, spade it thoroughly and then dig in all the undecomposed organic material—leaves, grass clippings, peat moss, straw or hay, etc.—you can beg, borrow or buy. (Presumably, as a beginning, you will not have any humus, the rich—and agriculturally desirable—end product of a compost pile.) Since this has a tendency to make the soil acid, a little groundup agricultural limestone will also be beneficial. Cultivated into the soil, the organic material attracts bacteria and tiny funguses which break down the cellulose and other fibers into constituent nutrients and thus feed the roots of your plants.

Unfortunately, these organisms themselves are heavy users of nitrogen, and while they're on the job they compete with your crops for nitrogen. To reduce this competition, many home gardeners add to their uncomposted material either a natural source of nitrogen, such as the bone meal or dried slaughterhouse blood preferred by organic purists, or a shovel or two of the least expensive 5–10–5 chemical fertilizer. (In two or three years, if proper soil practices are followed, a rich, humusy soil will result, and such "artificial" fertilizing can then be eliminated.)

The amount of space you have determines what you can grow. But remember this: a soil rich in the necessary nutrients will support an amazing number of plants crowded close together. A space no bigger than a pool table is still large enough for a salad garden of lettuce, radishes, onions or chives, plus a few staked-up tomato plants. As your space grows, so can your ambition.

Mulch. Whatever your garden size, you'll want to eliminate cultivating and weeding as much as possible. Even if you had the inclination, today's home gardener lacks the time for clean cultivation; often he has to leave for work before eight five mornings a week. So, as soon as his seedlings can be identified, he pulls out the weeds once and for all and fills in the space between his vegetable rows with a mulch. For this purpose, because it will eventually decay into humus, he uses a thick layer of undecomposed organic matter (again, such things as grass clippings, leaves, sawdust, wood chips, even three or four sheets of newspaper overlapped away from the prevailing wind and weighted down with a little earth).

The ultimate in mulching—and composting—is the permanent mulch system, wherein mulch is added at the top as fast as it decays below. Instead of annual plowing or spading to aerate the soil and work the humus in, you let earthworms do this for you on a continual basis. They burrow as much as six feet down, loosening and aerating the soil with their tunnels and fertilizing it with their castings. At planting time, under this system, the gardener simply pulls aside the undecomposed mulch and plants his seeds; when the seedlings come up, he returns the mulch.

Pests. Once your crops are in, your next concern is to keep them from being eaten by pests. Everything you have done so far has been conducive to pest control because healthy soil tends to produce disease- and pest-resistant plants. But you are still vulnerable.

The first thing is to encourage your natural allies, from songbirds and hoptoads to the predator insects—ladybugs, praying mantises, lacewing flies, tiny Trichogramma wasps, etc.—that neither bother people nor harm crops.

If natural predators aren't taking care of the problem, organic gardeners suggest trying some home remedies used by gardeners and farmers in previous centuries. These range from a strong solution of salt and water dashed on cabbage worms, to flour and water thrown on mites and other soft-bodied insects, to plain old water sprayed on aphids. For slugs, a bane in warm, wet weather, you can simply sink shallow pans of stale beer into the ground—the slugs will head for the bar, fall in and drown.

Other alternatives to insecticide spraying include: interplanting strong scented herbs, chives, onions, lavender, tansy, oregano—with food crops subject to infestation; companion planting of crops that repel each other's worst enemies—potatoes mixed with beans for example; or planting varieties of vegetables known to be immune or resistant (most seed catalogues call attention to such varieties).

All of these practices have the virtue of not poisoning the soil, pets or children. As a last resort, you may have to use such commercially available insecticides of vegetable origin as rotenone or the pyrethrins. These are potent killers, but at least they do not degrade the environment.

Even with the depredations of insects, chances are that your garden will produce more than your family can eat or, at times, even give away. And don't forget—gardening offers food for the soul as well as the body.

[1] *An Agricultural Testament,* by famed British botanist Sir Albert Howard, is the Bible for all advocates of organic methods.

S. CON RES. 75

Whereas inflation, nutrition, physical fitness, and recreation are national concerns;

Whereas a family can save on food costs, fight inflation, improve nutrition, get healthful exercise, and have fun together by planting a vegetable garden;

Whereas many citizens of the nation have already realized the many advantages of planting a vegetable garden; and

Whereas the pleasure, profit and fulfillment of growing your own vegetables has been recognized by publications with worldwide circulation;

Whereas patriotic citizens planted victory gardens during World War II at the urging of the President of the United States for the purpose of conserving national resources and combating inflation;

Whereas our nation is currently engaged in battle against the ravages of inflation and malnutrition, and vegetable gardens are a potent weapon against both;

Whereas the American way of fighting a problem is not boycotts and is not mere passing of laws, but is self-help and unity in pulling and working together; and

Whereas the planting of vegetable gardens will provide more food for the family's budget and will increase the vegetable supply and bring food prices down for apartment dwellers without space for gardens: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That each American family is urged, where practicable, to plant a vegetable garden for the purpose of fighting inflation, saving money, getting exercise, and having the fun and pleasure of family vegetable growing.

ADDITIONAL COSPONSORS OF A CONCURRENT RESOLUTION

SENATE CONCURRENT RESOLUTION 66

At the request of Mr. PEARSON, the Senator from Tennessee (Mr. BAKER) and the Senator from Oklahoma (Mr. HARRIS) were added as cosponsors of Senate Concurrent Resolution 66, expressing the sense of Congress that the United States should negotiate for the use of foreign currencies to pay Peace Corps expenses to countries where these currencies are held.

ADDITIONAL COSPONSOR OF A RESOLUTION

SENATE RESOLUTION 232

At the request of Mr. CHILES, the Senator from Tennessee (Mr. BROCK) was added as a cosponsor of Senate Resolution 232, expressing the sense of the Senate that the remainder of the amount appropriated for the rural electrification program for fiscal 1972 be released immediately by the Office of Management and Budget.

WAR POWERS ACT—AMENDMENT

AMENDMENT NO. 1106

(Ordered to be printed and to lie on the table.)

Mr. BUCKLEY submitted an amendment intended to be proposed by him to the bill (S. 2956) to make rules governing the use of the Armed Forces of the United States in the absence of a declaration of war by the Congress.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENTS NOS. 998 AND 999

At the request of Mr. CHURCH, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of amendment No. 998; and the Senator from Alaska (Mr. GRAVEL), the Senator from Nevada (Mr. CANNON), the Senator from Montana (Mr. METCALF), and the Senator from Hawaii (Mr. INOUYE) were added as cosponsors of amendment No. 999, both amendments intended to be proposed to the bill (H.R. 1) to amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with

children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes.

AMENDMENT NO. 1100

At the request of Mr. STEVENSON, the Senator from South Dakota (Mr. McGOVERN) was added as a cosponsor of amendment No. 1100 intended to be proposed to the bill (S. 3193) to provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, and for other purposes.

AMENDMENTS NO. 410

Mr. KENNEDY. Mr. President, recently before the Senate Commerce Subcommittee on Environment, the Environmental Protection Agency disclosed that disease-producing viruses had been found in the drinking water of two Massachusetts cities—Lawrence and Billerica. While we have been assured that this discovery represents a scientific breakthrough in detection techniques as opposed to a cause for alarm, it seems clear that the isolation of virus in drinking water is a final warning signal that congressional action is imperative if the quality of our drinking water is to be improved to meet health and safety standards.

Senator HART has introduced amendment No. 410 to S. 1478, legislation calling for minimum national drinking water standards, a meaningful national research and development program, and financial and technical assistance to State and local governments for planning, training, and the development of new methods of water treatment. As a result of hearings in both the House and the Senate, I am hopeful that the legislation will be amended to include adequate, uniform, and timely publication of water quality information to the public. I am happy to cosponsor amendment 410, and I look forward to favorable action by the Senate and the House on this legislation crucial to our national health.

There are three prevalent misconceptions surrounding the history of water quality in the United States:

First, that we have adequate treatment methods and facilities and a resultant, clean, healthy water supply;

Second, that recent efforts to curb pollutants poured into our rivers and streams, raw water sources, means that the flood of chemicals, bacteria, and viruses will be sufficiently controlled and eliminated; and

Third, that preventive measures are somehow less important, or of less priority for our national health than curative methods.

The history of water quality control in this country indicates that our early, effective efforts to provide clean drinking water met with great success, and this in part accounts for the satisfied, unconcerned reaction of many of our citizens to the suggestion that the water they drink may be of inferior quality. Water treatment methods effectively wiped out typhoid and dysentery from waterborne sources as long ago as the 1930's. Since that time, research has been less than adequate on the disease-producing contaminants in our water supplies and the inadequacy of our water treatment facilities and methods. While our population has grown, our water sources have grown smaller and dirtier. While our technology has put us on the moon, no new, effective type of water facility, maintenance and operation has been developed. And while we have endlessly researched new and better televisions, and washing machines, and vacuum sweepers, no new method of treatment to eliminate viruses from drinking water has been advanced.

What little information is available on the quality of our drinking water has not been sufficiently disseminated, and I think most American citizens would be shocked at its implications. A Government study showed:

First, 5.4 percent of the national population are being delivered "potentially dangerous drinking water";

Second, 40 million persons are delivered water which exceeds recommended limits; and

Third, 274,000 persons of the 82 million served by interstate water supplies are consuming water now prohibited under interstate quarantine regulations.

Many water treatment facilities from coast to coast are understaffed, inadequately funded, poorly operated and maintained. Operation and maintenance personnel often lack sufficient training and expertise in the field of water quality control. In an EPA study, 77 percent of water facility operators involved in the study had been inadequately trained.

While we have seen the Federal Government role in the regulation of drugs, foods, air pollution, mine safety and solid waste management, Federal participation and direction in the area of drinking water has been limited by lack of funds and authority. EPA has been limited to the regulation of interstate water supplies. For example, on March 17, 1972, EPA issued a prohibition against the use of water from Cordova, Alaska, aboard interstate carriers—trains, planes, buses. But no authority exists for a Federal governmental role in water supplies within a community. The lack of public concern, the absence of citizen demand for pure drinking water supplies can be traced directly to the lack of information obtained or disseminated concerning the local supply.

The Community Water Supply Study of July 1970 showed that 79 percent of the 969 water systems studied had not been inspected by any State official in the year prior to the study. And 56 percent of those could not remember a State official ever visiting the water treatment facility. EPA estimates that the States should be spending at least $30 million a year on water supply systems, just to keep pace with increasing population and ever-increasing pollution. But the States are currently spending one-third of that.

Water pollution control efforts—that is the regulation of pollutants on raw, untreated water in our rivers and lakes—have amassed tremendous support and Federal funding. Over a billion dollars has been spent on these sources of about 50 percent of our drinking water. But last in this intensive effort to clean up our rivers and streams is the concern for the other half of the problem—supplying clean drinking water by effective treatment of this raw water supply before it reaches our taps. If all pollutants were stopped today from being dumped into our waters—the problems of water treatment would still be with us. It is not only the chemical components from industrial wastes that affect our drinking water, it is bacteriological and viral factors which must concern us as well.

In 1965 in Riverdale, Calif., 16,000 residents became ill and three died from salmonela in the drinking water. In 1969, 30 percent of the population in Angola, N.Y., contracted gastroenteritis from the drinking water supply. And in 1969 in my own State of Massachusetts, the football team from Holy Cross was downed with a 66-percent infectious hepatitis rate from a faulty water delivery system.

And chlorine which has been found effective as a disinfectant for bacteria is generally less effective on virus control. Current methods of water treatment appear to be insufficient based on the limited research on virus in drinking water to date. The waste treatment plants servicing Lawrence and Billerica, Mass., are considered of superior quality—yet initial testing found virus in both supplies. Only three systems in the United States have been tested and no technology yet exists for an efficient, noncumbersome, effective, and quick way to test for virus.

Perhaps even more shocking is the fact that 20 million Americans have no water in their homes. They must pay excessive amounts for water, sometimes haul it over long distances, sometimes from muddy and dirty sources.

I have long been involved in the effort to assure every citizen in the United States the delivery of adequate medical care, and I have worked to fund the research and development of curative treatments, especially in cancer and heart disease. But we must concern ourselves also with the prevention of disease. As Drs. Wilheim Huepr and W. D. Conway pointed out:

> The most common and often prolonged and therefore the most dangerous contact with carcinogenic cancer-producing pollutants occurs when water thus contaminated is used for drinking purposes and the preparation of food.

And EPA pointed out that the major cost of waterborne disease is probably not the cost of medical treatment or even time lost from work, but the 365 days spent each year in semiproductive work due to chronic illness.

Amendment 410 to S. 1478, which the Senate will hopefully consider soon, establishes minimum drinking water standards, provides research funding, gives grants to the States to develop effective water programs. I cannot think of a more basic right of American citizens than the right to safe, clean drinking water. And as public awareness grows on the current state of our drinking water supply, our constituents will demand immediate and effective participation by the Federal Government to assure this right. I am happy to join as a cosponsor of this legislation which may be the single most important step we take

to insure our citizens that they have a right to this most basic of human needs—healthy drinking water.

ANNOUNCEMENT OF HEARINGS ON S. 1928

Mr. BURDICK. Mr. President, at the request of the Senator from Washington (Mr. JACKSON), I ask unanimous consent to have printed in the RECORD a statement by him announcing hearings on S. 1928.

The PRESIDING OFFICER. Without objection it is so ordered.

STATEMENT BY SENATOR JACKSON

For the information of the Senate and the public I announce that the Public Lands Subcommittee of the Committee on Interior and Insular Affairs will conduct hearings on S. 1928, to amend the Wild and Scenic Rivers Act by designating a segment of the Saint Croix River, Minnesota and Wisconsin, as a component of the national wild and scenic rivers system.

The hearings will be held on April 14, commencing at 10 a.m. in Room 3110, New Senate Office Building.

Any person who wishes to testify should notify the Committee staff in order that arrangements can be made.

NOTICE OF HEARINGS BY THE SUBCOMMITTEE ON SECURITIES

Mr. WILLIAMS. Mr. President, I wish to announce that the Subcommittee on Securities of the Committee on Banking, Housing and Urban Affairs will hold hearings on the bills, S. 1164 and S. 3347, to provide institutional access to national securities exchanges.

The hearings will be held for 4 days, April 18 through April 21, and will commence at 10 a.m. each day in room 5302, New Senate Office Building.

Persons wishing to testify or to submit written statements in connection with this legislation are requested to contact Mr. Stephen J. Paradise, Senate Committee on Banking, Housing and Urban Affairs, room 5300, New Senate Office Building, Washington, D.C. 20510; telephone 225-7391.

ADDITIONAL STATEMENTS

FAILURE OF PRIVATE PENSION PLANS TO PROVIDE RETIREMENT BENEFITS

Mr. WILLIAMS. Mr. President, on Sunday, March 19, 1972, the New York Times magazine published an article concerning the failure of many private pension plans to provide retirement benefits to those employees who had expected to receive them. This timely article coincides with the publication of a report by the Subcommittee on Labor's pension and welfare study, in which the subcommittee finds, among other things, that various deficiencies and hardships are inflicted upon working men and women as the result of the lack of mandatory requirements or controls in the operations of plans. I ask unanimous consent that "The Case of the Disappearing "Pension" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE CASE OF THE DISAPPEARING PENSION

(By Fred J. Cook)

WASHINGTON, D.C.—Joseph Origlio, short, stocky, his English larded with a heavy accent, spent more than 40 years pursuing the American dream, and the failure of that dream has now driven him to seek refuge across the ocean in his native Italy. His story symbolizes the fate that has overtaken countless American workers who have faced old age and retirement confident that they would be well protected by pension plans in which they had participated most of their working lives—only to find at the last, irretrievable instant that their promised pensions were a mirage.

More than 30 million working men and women, about half the American labor force, now belong to private pension plans that have accumulated an enormous $135-billion in assets, roughly twice the amount of mutual-fund holdings and one of the largest reservoirs of unregulated wealth in the American economy. Probably in no other phase of American life has the fine print in infinitely complex and virtually incomprehensible contracts resulted in such widespread tragedy, and it is hardly any exaggeration to say, in paraphrase of Winston Churchill, that never has so much done so little for so few.

After an intensive, two-year study of American pension plans, a subcommittee of the U.S. Senate's Labor and Public Welfare Committee has prepared remedial legislation that will soon be sponsored by Senator Harrison A. Williams, Jr., the New Jersey Democrat who is chairman of the committee, and Senator Jacob Javits, the New York Republican and Williams' active partner in the pension study. In a joint statement at the end of February, the two Senators said the passage of their pension-reform bill was necessary during this session of Congress. Many private pension plans, they said, have been subject to financial abuse and as a result, "the just expectations . . . of many American workers have failed to materialize, and they are left with financial insecurity at that twilight stage of their lives."

A couple of studies made by the committee's staff show the dimensions of the problem. One analysis of 51 pension plans covering 6.9 million workers found that, since 1950, only 4 per cent received "any kind of normal, early or deferred" benefits. The second study of 36 better-structured plans covering 2.9 million workers concluded that, even here, only 8 per cent received normal, anticipated benefits.

Such figures indicate that 92 to 96 per cent of the 30 million "covered" American workers are not getting their retirement benefits (though it must be added that of those who forfeited their benefits, 85 per cent in one study and 80 per cent in the other had five years' service or less.) It has become common in negotiating labor contracts to accept a lower hourly wage increase in return for better "fringe" benefits, especially pension protection. But the files of Senator Williams' subcommittee and the public testimony it has taken are filled with pathetic stories of workers who had relied on the pension promise as a bedrock guarantee, then found that it was as evanescent as the proverbial pot of gold at the end of the rainbow.

How can this happen? The individual stories illuminate the virtually infinite ways it can happen and the many booby traps that exist in pension-plans fine print. This, for example, is the way it happened to Joseph Origlio:

Origlio was born in Messina, Sicily, in 1904. His wife comes from Palermo. In 1929 they emigrated to the United States, seeking the better life. Origlio was a skilled craftsman, a maker of fine shoes, and he worked steadily for shoe factories in New York City. He was a charter member and one of the founders of the United Shoe Workers of America. For 23 years he piled up pension credits, and he and his wife, who worked part of this time in dress factories in Brooklyn, began to make plans for their retirement.

They purchased about an acre of land on the outskirts of Lakewood, N.J., had a cellar dug and a foundation put in and roofed over. Then, on weekends, they worked to finish a basement apartment in which they could live. They expected to raise their retirement home above these basement quarters, finishing off the interior themselves.

But automation hit the shoe industry in 1959 and changed the life of Joseph Origlio. Along with many others, he was thrown out of work, and he was then 55, an age that made it almost impossible for him to catch on with a new employer in a labor-glutted market. For three years and 10 months—those 10 months were vital, as it turned out—Origlio was unemployed. Then the business agent of Local 60 of the United Shoe Workers found a job for him with the Evans Shoe Company in New York. During the jobless years, Origlio had found it impossible to keep up his union dues. Once he was working again, he offered to pay the back dues but he was told that all he need pay was a $15 reinstatement fee. Reassured, he worked from 1963 to 1970 and continued making retirement plans.

A one-and-a-half-story house was framed in above the basement apartment in Lakewood, and Origlio, his wife and friends finished off the interior. New furniture was purchased, and by 1970 the Origlios were ready for retirement. They knew that they could not live on their monthly Social Security payment of around $300; Origlio had a heart ailment, and medication was expensive. But, they thought, they did not have to worry. With the pension and Social Security they would be all right.

Then the pension vanished. The fine print in the union-administered pension plan called for 25 years of continuous service. Origlio had had only 23 when automation did him in. The pension plan, it was true permitted a break if a worker was unemployed—but only for three years, and Origlio had been out of work those extra 10 months. As a result, he forfeited everything.

An investigator for Senator Williams's committee went to Lakewood to interview Origlio and his wife "Their home was new and spotless," he says. "The furniture was all new and protected by plastic slip covers. They were a devoted couple; he wouldn't even think of leaving her for one day to come to Washington to testify. Besides, they had worked out a plan. Living costs are much lower in Italy. If they went there, they would still have their Social Security payments, they could rent their retirement home for a good price and the combined incomes would let them live comfortably. They had their passage to Italy already booked—and they sailed."

Joseph Origlio and his wife are still in Italy, and it seems unlikely they will ever return to America, the land of their youthful dreams.

Such individual tragedies happen—thousands of American workers are in situations far worse than Joseph Origlio's—because there is no regulatory legislation worthy of the name and because the chaotic pension-plan system, as it now exists, puts a premium on sharp practice. The only covering legislation was passed by Congress in 1959 in the Welfare and Pension Fund Disclosure Act. As the title implies, this act required merely that pension plans be registered with the U.S. Department of Labor as some 34,000 of them now are; but it established no rules and no checks on the operations of such plans, no provisions for the insurance and

safety of the funds, no guarantees for the protection of workers.

The result has been widespread chicanery. Senator William's committee has carefully refrained from hurling sensational accusations, taking the attitude that it is merely hunting for the facts. But some of the facts it has uncovered are devastating.

In a report issued in November, committee investigators cited some typical examples. A joint union-employer pension plan in the transportation industry "has some $800,000 in loans outstanding for which there is no collateral"; a large data-processing manufacturing company has invested pension funds "in unsecured loans to the extent of $41,171,580." A major mining company has been operating since 1952 a pension plan that has $33.3-million in assets, but $107-million in pension liabilities; a major Southern utility company, after 26 years of pension-plan operation, has accumulated $66-million in fund assets, but is liable for $133.5-million in benefits. A couple of transit companies have hit upon a scheme under which each has used some $2-million in pension-fund moneys to underwrite its own mortgages or real-estate investments. A Midwest cable corporation has in the last five years charged off to "administrative costs" more than 33 per cent of the amount it has paid out in benefits. A Midwest utility company has reduced its pension-plan contributions by some $20,000 annually since 1962 as the result of "actuarial gains" made because workers who left the company and the plan retained no "vested interest" in their pension contributions.

This last angle is the crux of much pension-plan finagling. As many plans are operated—and it doesn't make much difference whether they are run by management or a union or by a joint union-management board—the self-serving interpretation of fine-print regulations can cost workers the protection they believed they had earned during years of service. The more pensions sacrificed in this fashion, the more money is left for fund managements to play with and the less the employer has to contribute to keep the fund solvent.

Two technical terms assume importance here. One is "vesting," the other "portability." Vesting means simply that a worker who has labored for a single company for years, participating in its pension plan, is guaranteed the benefits he has accumulated and the right to begin drawing them when he reaches retirement age. Many plans have no provisions for vesting; if one company is merged into another, if there is an economy cutback and a worker loses his job, if he has to move for health or family reasons, he loses all. Even plans that have so-called vesting privileges often hedge them with so many restrictions that they become worthless. A plan may provide, for instance, that a worker has a "vester" right to a pension when he has worked 15 years and is 55 years old; if he has worked 20 years but is only 45 when his job is terminated, he gets nothing. "Portability" assumes great importance in an increasingly mobile industrial society. It is highly unusual in today's economy for a person to work all his life for one company. In such fields as aerospace and electronics, mergers take place, contracts fluctuate, workers have to go where the jobs are. "Portability," then, is the means by which the pension rights a worker has accumulated can be credited to him when he changes jobs; as it is now, he generally loses everything.

The result of the chaos that reigns today is that the pension the American worker has been taught to consider a hard-and-fast guarantee all too often becomes a phantom. The guarantee is hedged with a forest of "ifs" that were described to the House Subcommittee on Labor by Assistant Secretary of Labor Thomas R. Donahue.

"In all too many cases the pension promise shrinks to this," Donahue said. "If you remain in good health and stay with the same company until you are 65 years old, and if the company is still in business, and if your department has not been abolished, and if you haven't been laid off for too long a period, and if there is enough money in the fund, and if that money has been prudently managed, you will get a pension."

One of the most impressive witnesses to appear before Senator Williams's subcommittee described graphically how he wandered into that jungle of "ifs" and became a victim of the hazards lurking there. The witness was Stephen H. Duane, 52, of Jersey City, a stocky man about 5 feet 11 with a rugged face and hands partially crippled by arthritis after years of work in the chill of a food warehouse.

Duane had gone to work for the Great Atlantic & Pacific Tea Company when he was 19. He worked for A. & P. for 32 years with just one break, the three years he spent in military service during World War II. He came out of the Army as a first sergeant and was offered a foreman's job with another company, but decided to stay with A. & P. He explained: ". . . I was a man who went through the Depression and the hard times, and what I was looking for in life was security. Security to bring my family into the world, educate them and in my old age to be secure. I believed that I had security with A. & P."

In time Duane became steward of the Teamsters local in the A. & P. Eastern Butter and Cheese Warehouse, and, he testified, "When the men asked for a big raise, I said, 'Take a little, and the rest goes in our pension or in our benefits.' " For 21 years contributions for Duane built up in the pension-benefit plan. Then, in April, 1970, the blow fell. An A. & P. representative notified Duane, representing the union, that the warehouse was being closed; A. & P. had signed a contract with Merchants Refrigeration in Secaucus, N.J., to handle the work.

"Now, I went back to the men and I told them that, and they were shocked with disbelief," Duane testified. "In fact, they told me that I was a liar."

It was difficult, Duane testified, to get an explanation from management on where the men stood with regard to their pensions. In September, five months after the announcement that the warehouse would be closed, the situation was finally spelled out. Men who had 15 years of service and had reached the age of 55 would get "vested" pension rights; the rest would get nothing. Duane, with 32 years of work behind him, was only 51. He was ineligible for a pension.

Some men who had less service than he got their pensions, Duane explained. "I did not begrudge them, because one workingman does not begrudge another workingman anything he gets. But it does not seem fair that I put in half of my life and get nothing for it."

Senator Javits said A. & P. had informed the committee "that it stopped making contributions in 1969 because the plan was then adequately funded, in their judgment. And it's very clear why the plan was so well funded—simply because people like Mr. Duane, who had worked for decades, were let go without any rights whatsoever." Senator Javits explained that A. & P.'s own figures showed that, out of an aggregate of 50,957 employees who had left the plan since 1950, 37,641 forfeited all pension rights. In just the last five years, he said, those who got nothing included 800 with more than 15 years' service, 2,000 with more than 10 years' service and 15,000 with more than 5 years'. At a subsequent hearing last October, A. & P. officials said these figures reflected withdrawals from the company-operated pension plan after union negotiators got the company to agree in 1968 to a new plan with joint Teamster-management control. They argued that Duane, as a member of the union committee, had negotiated himself out of his pension because the new plan hadn't been operating long enough to do him any good.

A. & P. officials said Duane had received $5,406.40 in severance pay and $882 in accumulated vacation pay. This contrasted, however, with an annual $3,200 pension that an A. & P. worker making an average $9,000 a year could expect on retirement. A. & P. representatives also conceded that, even under their original company plan, Duane could not have qualified for any vested rights because he was not 55 years old. They also acknowledged that the absence of any vesting provision was prboably one of the reasons that union negotiators like Duane had sought a better deal in joint union-company management of the pension fund.

"The way this country is set up today," said Duane, "when a man is 50 years old looking for a job, he might as well dig a hole and pull a sturdy knot in it. It is practically impossible." Duane himself was lucky. The man who had offered him a foreman's job right after World War II remembered him, so he got work and started all over at the age of 51, but with scant protection for his future.

Many older workers are not so fortunate. When the Studebaker Corporation closed its automobile plant in South Bend, Ind., in 1963, thousands of workers were jobless. Studebaker's pension plan had been in operation only since 1950, and it had only begun to accumulate sufficient assets to cover the rosy promises written into union contracts. Repercussions from this disaster have been largely responsible for stimulating Congressional interest in pension-plan reform. Lester Fox, a former vice president of Studebaker Local No. 5, United Automobile Workers, and a member of the union's bargaining committee, described what happened when Studebaker closed down in December, 1963. The pension fund amounted to $24-million, and $21.7-million was required to purchase annuities for workers who had retired or who qualified for a pension, men 60 years old with 10 years' service. This left more than 4,000 workers to divide up the remaining $2.3-million.

Fox himself had 20 years' service with Studebaker and had just turned 40. If he had been younger, he would have received nothing, as it was, he got a lump-sum settlement of $350. Such payments, he testified, ranged from a low of $197 to a high of $1,757, paltry sums for older workers who found the job market virtually closed to them.

"You may be aware," Fox testified, "that there was a concerted effort on the part of the Federal Government, in concert with the local community, to attack the problems that older workers faced and to assist them. . . . But despite all the best efforts, there were those who could not find a solution, nor could a solution be found. So they took the only way they could, and that was to end their lives. . . ."

Studebaker, Fox said, had turned a deaf ear to union pleas that the pension plan represented "a private promise by the Studebaker Corporation, which socially, morally and as a matter of equity they were obliged to keep." The union had asked that the corporation stand behind "the promises of security" it had given, or at least made these pension obligations "a first-priority claim on the assets of the corporation." But Studebaker adhered strictly to the legalistic fine print and the financial limitations of the pension fund; some suicides resulted.

Though the Studebaker case represents an extreme, the anguish and misery it demonstrated in such final form are common among workers who find themselves suddenly cut adrift. Much of this distress is caused by lack of vesting and portability rights. Two cases aired in public testimony before the Senate subcommittee illustrate how many solid, middle-class Americans are victimized by pension-plan provisions couched in such tortured, legalistic language that one witness testified: "I don't think there's a pension plan that I've looked at that two men can get the same answer out of, especially men that are not college men or lawyers."

Typical of what happens to many workers is the case of Mrs. Iris Kwek, who went to work for the Anaconda American Brass Company in Detroit when she was 18 and stayed with the company for 30 years. An intelligent, attractive woman with a ruddy complexion, Mrs. Kwek had attended college at night and in 1970 received a bachelor's degree in home economics from Wayne State University. She could probably have obtained a position that would pay more than she was earning at Anaconda, but she felt secure in her job after 30 years—and there was that promised pension. If she continued to work for the company until she was 65, she could count on a pension of about $100 a week, and she calculated that, with her husband's smaller pension from the city of Detroit and their Social Secruity payment, they could live well.

There was reason for her attitude. Anaconda, she testified, had billed its pension program as "our second paycheck." Anaconda's pension brochure, exhibited at the Senate hearings, shows a young-looking retired couple smiling happily as they examine a travel folder with the words "Italy" and "France" emblazoned on the cover. "With proper planning," Anaconda told its employes, "retirement can provide some of the most rewarding years of your life . . . Anaconda has a number of employee benefits to make your 'golden years' more enjoyable."

Iris Kwek will never sample the joys of those "golden years" on Anaconda's retirement plan. In 1971 some half-billion dollars' worth of Anaconda properties were expropriated by Chile; company earnings were affected, and a sweeping economy program was instituted. One of the savings devised was the elimination of Iris Kwek. She was informed that she was being discharged at the end of August. Since she was not protected by any vesting provisions, she was to lose 30 years of accumulated pension rights.

Mrs. Kwek explained that Anaconda had given hourly employes vested rights; its Canadina employes had vested rights. But salaried workers like herself did not. A friend of hers who had worked for the company for 28 years had left the year before, at 49 years of age, and "received nothing."

After Mrs. Kwek learned of her fate, she wrote Senator Williams, and committee investigators began looking into the case, both with her and with Anaconda. This led to what Senator Javits called "a little comic opera bit." Mrs. Kwek explained:

"For two months they literally ignored me, although I continued to go to work everyday and do my work. Many of the employes who were being severed were taking tremendous time off. But one afternoon they called me into the office, and the plant manager said, 'Mrs. Kwek, something has come up.' I said, 'Oh, would you like me to price or do something for you?' He said, 'No. We found a job, and we shall be able to retain you, I was amazed—after two months of literally ignoring me—he said, 'Yes. Would you want to consider taking a job?'" I said, 'Certainly.'"

The manager explained it might not be quite as good a job; Mrs. Kwek didn't care, she wanted it. This conversation took place on a Friday—just one hour after a subcommittee staff member had questioned Anaconda officials in New York about Mrs. Kwek. In Detroit, Mrs. Kwek was told to come back the following week to learn the details of her new job. She went home relieved, and, she testified, "That whole weekend I was thinking that things were going to work out fine. I had a good night's sleep for the first time in a month, really."

She also came to a quick decision. She had been scheduled to testify in the pension inquiry; but now with Anaconda treating her so well, she felt she could not. "How could you testify against the company you were were working for?" she asked.

She went back to work Monday, but her boss was tied up in a meeting. On Tuesday, she saw him, and this is the way she described what happened:

"I went up to his office. And he looked at me as if to say, what did I want? I asked him if he had come to any conclusions on this job, what it would entail. He said, 'Oh, the whole thing has fallen through.' He made me feel as if the whole thing had just been sort of a hoax."

In subsequent testimony, Anaconda officials confirmed Iris Kwik's story. Unfortunately, they said, the company had had to economize; there were no provisions in the pension plan to justify giving Mrs. Kwek any vested rights for her 30 years of service. They were really sorry, they told the Senators, but there had just been nothing they could do for her.

A companion story to Mrs. Kwek's concerns Frank E. Hoddick, who discovered what is meant by "portability." Hoddick had been employed for 26 years by the Michigan Bell Telephone Company. In 1967 he decided he would like to transfer to California. There were compelling reasons. His son was in college there, and his daughter had an asthmatic condition for which a doctor had recommended a warmer, drier climate. But when Hoddick sought a transfer to Pacific Telephone, another part of far-flung American Telephone and Telegraph, he found that his years of service with Michigan Bell and his pension situation militated against the move.

On March 10, 1967, Pacific Telephone wrote to Michigan Bell, saying: "We are not in a position to make a job offer. This decision is based primarily on the fact that he does not have equivalent time left for us before retirement as he has already accrued with you. With this understanding we are closing our files on the case." Pacific Telephone would not employ Hoddick because he had worked for 26 years under Michigan Bell's pension plan and would have only 20 years to work before retirement if Pacific hired him. At the same time, Hoddick couldn't claim any vested rights under the Michigan plan because the plan stipulated that he would have to be 55—and he wasn't. Moreover, the Michigan Bell and Pacific Telephone pension plans were practically identical. Both companies paid into an over-all fund, established under the aegis of A.T.&T., in the Chase Manhattan Bank in New York. If ever there was a case in which it would seem that there should have been no question about the retention of pension credits, it was this. Pension payments from both Michigan and Pacific went into the same pot, yet a worker could be whipsawed between different companies in the system and lose everything. As Hoddick testified a worker could retain his pension rights "after 15 years, if you have attained the right age, 55, but it is at their discretion . . . Basically, if you live, work and die and stay in the same state with the same company, no problems."

Hoddick and his wife decided to move to California anyway, and he finally got a job there with General Telephone. In doing so, he sacrificed his 25 years of pension credits and had to start all over again. His experience was not unusual. Senator Javits introduced into the record A.T.&T.'s answer to a committee questionnaire. It showed that 188,453 workers had participated in the pension plan since 1950; 147,888 had left the plan before reaching early or normal retirement age. And, of this total, only 32 had been granted pension rights.

Not all great corporations have been so insensitive to the problems of long-time employees. The Senate subcommittee was especially impressed by the Bank of America's broad system of interlocking plans designed to protect its workers. In addition to a medical-dental health plan, a liberal sickness-benefit plan and a disability plan, Bank of America has a two-part program to protect its workers in those "golden years" of retirement. First is a family-estate plan, established by the bank through a profit-sharing program. Employes become eligible to participate after three years of service and begin to acquire vested rights after they have been in the program for two years. They obtain a 100 per cent vested right after 15 years of profit-sharing.

In addition, Bank of America has a regular retirement plan, which provides for full normal retirement benefits at age 65 if the worker has been in the plan for 10 years. The plan also contains a vesting provision, hedged with an age limitation, but a low one. Bank of America gives a worker a full vested right to his pension after he has been in the plan for 15 years and has reached the age of 40. Merle R. Fisher, a vice president of the bank, told the Senate subcommittee:

"There can be no doubt . . . that employes obtaining the age level where retirement security takes on a greater degree of importance should have some definite assurance that their continued service with a present or future employer for a reasonable period will entitle them to reasonable benefits at retirement."

Fisher felt that there had to be some limitations on vesting; the cost of vesting for less than 15 years' service and 40 years of age, he felt, might be so great that final retirement benefits would have to be reduced. But he explained that the bank thought a worker who met these provisions should not lose everything if he changed jobs, but should retain the pension rights he had earned and on which he could begin collecting when he reached retirement age—a viewpoint so unusual among the thousands of plans investigated that it greatly impressed the Senators.

There are, of course, some classes of workers who have no trouble collecting promised pensions. Members of the armed services, policemen and firemen are assured of pensions, usually after 20 years of service, because they are protected by governmental guarantees. Similarly secure are the inhabitants of the executive suites of big business. Special provisions are made for them, and they are in a different category. It is the millions of average American working men and women who get hurt.

Summing up his committee's findings, Williams said: "It is inevitable that there will be critics who will characterize these hearings and the unfortunate witnesses as 'horror stories' or 'sympathy cases.' These are critics who find no fault with our private pensions and who continue to assure us that time will cure the defects. If what comes from the personal accounts and misfortunes of these witnesses is sorrow, then let us not only be compassionate, but also resolve to find the ways to better the life of those who have yet to retire."

As Senator Williams's statement indicates, the stories of Joseph Origlio and Stephen Duane and Iris Kwek are not exceptions. They are typical, duplicated almost endlessly

in the labor subcommittee's files. Williams and his aides feel that there is no justification for such failures to produce on apparent promises, and no reason to couch pension-plan provisions in such intricate and legalistic language that workers cannot understand them.

After all, the private pension system in America will celebrate its 100th anniversary in 1975. True, its major growth began during World War II, when wages were frozen and labor contracts were sweetened by provisions for pension systems. Pension-plan experience thus extends over several decades, even if one takes World War II as a starting point, and the labor subcommittee thinks the kind of injustices it has uncovered should no longer exist. In July subcommittee aides sat down with Secretary of Labor James Hodgson and detailed for him the mass confusion, lack of understanding and personal tragedy and disillusionment they had found. Perhaps as a result, Hodgson issued late last year a directive calling for revisions in pension-plan contracts. The Secretary demanded that contracts spell out in clear and simple English the rights and obligations of workers—just what they can expect to receive and exactly how they can lose out. It was an important first step.

Various other reforms are being proposed. The Nixon Administration advanced its own plan in Senate Bill 3012, introduced in December. The heart of this proposal is a do-it-yourself pension scheme that, critics assert, will mean more of a windfall to banks and other financial institutions than to workers. The Administration proposal is that workers be encouraged to set aside $1,500 a year or 20 per cent of their salaries, whichever is less, for retirement purposes. The money would be deposited in a trust fund in a bank or savings institution, and the amount contributed could be deducted from the worker's income tax. The savings plus interest would be returned to a worker when he reached retirement age. A similar tax write-off has been available to professional or self-employed persons for some years. The Administration proposal extends the same system to the working class, ignoring, critics say, the reality that few workers like Mrs. Kwek or Joseph Origlio can afford to set aside $1,500 a year or 20 per cent of their earnings. The Administration proposal would give workers already covered by pension plans a similar income-tax credit if their contributions came to $1,500 a year or 20 per cent of their salaries—a limitation that would leave most workers on the outside looking in.

In a recent speech before the American Bankers Association in New York, Williams said "the principal beneficiaries" of the Administration bill would be workers "not covered under any private pension plan." He further charged: "This inducement for self-imposed personal savings . . . encourages the establishment of a save-it-yourself pension plan. Historically, American labor and management have shared the responsibility to provide retirement security for workers. Contrary to this American tradition, the Administration now proposes to dissolve this partnership and relieve management of this responsibility."

The bill sponsored by Williams and Javits calls for the creation within the Department of Labor of a single regulatory bureau with jurisdiction over all private pension plans and with responsibility for their policies and operations. It is designed to bring under control a fragmented and unregulated system.

The bill also calls for vesting privileges. It provides for a graded system, depending upon individual industrial situations, but its effect would be to give workers having 10 to 15 years' service deferred pension rights on which they can draw when they reach retirement age; they would not lose all, as is now so frequently the case. Another provision would tackle the more difficult problem of portability by calling for the voluntary development of a system that would allow workers changing jobs, going sometimes into entirely different industries with different unions and pension setups, to be credited with at least some portion of their accumulated pension rights.

Two other compulsory features of the bill are designed to guarantee fiscal responsibility. One calls for the compulsory funding of assets. It would not be possible, as it is today, for a company to treat pension funds merely as a bookkeeping transaction on the assumption that it will still be in business and able to pay the pension when the time comes; there would have to be a separate, properly funded pension account. A companion provision calls for the compulsory insurance of pension assets to protect workers whose plans might be suddenly terminated if their employers go out of business or merge with others. A final provision calls for tighter standards for fiduciaries, trustees and plan administrators to make them more responsible to the workers and insure the proper handling of pension funds.

"The problems have been identified, and the need for reform—real reform—is urgent," Senator Williams said in his Bankers Association speech. "American workers from all occupations and places in our country demand reform. . . . The challenge of reform today must become the accomplished reform of tomorrow."

KANSAS LEGISLATURE OPPOSES INCREASED MEAT IMPORTS

Mr. PEARSON. Mr. President, there has been much misunderstanding among consumers with regard to current retail prices of beef. The fact is that on-the-hoof beef prices have barely recovered to the levels of 20 years ago, while in that period the cattlemen's costs have been more than doubled.

The people of Kansas recognize that livestock production is the backbone of the Kansas economy. The billion-dollar beef industry in Kansas represents our No. 1 source of new wealth, and must be protected from predatory practices of foreign competitors.

I urged Secretary Butz to "hold the line" on beef imports this year, while urban advisers to the administration urged a 12-percent increase in imports of foreign meat subject to the Meat Import Act. The Secretary's decision, ultimately, was something of a compromise—meat imports are authorized to increase 7 percent this year over last year's voluntary restraint level.

I have expressed my deep disappointment over this decision to the Secretary, and have urged USDA to insure that imports are monitored to avoid a "glut" of foreign beef in the market during any particular month or quarter of the year. In past years, foreign suppliers have concentrated shipments during selected months, thus driving prices down unreasonably, and on a seasonal basis.

Mr. President, there is no question as to how Kansas stands on the issue of meat imports. The Kansas Legislature adopted a concurrent resolution urging the President to "hold the line" on these imports during 1972. I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

KANSAS HOUSE CONCURRENT RESOLUTION No. 1135

A concurrent resolution memorializing the President of the United States with regard to meat import quotas or rollback of beef prices

Whereas, Recent published statements concerning the high cost of beef prices are disturbing to members of the legislature. The backbone of Kansas economy is agriculture and the backbone of agriculture is livestock production. Beef cattle business is a billion dollar industry in Kansas, ranking first in all Kansas industries with meat packing second; and

Whereas, An increase in meat import quotas would have little effect on current retail prices and would have a detrimental effect on the American agricultural community and a serious adverse effect on the Kansas economy; and

Whereas, Disposable income spent for food by consumers is at an all-time low percentagewise and meat prices have not been a factor in the inflationary rise in cost of living; and

Whereas, An increase in meat price quotas or a rollback in live beef prices would have an adverse effect on rural development programs in Kansas; and

Whereas, Increase in beef production is extremely important to the economy of the state: Now, therefore,

Be it resolved by the House of Representatives of the State of Kansas, the Senate concurring therein: That the legislature of the state of Kansas respectfully urges the President of the United States to maintain the present meat import quotas, or in any event not to increase such quotas at this time; and the President is further urged not to provide for a rollback of live beef prices.

Be it further resolved, That the secretary of state be directed to transmit a copy of this resolution to the President of the United States and to each member of Congress from this state.

DENIAL OF FUNDAMENTAL HUMAN RIGHTS TO JEWS

Mr. CHILES. Mr. President, the most basic of human rights is the freedom to worship as one's conscience dictates. Equally important is the right of all people to emigrate to a country which offers religious freedom and a haven safe from persecution and discrimination.

Today, Soviet Jews are being denied these fundamental human rights. The State of Israel has openly and freely welcomed all Jews to seek refuge within that democratic state. People of conscience around the world have joined Israel in the ancient cry, "Let My People Go," addressed to the Soviet Government. This is done out of the deep conviction and recognition of the principle that the plight of the Jewish people and other religious minorities in Russia is of concern to all of us. As President Kennedy once said:

> The rights of all men are diminished when the rights of one man are threatened.

Last summer, the Senate adopted Senate Concurrent Resolution 33, which I cosponsored, expressing our will that determined steps be taken by our Government to call upon the Soviet Government to permit the free expression of religion by all its citizens, in accordance with the Soviet Constitution itself.

The citizens of my State of Florida, recognizing the right to emigrate, as affirmed by the United Nations Declara-

tion of Human Rights, have expressed their anxieties and concern for the treatment of their fellow human beings in the U.S.S.R. by passing, at the current session of the Florida Legislature, a resolution of both Houses which appeals to the conscience of the Russian people.

I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the concurrent resolution was ordered to be printed in the RECORD, as follows:

SENATE CONCURRENT RESOLUTION 689

A Senate Concurrent Resolution requesting the President of the United States to urge the Soviet Government to end discrimination against religious minorities; to permit Soviet citizens to emigrate to countries of their choice; and to allow free expression of ideas in the exercise of religion of all Soviet citizens

Whereas, the people of the state of Florida strongly believe in freedom of religion and other human rights for all people and are opposed to the denial of these freedoms anywhere in the world; and

Whereas, it has come to the attention of American citizens that Jews and other religious minorities living in the Soviet Union are being denied the means to exercise freely their religion and are not accorded the same privileges granted other citizens living in the Soviet Union; and

Whereas, the government of the Soviet Union in persecuting Jewish citizens by denying them the same rights and privileges accorded to other recognized religions and discriminating against Jews in cultural activities and in their access to higher education, and by imposing restrictions against Jews and members of other minority groups which deny them the freedom to emigrate and to travel abroad; and

Whereas, the right freely to emigrate is a right affirmed by the United Nations declaration of human rights adopted unanimously by the general assembly of the United Nations; and

Whereas, such declaration of human rights presents the development of better understanding and better relations between the people of the United States, the people of the state of Florida, and the people of the Soviet Union.

Now therefore, Be It Resolved by the Senate of the State of Florida, the House of Representatives Concurring:

Section 1. That the President of the United States urge upon the Soviet government to end discrimination against religious minorities.

Section 2. That the President of the United States urge the Soviet government to permit Soviet citizens to emigrate to the country of their choice.

Section 3. That all Soviet citizens be permitted the free expression of ideas and the exercise of religion."

NOMINATION OF RICHARD KLEINDIENST TO BE ATTORNEY GENERAL OF THE UNITED STATES

Mr. GOLDWATER. Mr. President, several days ago the distinguished majority leader, Senator MANSFIELD, made a very appropriate suggestion that it is now time for us to get on with the business of confirming the nomination of Mr. Richard Kleindienst as Attorney General of the United States.

To say the very least, the friends and supporters of Mr. Kleindienst have been more than patient with the ridiculous allegations raised by Columnist Jack Anderson. Mr. Anderson and those who would love to believe his charges were correct have had ample time to prove their charges. They have failed—and failed miserably to make out a case against Mr. Kleindienst in the question of the ITT controversy.

Accordingly, I ask unanimous consent to have printed in the RECORD a timely editorial entitled "Senate Should Act Now," published in the Arizona Republic of March 28, 1972.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Arizona Republic, Mar. 28, 1972]

SENATE SHOULD ACT NOW

Before she collapsed under questioning by a committee of senators Sunday, Mrs. Dita D. Beard swore under oath that she had not written the memorandum attributed to her by Columnist Jack Anderson.

Publication of the memorandum led Dick Kleindienst to ask the Senate to reopen its hearings on his appointment as attorney general. With Mrs. Beard's testimony, the burden of proof shifts to Anderson.

Unless he can prove Mrs. Beard perjured herself, Anderson should withdraw his charge that Kleindienst helped negotiate a $200,000 political gift from International Telegraph and Telephone in return for dropping antitrust charges brought by the attorney general's office against ITT.

Regardless of what Anderson does—and his former flashes of arrogance offer slim hope that he will admit he went out on a limb in publishing the Beard memo—the Senate committee should reaffirm its approval of Kleindienst's appointment.

At stake here is the right of a president to appoint an attorney general of his own choosing, assuming only that the appointee is not guilty of any gross dereliction. And no one can say that such dereliction has been proved in the Kleindienst case.

What has been proved is that ITT, on its way to becoming the biggest conglomerate among American corporations, offered to contribute $200,000 toward the expense of holding the Republican national convention in San Diego next August. It did so because it owns the Sheraton Hotel Corp., which is building a fine new hotel in San Diego. ITT figured the hotel would receive more than $200,000 worth of publicity if it became, as it surely would, the convention headquarters.

If Jack Anderson and the liberal Democrats who have picked up his material want to put an end to all corporate gifts to party conventions, that is their privilege. But they'll hurt the Democrats far more than the Republicans. In fact, the Democratic Party is so far in debt that it might not be able to stage the usual national convention without substantial gifts from corporations.

The corollary charge, that the Republican administration wrongly dropped an antitrust suit against ITT, is equally invalid. The Nixon administration did drop charges against ITT, but only after the conglomerate had agreed to sell off some of the big companies it had acquired. The simple fact is that the price of ITT stock plunged after the consent decree was announced, conclusive proof that the decree did not favor ITT.

It should also be noted that conglomerates received their biggest boosts in the Kennedy and Nixon administrations, and only under President Nixon and Attorney General Mitchell were such corporate conglomerates as ITT brought to heel.

In summary, the liberal Democrats have had a field day opposing the appointment of a conservative attorney general. They have aired a lot of rumors and innuendoes and have proved nothing. Unless the Senate feels the President does not have the right to name his own lawyer, the Kleindienst appointment should be promptly approved.

REPRESENTATIVE HERMAN BADILLO

Mr. RIBICOFF. Mr. President, a profile of Representative HERMAN BADILLO, of New York, appeared recently in the Washington Report of the State University of New York. I have worked with Representative BADILLO on several occasions on legislation in which we were both interested. In addition to being a man of great character and integrity, Representative BADILLO has always impressed me with his unique ability to work with diverse groups to develop effective coalitions.

Representative BADILLO has played a major role in Congress in our efforts to improve education for all our citizens. While he has worked to solve the problems of the disadvantaged, he has never lost sight of the needs of all of his constituents whatever their race or economic status.

Representative BADILLO is young in service in Congress, but he has already made his mark, as his profile in the Washington Report makes clear. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[From the Washington Report, March 15, 1972]

CONGRESSIONAL PROFILES . . . HERMAN BADILLO

This profile of Congressman Herman Badillo, whose district Hostos Community College, is the third in our series of sketches of members of the New York Congressional Delegation. Since comprehensive higher education amendments have been under consideration recently, we have begun with members who have played significant roles in these deliberations. Eventually, we will present profiles of all of the members of the delegation.

When you think of Congressman Herman Badillo, you think of "firsts," and of an original and perceptive thinker who rejects the shibboleths that float around Washington. The 43-year old Democrat is already a pioneer, as the first Puerto Rican-born voting member of the Congress. The question is asked, "What can a first-term Congressman accomplish?" Herman Badillo goes about setting up "firsts" in a way that should be the envy of all other Congressmen.

Central to all that Herman Badillo does in Washington, or rather Washington plus his own Congressional District, is based on his conception of service, which is central to his conception of the legislator's role. (Badillo's incredibly drawn 21st District, taking in large sections of "three different worlds"—the Bronx, Manhattan, and Queens—has been realigned by redistricting for 1973–74. More homogeneous, his new District appears to contain more voters of Puerto Rican descent.)

Congressman Badillo questions the traditional notion of a legislator as one who merely votes bills up or down. He understands the budgeting process, perhaps because of his training in economics and accounting (he is also a CPA). He knows that while authorizations are important, the actual appropriation is where "the action is," and he has insisted, with some success, that authorization bills "lock in" appropriations at certain levels to assure New York City of its fair share. For a freshman Congressman, he has been remarkably effective in

his main areas of concern: bilingual education, aid to disadvantaged students, and school desegregation. Recently, he broke a deadlock over the $1.5 billion Nixon Administration school desegregation bill and succeeded in getting a 4 percent set aside for bilingual education written into the measure.

To improve his service to his constituents, and to make certain that New York residents get their share of the Federal dollar, Badillo has established several informal Federal-State-local structures within his District, another "first" as a Congressman. Badillo's availability is a far cry from the casual office hours many Congressmen maintain. He has opened separate Congressional offices for each county, as well as a unique committee of Federal, State, and local legislators who meet to discuss the problems of programs that cross jurisdictional lines. Congressional planning councils meet once a month in the Bronx, Manhattan, and Queens, and funnel applications to Federal programs. As Badillo has said, "the local offices in each of the three counties constitute different worlds and the problems must be considered in the local areas."

In Washington, Congressman Badillo has discovered that the current division of party membership within the House Education and Labor Committee means that a few members can make a big difference on key issues. He demonstrated this during consideration of higher education legislation recently when, under his leadership, a formula was accepted requiring that one third of the ultimate appropriation would be a percentage of the total Federal student aid money—a formula designed to benefit the disadvantaged.

In personal conversation, Congressman Badillo said that Congress had failed to change radically, and that "we need to go back to the City and come up with our own answers." He believes that too many pilot projects have been funded without any idea how they would be continued or given wider application later on, and that the State has not been aggressive enough in applying for funds for bilingual education. What really disturbs him, however, is that, despite the rhetoric of change, not enough Congressmen really believe in the equality of their fellow men and women. He feels strongly that too few political leaders "believe in equality now or in the basic principles of the Constitution," and says that if the Bill of Rights were submitted to a vote today, "it would probably be voted down." As one practical expression of his own principles, Badillo plans to submit legislation later in this session that would open the suburbs to low income housing and prevent suburban areas from using zoning to exclude low income families and racial minorities.

A native of Caguas, Puerto Rico, Badillo graduated from City College of New York as a Bachelor of Business Administration and later *cum laude* from Brooklyn Law School, where he was class valedictorian and on the staff of the *Law Review*. Former New York Mayor Robert F. Wagner appointed him Commissioner of the Department of Relocation in 1962 and his career has been remarkably successful ever since. Many feel that he could become Mayor of New York, and would be difficult to imagine a better prepared public official. It may be that only a person with his intuitive belief in the equality of all men and women, and conviction that this issue must be faced and solved, could govern a city like New York. Badillo knows that Mark Van Doren prophetically expressed in his poem, "Born Brothers:"

Equality is absolute or no.
Nothing between can stand. We are the sons
of the same sire, or madness breaks and
runs Through this rude world . . . .

Earlier in this century, Luis Munoz-Marin set in motion his famous "Operation Bootstrap" in Puerto Rico. Today, it may be that Herman Badillo—given a knowledge and experience of the City that few others possess—is the man to re-create a New York that is both manageable and liveable. There is no question in the minds of those who have watched him but that he has that "certain something" that cuts away from the deadening bureaucratic response and offers some hope based on substance to those who dwell in the City. That "certain something" has been demonstrated time and again during Badillo's short Congressional career. He means what he says, and what he is saying needs to be listened to, before it is too late.—*W. F. C.*

HOMEMAKER/HOME HEALTH AIDES TRAINING PROGRAM OF KANSAS STATE UNIVERSITY

Mr. PEARSON. Mr. President, much has been urged and advocated as necessary to provide proper treatment for our elderly and handicapped. Yet one very important program has suffered from lack of funds and priority treatment. I make particular reference to the homemaker/home health aides training program developed at Kansas State University.

Not only would this program provide improved care to great numbers of people, but it would bring into employment some substantial numbers of people, particularly women, who are not now in the labor force and whose talents have been untapped. It has been stated, and I think correctly, that the cost of this program, including the training and preparing of these personnel, will be repaid many times over through the services they render.

I ask unanimous consent to have printed in the RECORD a statement made at the National Conference on Social Welfare by Dr. Richard L. D. Morse, project director, homemaker/home health aide service training project, and Mrs. Mary Jo Harbour, program coordinator, homemaker/home health aide service, both of Kansas State University in Manhattan, Kans. I invite the attention of the Senate to their very thoughtful remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

HOMEMAKER/HOME HEALTH AIDE—A NATURAL COMBINATION FOR TRAINING

The work of a homemaker and the work of a home health aide are so closely intwined for in-home service that it is logical they should receive the same training. Even the employing agency with a specific focus, such as health care, can better serve the clients if their aides are able to recognize related problems so the family can be referred for guidance.

Coordinated homemaker/home health aide training has many benefits that are not readily apparent. If a woman is trained for a dual role, she will find more job opportunities than one trained for only a limited role. Most small counties find they cannot support two services, but if the services are combined the agency may better serve the public's needs.

But the most compelling reason for coordinated training is that "fractionated care" is disturbing to most families. They do not like the type of care that requires two people: a homemaker to do meal planning, shopping and light housekeeping; and a home health aide to give a bed bath and range of motion exercises. The elderly, especially, are likely to be confused and angered by this type of divided care.

Our realization of a coordinated homemaker/home health aide training program came as a result of a decade of development. Our interest in a homemaker/home health aide program dates back to recommendations made as Kansas prepared for the 1961 White House Conference on Aging. We observed the futile attempts to establish a volunteer homemaker service in our community, Manhattan, Kansas. In 1965, when the County Extension Home Economist began graduate study in Family Economics, we suggested she undertake a survey of Riley County to estimate the demand for homemaker service. She interviewed community leaders to learn if they knew of families who would have used the homemaker service had it been available. The estimate of need was low and reflected the leaders' lack of understanding of homemaker service. But because most of the cases the leaders did recall involved hospitalization, a second mail survey was conducted of 2,140 persons hospitalized the previous year. A postcard-size booklet with line drawings was designed to describe homemaker service. The result was a surprisingly high estimated need for forty full-time homemakers in Riley County. This rate of one homemaker for every 1,000 population, when projected for the State of Kansas, resulted in an estimated need of 2,000 full-time homemakers.

The results of this study were presented to the State Board of Social Welfare. Their response was to include homemaker service in the state plan and to develop civil service classifications for homemaker and household aide.

Having established authorization for the service by the largest potential empolyer, the next logical step in the development of service was establishment of a training program. The goal was to develop training that would insure performance by homemakers meeting high standards of reliable service. A proposed training program was presented to the Administration on Aging which referred our request for funding to the National Committee on Household Employment. The National Committee on Household Emlpoyment included the program as one of seven pilot projects. These experimental and demonstration pilot projects were funded under the Manpower Development and Training Act by the U.S. Departments of Labor and Health, Education and Welfare. The terms of our contract limited the project to the training of "homemakers". Nevertheless, graduates of the project often found work as home health aides, and the home health agencies were pleased with the attitude and performance of the graduates.

In recognition of this interest in integrated homemaker and home health aide service, and in planning for future training when the program would not be restricted by the funding agency, we initiated conversations with the state health education staff to explore possible integration of the training for homemakers and home health aides. The initial response was that the only accepted training for home health aides was the Colorado 180 hour program, regardless of any previous training. Fortunately, this discussion led to the appointment of an ad hoc committee to review the training needed by home health aides. The committee was composed of representatives from the State Department of Social Welfare, State Board of Health, State Board of Vocational Education, Visiting Nurses Association, public health nurses, homemaker supervisors and our training project staff.

A contributing factor to the outcome of the work of this committee was Public Health Service Publication No. 1891: Recommendations for Homemaker/Home Health Aide Training and Service. The publication's definition and description of home health aide underscored the "in-home" characteristic of the service. This helped indentify it as a health companion to homemaker service

rather than a part of an institutional program of care such as hospitals or nursing homes. Home health agency supervisors who had employed project graduates told convincingly of the wisdom of combining the training. The committee recommended comparative analysis of the Colorado program with the homemaker curriculum. The two programs were found to have much in common with the exception of the institutional focus of the Colorado program. So with some additional emphasis on home health care in the homemaker curriculum, it was accepted as meeting the requirements for training homemaker/home health aides.

Since October 1, 1970, when Federal funding ceased, the project has been part of the State Cooperative Area Manpower Planning System. Under this system the project is funded to train homemaker/home health aides.

THE TRAINING PROGRAM

The Homemaker/Home Health Aide Service Training Project is a four-week in-residence training program. During the first, second and fourth weeks the women live at the training center which is a remodeled home management house on the campus of Kansas State University. The third week is field experience, and the women work with a homemaker/home health aide who is employed as a staff member in a welfare, public health or voluntary agency. Most of the classes involved two or more ethnic groups. The women work in teams to care for the training center, plan and prepare meals and do their own shopping. The program is geared to the mature woman who has had experience in her own home. There are no education or income entrance requirements, although the women should be able to read, write and follow simple instructions. Graduates have varied in educational attainment from 6th grade to some college experience.

Classes are informal and usually meet in the living room or dining room of the training center. Some classes are held in Justin Hall, the home economics building, and the women take pride in being part of a University program.

The training curriculum covers orientation to homemaker service, professional development, home management, food for families, family life, consumer education, personal care and home nursing. All classes are taught by specialists, with as many as twenty-five contributing to each session. Continuity is maintained by the project's Teaching Coordinator and Teaching Assistant. A three-step teaching procedure is used. Lecture, demonstration and practical application.

Trainees participate in field trips, discussions, role playing, reading reports and problem solving. Continuous evaluation is built into the program. Each trainee completes a daily written evaluation, on which she lists three main points from each lesson and tells which lessons were most and least valuable. Each week the staff and trainees meet for an informal, taped evaluation of the program. Through constant evaluation, the staff is able to clear up misunderstandings and adjust the program to better meet the needs of the individual trainees.

The in-residence program has proven especially advantageous. It involves the trainees in an intensive, 24-hour-a-day program that enables them to learn by doing. For example, time management, a very difficult subject to teach, is learned as they manage their time and plan meals that fit around a tight class schedule. Personal relationships are learned as they adjust to others in the group. Often this is the first time these women have associated with persons of a different racial, religious or economic background. Guidance, understanding and informal counseling by the staff make learning situations out of problem areas which arise as the women adjust to sharing facilities. None of these enriching, learning experiences would be possible without the in-residence feature; simulated laboratory experiences would be a poor substitute.

The in-residence program frees women from family responsibilities. Women who can make arrangements to be gone from home for four weeks are more likely to be successful in training and employment as homemaker/home health aides.

Another benefit from in-residence training is reflected in the outstanding attendance record and low dropout record. Out of the 167 women who started training, only 4 dropped out of training. Two of these were Manhattan women who had been permitted to live at home because they were unable to arrange care of their children.

The staff members have more opportunities to become better acquainted with trainees in an in-residence program. Although no staff member lives at the center, there is time before class, after class and during coffee breaks for discussions. One or more staff members eat lunch each day with the trainees. This is very successful and is appreciated by both staff and trainees.

The in-residence feature limits the class size to ten women. Although this is a smaller number than most training programs, it has many advantages. It allows closer contact with resource people and staff, giving opportunity for more individual work with each trainee. Also, each trainee gets to know every other trainee as a person, and this is very important for those who will be working as homemaker/home health aides. A homemaker must learn to respect people whose values and approach to life are different and learn to accent the positive strengths of people. With the dropout record, the cost per graduate is not excessive.

Each training session is climaxed by a graduation ceremony. Trainees invite family and friends to a tea prepared by the staff. Each graduate receives a diploma stating she has completed the program and a Red Cross Modified Home Nursing Certificate. Most graduates also complete a programmed home nursing course and receive a certificate for this. Graduates participate in this ceremony with pride and look upon their new career with dignity.

JOB DEVELOPMENT

We discovered early in the project it was not enough just to train women for jobs; follow-up supportive services for the graduates are needed. A Job Developer was added during the second year to work with agencies, employment services and individuals to improve the quality of the service, encourage development of new services and improve understanding of the role and position of the homemaker/home health aide.

In addition to training and job development there is also need for assistance to supervisors and agency staff. This has been approached through workshops. The objective of these workshops has been to give the supervisors insight into the work of homemakers, how homemakers feel about supervision, ways homemakers can be used, sources of funding, legislative requirements for agencies and future directions for the service.

Finally, to meet the needs expressed by graduates for in-depth training in particular areas, the project has included "refresher courses". These three-day programs concentrate on three or four areas suggested by graduates, such as a discussion of homemaker service in Kansas, buying and preparing low cost meals, working with the mentally retarded, motivating people to change, family planning, and helping the handicapped.

EMPLOYMENT RECORD

The employment record of the graduates indicates the need for and acceptance of the service across the state. From 75 to 85 percent of the graduates are employed. The figure varies somewhat because some graduates want only part-time work and others work only on short-term referral cases. The training project develops expectations for improved salaries, benefits and working conditions for graduates. Perhaps the most important thing the trainees gain from the program is the development of their self-confidence. They are proud of their work and expect to be paid a respectable wage. And they are successful, since more than two-thirds are receiving over the minimum wage when only one-fifth received this wage before training.

The employment record must be viewed in the context of what has been started earlier about the development of homemaker/home health aide service in Kansas. Since homemaker service was not recognized by the state until shortly before the training program began, training was done without the promise of jobs, and the program had to assume major responsibilities to encourage development of the service as it trained women. Promotion of training and homemaker service has involved use of all available media. One of the most effective promotion methods has been through the Advisory Board, which has representation from all related areas such as health, welfare, education, employment and voluntary groups. The Advisory Board has also provided an opportunity for agencies to work together for a common program. Agencies have been cooperative in providing field experience for trainees and most agencies participate in supervisors workshops. As a result there has developed in the state a common understanding of what constitutes good homemaker/home health aide service. Our goal is to have homemaker/home health aide service available to all citizens of Kansas regardless of race, income or age.

CONCLUSION

We have described the homemaker/home health aide training and service as we have come to know it through the development of our project and service in Kansas.

We wish to summarize some observations about homemaker/home health aide service that extend beyond (1) our strong belief in the value of in-residence training, and (2) our conviction of the wisdom of integrating homemaker and home health aide training and service.

In every community of America today there are two unsatisfied groups of people who have much to offer each other. Who are they? First, there are families and individuals suffering for lack of adequate care, but know not where to turn for assistance. The yellow pages in the phone book tell where to call to get a car radiator repaired, but not where to call if the family is suddenly in need of a trained and reliable person to assist the family with its multitude of tasks and management problems. The other group is the surplus of women who have years of service to offer. They are not only without challenging work, but are filled with remorse, feeling no longer needed.

This demand and supply potential can be brought together through homemaker/home health aide service with benefit to all. No community can afford to be wtihout organized homemaker/health aide service.

Those of us with community leadership responsibility must learn to be better missionaries and to develop hard sell campaign tactics so that homemaker/home health aide service is listed in the yellow pages of every phone book of this nation:

Sell it as an economy measure because it costs so much less than institutionalized care.

Sell it as an opportunity for employment at respectable wages with opportunity to work with and help people.

Sell it as a humanitarian cause, for it enables families to stay together at home.

Sell it as a new industry for community development, one which keeps all the money in the home community.

Sell it as a profession, with standards and training required.

In relation to this last point, I should mention that next week, the American Home Economics Association under sponsorship of the Women's Bureau will be holding a much needed Consultation on Career Ladders and Lattices as a follow-up of their successful Workshop on Utilization of Auxiliary Workers. We are pleased to be a part of this development for upgrading household employment, giving opportunity for professional recognition to the multitude of roles undertaken in the name of "domestic workers" or even a mother.

We have published our research findings and guides undertaken in conjunction with the project—on evaluation, curriculum, training, etc. We have also prepared a question and answer sheet describing the project. A publication list is available upon request from the project.

LARGE INCREASES IN THE PENTAGON'S BUDGET

Mr. HART. Mr. President, large increases in the Pentagon's budget do not arrive full blown.

Rather, they build slowly as weapons systems progress through research and development to the deployment stage.

Once the deployment stage is reached, a weapons system builds a momentum of its own which most often is sufficiently strong to overcome rational opposition to deployment.

That momentum is generated by persons and interests which have a stake in seeing the project through to completion—those who designed it, those who developed it, and those who will build it.

Unhappily—at least from the standpoint of holding down Pentagon spending—our weapons developers have reached the deployment stage on a number of systems which will prove very costly if fully deployed.

Included on the list are continued deployment of intercontinental ballistic missiles, deployment of MIRV's, construction of new submarine missiles system, deployment of Safeguard, and construction of new bombers.

Perhaps past experience indicates the futility of seeking a critical review of weapons systems so close to the deployment stage, but I suggest such a review, knowing that difficult as it may be to stop the momentum these systems have already generated, it is even more difficult to reverse a decision once deployment has started.

In a very real sense, then, whatever action Congress takes this year on authorizations for many Pentagon projects will determine to a large extent the level of Pentagon spending for the next 5 years.

It is with those thoughts in mind that I ask unanimous consent that the following articles be printed in the RECORD: "Setting the Tone and Pace for Higher Military Spending," written by Michael Getler in the Washington Post of March 19; and "Laird's Latest Alarms," written by Herbert Scoville, Jr., a former assistant director of the Arms Control and Disarmament Agency and former Deputy Director of the CIA. Mr. Scoville's article appeared in the New Republic of March 25.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

THE RATIONALE FOR A NUMBER OF NEW WEAPONS PROJECTS: SETTING THE TONE AND PACE FOR HIGHER MILITARY SPENDING

(By Michael Getler)

As fast as the Nixon administration moves from its "era of confrontation to an era of negotiation," the Pentagon is moving to develop and publicize new rationales for going ahead with a number of new weapons projects.

Basically, the idea appears to be to come up with reasons why several prized, multi-billion-dollar projects needs to go ahead even though a new era of more normal relations seems to be opening up with Communist China and an agreement with Russia limiting rival missile-defense networks and some offensive weapons appears to be close at hand.

The natural question some people might ask is why—under these conditions and with a $38 billion federal deficit forecast—do we need to increase the defense budget next year to $83.4 billion, up $6.3 billion from this year?

To be sure, some of the traditional reasons for substantial "peacetime" defense spending are still valid and will remain so. And, until agreements are actually locked up with the Soviets—hopefully at the May summit meeting in Moscow—the administration can make a strong case for keeping some new projects going as a hedge against breakdown at the Strategic Arms Limitation Talks (SALT) and a continuing Soviet weapons buildup.

In the past few weeks, however, what seems to be happening is that a number of new reasons—or old ones not emphasized before—are creeping into Pentagon public statements that seem aimed at keeping the defense budget high no matter what happens at SALT.

Some examples:

On the eve of the President's trip to Peking, the Chairman of the Joint Chiefs of Staff, Adm. Thomas H. Moorer, warned Congress about China's emergence as a nuclear power and that "regardless of how the relations among (the U.S., China and Russia) develop," the U.S. must always be able to cope with China and Russia simultaneously in a nuclear war.

The U.S., for years, has had Polaris missile-firing submarines prowling the Pacific and other weapons pointed toward China. So the question is whether the admiral was just restating the obvious, or was he laying the groundwork for further additions a few years hence to the already huge U.S. missile arsenal—or perhaps for a bigger ABM—based on the prospects that China—not covered by a SALT agreement—may have a few dozen long-range missiles late in this decade?

Chief of Naval Operations, Adm. Elmo R. Zumwalt, on Capitol Hill to defend another big increase in the Navy's shipbuilding program, warned the lawmakers that aside from the Navy's traditional role, he believed "a new one is emerging."

Zumwalt said that by 1985 the U.S. will be dependent for more than half its oil on foreign imports, and he believes the Navy may have to protect hundreds of foreign oil tankers on their way to the U.S. from "the potential for coercion" by Soviet warships.

The admiral, of course, may be right. But it is hard to find many veteran defense planners outside the Navy who have this particular fear on their list of worries.

For more than a year, the Pentagon has rattled the prospect of moving ahead with a vast new missile-firing submarine project known as ULMS to meet "a growing Soviet threat" and as a "signal" to the Russians that they better agree to halt their own missile-sub construction programs, presumably as part of a SALT agreement.

Last month, on the NBC-TV "Today" show, Defense Secretary Melvin R. Laird, made it clear that in his view there was no link between going ahead with ULMS—a potentially $30 billion project—and the SALT talks. "We are going to have a replacement submarine for the Polaris and Poseidon type sub which we have now, so this is not associated with the SALT talks at all."

Later that same day, Laird hedged his answer slightly, but his first remarks reflect the situation most accurately. The point is that it has always been privately assumed in the Pentagon that at some point the U.S.—and the Russians—might want to replace older submarines, but it was only a few weeks ago that Laird would clearly and publicly separate ULMS from SALT.

To buttress ULMS still further with arguments that don't have much to do with "the continued Soviet offensive force buildup," Laird has begun to put heavy emphasis on another argument: This program, he told a VFW convention in Washington last week, ". . . would give our Navy the operational capability of home-porting these particular submarines in the United States in solving some of the very important personnel problems we have . . ."

To support the Pentagon's urgent request for some $260 million this year and next to buy a fleet of new jetliners to serve as airborne command posts for the President and his staff in a nuclear emergency, Laird reached into the files for the type of information that might sic the FBI on a newspaper reporter. "Our current airborne command system is severely deficient in survivability and capacity and cannot fulfill our essential needs in the event of nuclear attack on our country," he told Congress in open session.

That is rather shocking news, and perhaps Congress ought to find out how such a situation was allowed to develop so fast while it is figuring out how much it wants to pay for the cure.

To ensure that ABM research and development goes on even though SALT may halt further deployment, the Army last month let a $10 million contract to begin development of a new ABM previously known as "Hardsite" and now known as "Site Defense for Minuteman."

The small start is in keeping with this year's plan to keep the deficit down, but the Secretary of the Army has made it clear that the total demonstration program will cost $700 million–$800 million.

While the Congress is pondering the new ABM project, it might ask why an ABM prototype that uses a modified version of the already developed Sprint missile and is based on cheaper, simpler and smaller radars than the Safeguard ABM should cost so much.

It might also be appropriate for Congress to at least ask whether it is worth that kind of money, just for openers, if the Minutemen missiles the ABM may be needed to defend in the 1980s are indeed becoming increasingly vulnerable to the big Soviet ICBMs which allegedly can someday carry scads of warheads each; and while the "invulnerable" ULMS is setting sail beneath the seas.

Also in the proposed new defense budget is a $400 million-plus down payment on a new fleet of radar planes. These are intended to warn against Soviet bomber attack, a threat which few defense planners outside the Air Force give much credibility.

To help explain why these AWACS planes are needed, the military is privately and publicly beginning to give more emphasis to the tactical air control aspects of the planes than to their role in Soviet bomber defense.

The new budget, in short, is a something for everybody budget. Nothing has been cut

in this year of elections, negotiations and high unemployment.

In an attempt to avoid bloating the deficit still further, actual defense spending will be held down to $76.5 billion, just $700 million above this year. But it is in the authorization account of $83.4 billion that the seeds of future defense spending lie, and that is way up.

If the Nixon administration does achieve a sound and stabilizing agreement with the Russians at SALT, they will have made a major contribution to national security, and their tough stance and "bargaining chip" strategy will have been, in large measure, vindicated.

But the most important aspect of this year's budget is that it goes beyond SALT. It contains money for new weapons based on shifting rationales. If Congress chooses not to grapple with it in this election year, it will become the budget that rather casually sets the tone and pace for still higher military spending during the "generation of peace."

"SUFFICIENCY IS SUPERIORITY IN ANOTHER CLOAK"—LAIRD'S LATEST ALARMS

(By Herbert Scoville, Jr.)

"The Soviet Union is continuing to create strategic capabilities beyond a level which, by any reasonable standards, already seems sufficient." So said President Nixon in his State of the World message on February 9. The point can be conceded. The Soviets have strategic forces well beyond those needed to deter a U.S. attack, even if our strategic arsenals continue to increase at a high rate.

But what President Nixon's message did not say is that the U.S. is also building forces greater than needed to deter a Soviet attack and prevent us or our allies from being coerced. The administration policy of "sufficiency" is only superiority in another cloak.

We are now placing MIRV's (multiple warheads which can be aimed at individual targets) on a large fraction of our land- and sea-based ballistic missiles. Secretary Laird reports that during the past year we added warheads to our missile force at the rate of almost three a day. MIRV deployment as an alternative to building more missile launchers has long had strong support by the Joint Chiefs of Staff, and most of those who are now leading the hue and cry about Russian superiority in missile launchers are ignoring this warhead expansion. Our total offensive force loadings will, according to Secretary Laird, increase between mid-1971 and mid-1972 from 4700 to 5700 weapons while, during the same period, the Russians will only add 400 new weapons to their stockpile of 2100. At this rate, it will be a long time before they catch up.

All elements of our strategic forces are being improved far beyond the requirements of "sufficiency." We are deploying a new generation of missiles in both our land- and sea-based launchers when no current threat requires them. We are planning to build still more advanced missile submarines (ULMS) before there is any conceivable danger to the existing ones. We are building a new bomber, the B–1, years before the B–52's will become obsolete. We are deploying an ABM defense of Minuteman missiles which is not needed to preserve our deterrent, and is, moreover, inadequate and poorly designed to protect these missiles if the Soviets do develop a MIRVed ICBM force.

Over and over again, Secretary Laird and other Defense officials have stressed the *momentum* of the Soviet strategic build-up as justification for these additional weapons on the part of the U.S. On January 25, Laird prefaced his request for supplemental appropriations in this fiscal year with the statement: "These funds will be used for programs that we need to start now to meet defense requirements as a result of the Soviet weapons momentum."

What is this "momentum"? In his Annual Report of February 15, Laird described the Soviet strategic weapons developments which presumably worry him the most. The following item by item analysis of all of these leaves some doubt as to whether his concern is warranted.

CONTINUED DEPLOYMENT OF ICBM'S

The increase in Soviet landbased ICBMs has in the past always been cited as the dominating element in the threat. The Russians now have 1520 ICBM launchers as compared to 1054 US launchers. Though some 100 new Soviet silos have been identified for new or modified ICBM systems, the build-up has been slowing down. Indeed, Mr. Nixon in his State of the World message noted that the USSR added only 80 ICBMs last year, compared to 256 the previous year. Secretary Laird now projects an increase of only 30 between November 1, 1971 and mid-1972, and points out that the SS–9, SS–11 and SS–13 programs may be over. So the "momentum" in total numbers of Soviet ICBM launchers seems to be petering out.

What about the large ICBMs—the SS–9s which were most feared as potential first strike threats to our Minuteman deterrent? Here, the pace has slowed even more dramatically. In August, 1969, the Soviets were reported to have more than 275 SS–9s operational or under construction, and Secretary Laird predicted an increase of 50 or more per year in then justifying the need for the Safeguard ABM. Now, two-and-a-half years later, he reports that there are only about 300 of these large type ICBMs operational or under construction—hardly a cause for new alarm this year or requiring major increases in funds for new US strategic weapon systems. Included in this Soviet total are the same 30 new large launchers that were first reported under construction a year ago. No new Soviet missile has been tested for these launchers even a year later, and even if a new missile were to be deployed in them, it would not signify any increase in previously estimated threats we've always assumed. The SS–9 is capable of launching any MIRV system the Soviets chose to develop. If they need a different missile to have a MIRV to threaten Minuteman, then our previous worries were greatly exaggerated. It is rumored that the Russians may accept a ceiling on large missiles at SALT (Strategic Arms Limitations Talks). If so, that would publicly commit them to *halt a program they have almost stopped unilaterally.*

Secretary Laird also refers to extensive testing since 1965 of a modification of the SS–9 which would permit it to be fired on a depressed trajectory or used as a fractional orbit bombardment system (FOBS). This was mentioned years ago by Secretary McNamara and is not provocation for increased concern today. Such a system would be less effective than the basic SS–9 in destroying our Minuteman missiles.

MIRV'S

The Russian MIRV program is *now* behind where it was said to be in 1969 by the administration. At that time, Mr. Nixon and defense officials reported that the Soviets had been testing a multiple reentry vehicle system which had a "footprint" that appeared to threaten our Minuteman silos. Now Secretary Laird states that, "while the Soviets probably have not tested MIRV missiles thus far, they have conducted many tests of the SS–9 with multiple reentry vehicles (MRVs) since flight testing began in August 1968. The last MRV tests were in late 1970." What kind of "momentum" is this? The testing of a MRV on the small SS–11 ICBM, or even the deployment of MRVs as recently reported by Laird, subsequent to his report to Congress, calls for no panic. All authorities have conceded that MRVs, whether on the SS–9s or SS–11s, do not endanger our Minuteman. Cries of alarm for three years cannot alter the fact that there is no present evidence that the Soviets have started a MIRV program.

The President correctly states that the Russians have the basic technological ability to develop MIRVs, and this can be the only explanation for Secretary Laird's prediction that the "Soviet MIRV capability could be achieved next year." But there is no factual evidence to support such an estimate since testing has not begun. It would appear that Laird's prediction is even less valid and even more misleading than those made in 1969. For although the Soviets *could* begin testing at any time, it would almost certainly be more than three years before they could deploy any system that could even marginally threaten Minuteman. With the limited number of large missiles that will be available to the Soviets in the near future, such a MIRV system would have to disperse accurately six or more warheads per missile. This *is* within the payload capability of the SS–9, but a very long time would be required before it could be developed, tested, and deployed in significant quantities.

SUBMARINE MISSILES

The Soviets have during the last three years been building up their submarine ballistic missile force. They have 25 operational Y-class submarines, each with 16 missiles; they are turning out additional submarines at the rate of 9 to 10 a year as compared with the eight a year estimated earlier. When all those now under construction are completed, however, they will have only achieved approximate numerical parity with the US. They will still be below the total Western forces, since the French and the British also have small missile submarine fleets. More important, President Nixon recently said that "our missiles have longer range and are being equipped with multiple independently targetable warheads. Moreover, our submarines are now superior in quality." This year, as last year, authorities have referred to a new lang-range Soviet submarine missile, but it has been reported that this missile could not be fired from the Y-class submarines unless these are modified.

Since missile submarines are primarily deterrent weapons and cannot be used to attack either the Minuteman or Polaris portions of the US deterrent, it is hard to see how this Russian build-up would justify adding to US strategic forces. Our submarine strategic forces are "highly survivable," says Mr. Laird, and while there are indications that the Soviets are attempting to establish an area surveillance system and associated ASW (anti-submarine warfare) strike forces, they do not as yet have this capability. Other officials have testified that they have not been able to identify any development that indicates a Soviet threat to our seabased missile deterrent.

None of the reported Soviet weapons programs require the construction on a crash basis of a new submarine missile system (ULMS), which may cost tens of billions of dollars and may be designed to cope with the wrong threat. This is not security; it is insanity.

STRATEGIC BOMBERS

Both the President and Secretary Laird have warned of a new Soviet supersonic bomber. What they have in mind is a medium-range aircraft, probably primarily designed for use in Eurasian situations and of little direct threat to the continental US. Laird reports "a probability that it has a capability for inflight refueling. With refueling it could reach virtually all US targets." He does not say whether these bombers could ever get back to Russia, if they were used against such targets. Again, the development of this type of Soviet bomber, about which we have known for several years, does not require expanded US programs in response. We now have an overwhelming quantitative and qualitative lead in strategic bombers.

ABM'S

Laird also reports that "construction of the Moscow ABM system has resumed and testing of an improved ABM missile continues." He referred to this resumption last year and to the testing back in 1969. Nevertheless, Admiral Moorer, Chairman of the Joint Chiefs of Staff, has just said that the Moscow system, even with improved radars and more and better interceptors, could still be saturated by a very small part of our total missile force. It does not, therefore, endanger our deterrent. The U.S. has apparently been seeking at SALT, ABM limitations at levels *greater* than the present Moscow system, so it is hard to believe that the administration is really worried about the Moscow ABMs. Furthermore, the Soviets have been eager for an agreement to limit ABMs, and President Nixon has expressed optimism that this can be achieved at an early date, so the long-term danger from ABMs may never develop. If the SALT negotiations break down, the Soviet ABM program still does not warrant increases in U.S. strategic force levels for many years. We have ample lead time to put into effect any necessary countermeasures.

The deployment of a widespread space tracking system that would enable the Russians to predict the position of near-earth orbit satellites is described by Secretary Laird as a Soviet research and development effort worth mention. Presumably this system is composed of the same surveillance radars that a year ago he sought to associate with a Soviet ABM system. Apparently, the association is no longer considered quite so valid, and the fears generated in some quarters in past years are no longer as great. A space tracking system is not a major security threat; the U.S. has had one for more than 10 years.

In sum, in its current round of budget requests the administration has been crying wolf: it has not come forth with a single new development in the last year that in any way demonstrates a new threat to our strategic deterrent. The Soviet ICBM program is winding down and its MIRV program is many years behind original predictions. Only in the area of submarine missile deterrent systems has the Soviet program continued to roll forward, and here the U.S. is more than one generation ahead. The Russian strategic weapons programs are continuing, but their momentum is faltering.

In contrast, we have been moving forward with increasing speed on all fronts. We are deploying MIRVs rapidly so as to increase our force loadings at the rate of 1000 warheads per year. We are developing new guidance systems for these MIRVs. We are deploying a new model ICBM, Minuteman III, and modifying our submarines to fire the new Poseidon missile with a payload four times as large as the Polaris. We are not building any additional missile launchers, but no one has seriously advocated our increasing these for many years. We have a far more extensive anti-submarine warfare program both in terms of deployment and in terms of research and development than the Soviet Union. We are proposing to commit large sums to a new missile submarine (ULMS), though our present system is far superior to the Soviet Union's. We are building a new intercontinental bomber. We are proceeding with an expanded ABM deployment and carrying out extensive research and development on next generation systems. Restraint in U.S. weapons programs is hard to find. The administration ought to drop the double standard by which it evaluates U.S. and Soviet strategic weapons.

U.S. ARMY IN TRANSITION

Mr. GOLDWATER. Mr. President, it is no secret in this Chamber that the U.S. Army is today undergoing a drastic period of transition which will enable it to meet the complex challenges of the 1970's.

As many of you know, especially those of you who served with me on the Senate Armed Services Committee, the U.S. Army continues to decrease in size as the Vietnam war winds down.

Mr. President, right now the Army is experiencing its most rapid demobilization since the end of World War II. By the first of July of this year, the Army's strength will be at approximately 860,000 men—a reduction from over one and a half million men in 1968.

I am sure I do not have to stress the fact that a 44-percent reduction in Army strength in 4 years time presents our military leaders with some very acute problems. Because of their importance, I ask unanimous consent to have printed in the RECORD an address by Gen. W. C. Westmoreland, Chief of Staff, U.S. Army, before the Wilmington, Del., Kiwanis Club on March 20, 1972.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY GEN. W. C. WESTMORELAND

It is a personal pleasure to be here today. I certainly appreciate your warm reception for this is my first public appearance in the "First State." The historical and contemporary contributions of your great State to our Nation's welfare and progress certainly warrant the title of "Diamond State" because of Delaware's worth in relationship to her size. It is also a professional pleasure to visit a State where people take their citizenship responsibilities seriously. Delaware has always been distinguished by her many sons who have served our country so well.

I will complete my four-year statutory tour as Chief of Staff of the Army this July, after thirty-six years of service. As with most men, such an impending occasion leads me to reflect . . . not without some nostalgia . . . upon that old Army I discovered as a second lieutenant in 1936 and on the Army as I have known it through the years, as well as upon the Army we are now forging to meet the challenges of the future. In so doing, I find certain constants—values and traditions which have held firm throughout the proud history of the Army. I have also found marked evidence of change as the Army has responded over the years to the needs of our society and the challenges to our national security. The Army continues today to preserve the values and traditions which have made it great, while accepting the challenge to build an even better Army for the future. The truth of the matter is that the Army is more skilled and capable of dealing with change . . . while still preserving worthwhile traditional values . . . than most institutions.

Today, I want to discuss what the Army is doing during this present period of transition to meet the complex challenges of the 1970's.

As you know, the Army continues to decrease in size as the Vietnam War is concluded. Let me say that the Army's mission in Vietnam, although a complex one, has been virtually accomplished. Our Nation's objective in Vietnam was not to achieve a "military victory" in the classical sense. Our success in Vietnam cannot be measured in purely military terms. We have prevented the communist domination of South Vietnam. We have expanded the area controlled by the free world forces, denying resources and support to the Viet Cong and thus allowing a great deal more freedom for the people of South Vietnam—a freedom which provides the South Vietnamese with better local government, and improved commerce, transportation and way of life. For example, in South Vietnam the gross national product has increased 60 percent in 6 years, and the inflation rate has declined 60 percent in 5 years.

Since 1964—

Rice production has increased by 20 percent, and

Fish caught and processed have increased by 51 percent.

Since 1965—

Over 2,900 kilometers of hard surfaced roads and 728 bridges have been constructed.

The number of schools have increased by almost 50 percent with 91 percent of the Vietnamese children in the eligible age group attending school,

Over 80 percent increase has taken place in schoolteachers, and

Almost 350,000 acres of land have been placed under cultivation.

Additionally, a three-year-old land reform program called the "land-to-the-tiller program" has resulted in approximately 871,000 acres being distributed to peasant farmers. These are but a few of the significant statistics and indicators which show the progress made in South Vietnam in recent years.

Finally, we were directed to improve the capacity of the South Vietnamese to resist communist aggression, and it would seem that the South Vietnamese government now has in substantial measure achieved this capability . . . a capability that was developed behind the shield provided by U.S. forces.

One action which is unprecedented in scope and cost savings and yet has received very little notice is the current retrograde of supplies and equipment from Vietnam. The military services, mostly Army, now have shipped about 1.8 million tons of war materiel valued at approximately $4.5 billion out of Vietnam. Also, there remains approximately a million tons of materiel in Vietnam that either will be reclaimed or turned over to South Vietnam for nation building purposes. This tremendous savings of materiel and money is truly a remarkable achievement.

Ladies and gentlemen, I recently returned from a Far East trip. I visited numerous U.S. and allied units and installations in Vietnam and met with many civilian and military leaders. I found the confidence and professional competence of both American and allied forces in Vietnam to be high . . . despite the impression given by some observers. While our efforts in Vietnam have not completely ended, the overall performance of our Army there has most certainly been splendid. We can be justly proud of our efforts in Vietnam. I know that history will record that, under the most complicated and difficult of circumstances, the United States Army conducted itself in a manner characterized by honor, dedication to duty, and professionalism. Yes, there have been individual exceptions to such a performance, but these have indeed been few when one considers that over four million men have passed through our ranks since 1965.

Related to the conflict in Indochina, I want to comment on the plight of our captured and missing servicemen and their families. The first man reported missing in Indochina was Major Floyd Thompson, United States Army, who was lost while on patrol in March 1964. Since then, the military services have reported missing or captured a total of over 1,600 men . . . of which over 400 are Army. Our country and the families of these captured and missing have received very little information from the Viet Cong and the North Vietnamese even though our government continues to exert every effort for the release and accountability of captured and missing personnel in all Services, regardless of where they might be.

As you know, President Nixon has proclaimed the period of March 26 through April 1 as a National Week of Concern for American Prisoners of War and Missing in Action. The Presidential Proclamation accompanied the signing of the Joint House-Senate Resolution passed by Congress. All Americans should honor these gallant men and their families by participating in activities that demonstrate our support and concern for their continuing sacrifices.

Today, the Army is substantially reducing its size in order to come within lower budget ceilings and to cope with the effects of continuing inflation. The Army continues to experience its most rapid demobilization since the end of World War II. By the first of July of this year, the Army will be at an approximate strength of 860,000. This is a reduction from over one and a half million men in 1968 . . . or a 44 percent reduction in just four years . . . and is approximately 100,000 below the Army's strength at the beginning of the Vietnam War in 1965. During the next fiscal year the Army will reach a strength of 841,000 . . . the lowest since 1950. Certainly, there is a strength level below which the Army cannot be prudently reduced if we are to perform our mission in support of national commitments . . . even with selected Reserve Component units at an unprecedented state of readiness.

I believe any further reductions in the strength of the Army will entail risks in our search for peace. The Army . . . together with the other Services . . . is faced with maintaining national security and furthering national interests against threats that have not diminished, give no signs of decreasing in the near future, and in some cases are actually increasing.

Today, our Army has the highest level of combat experience of any army in the world. We are building on that experience to improve the Army for its future missions. A comprehensive series of programs are already in being—programs designed—

To better structure our forces in view of anticipated missions,

To update our operational concepts and battlefield control systems,

To modernize our equipment and facilities,

To improve our management practices,

To streamline our logistical procedures, and

To insure the continued vitality of our research, development and testing programs.

The Army is also involved in numerous programs—

To improve both individual and unit training,

To keep our vast educational system current and responsive to Army needs, and

To improve the professionalism and quality of our people.

Our numerous programs and actions to make the Army the finest one in the history of our great Nation are not being limited to the Active Army. As Secretary Laird has stated: "Our military planning takes the Reserve forces into account as an integral part of our defense." In this regard, substantial reduction in the size of our Active Army means a greater reliance on the National Guard and Army Reserve. Therefore, achievement of a high state of Reserve Force readiness is one of our top priorities. We know that many in our Reserve Components are motivated to enlist as as alternative to being inducted. With a reduction of the draft, this poses some problems for maintaining the strength of our Reserve Forces. In view of this, a significant part of our programs and actions is being directed toward supporting our Reserve Forces. The combat readiness of the Army Reserve and National Guard is being increased through the issue of more modern arms and equipment, improved facilities and training areas, new approaches to recruiting and retaining, and closer association of Reserve and Active Army units in training and operational readiness.

Certainly, your State's heritage in citizen-soldier service . . . which goes back to the early Swedish settlements . . . is a proud one. The recent contributions of several of your Reserve Force units have contributed to that heritage. Your 344th U.S. Army Reserve Data Processing Unit has distinguished itself in volunteer assistance to Delaware's civil defense program. The Delaware National Guard headquarters for the 261st U.S. Army Strategic Communications Command was one of the pioneer units in improving joint Active Army-Reserve Force operational readiness. This last summer, it performed admirably in a NATO readiness exercise in Western Europe.

Our task in strengthening the Reserves is an important one . . . and one to which all of us should give a great deal of attention.

As you know, the President has made an all volunteer military force a National goal. In the vanguard of our efforts to attract more volunteers and to reduce reliance on the draft is the United States Army Recruiting Command (USAREC). We are more than doubling the number of recruiters in this important command. By the 30th of June of this year, we will have increased our recruiting stations from 982 in early FY 71 to 1,628. We are providing emoluments to our recruiters in terms of cost-of-living allowances and governmental rented houses. We are improving the quality of the officers and men assigned to this command. Almost everywhere I travel, I try to see the local recruiters. They are an enthusiastic and dedicated lot.

Our recruiting efforts are beginning to pay dividends, particularly in terms of getting higher quality people to enlist in the Army. The number of high school graduates joining the Army has increased dramatically since we imposed tighter quality controls last fall. For example, the Army's average in recent years of high school graduates enlisting has been about 54 percent of all enlistments. Since October this rate has jumped significantly. In February, it was at 84 percent. This is above the rates of the other Services. But we still have some shortfall in combat arms enlistments. Right now the Department of Defense is looking at the effects of the new pay increase before authorizing us to initiate the combat enlistment bonus authorized by Congress.

Of all of the actions we are taking to improve the Army for future missions, our most important actions are people-oriented actions. The Army is people. To strengthen the Army, we must capitalize on the energies and talents of our people. The most important of these actions are those that are devoted to improving professionalism—the quality, the motivation and the skill—of our people. The achievement of professionalism is our highest concern. In all cases, standards will remain high. Discipline will not be sacrificed on the altar of permissiveness. Let there be no doubt about that.

Some of our people-oriented programs have attracted much attention in the press. Our Army programs, however, are far more substantive and fundamental than those few items that have received considerable publicity. For example, we are eliminating excessive instability within our ranks that developed as a result of Vietnam. We are eliminating those negative aspects of Army life that have irritated soldiers for years and have caused them to expend energy and efforts in nonsoldierly pursuits. Other actions taken include increased pay, improved barracks and living conditions, and improved facilities and services for both the soldier and his family. All of these actions will take money and time. Our efforts are improving the attitude of our soldiers and providing them with more time for important training. A soldier who can devote more time to his essential tasks is a better trained, more confident, happier, physically tougher, more professional soldier.

The key to achieving a more professional, modern Army is leadership—both officer and noncommissioned officer. We are fortunate to have within our ranks today an abundance of quality leadership. We are taking advantage of the present period of transition to refine this quality leadership through leadership boards and teams, leadership and group communications training and higher standards for promotion and schooling.

But internal efforts are not enough. Our need now is to match the substantial progress made in enhancing professionalism and improving Service life within the Army through achievement of better public understanding and support. This is imperative if we are to attract and retain quality people in the numbers required.

From my travels about the United States, I know that there is a tremendous amount of latent goodwill and admiration for the Army. This must be transformed into the active public support so greatly needed during this time of transition.

I can think of no better way to engender that type of support than through organizations such as yours here today. I solicit your support and best efforts in this regard as we strive to ensure this Nation a strong, ready and responsive, quality Army. Ladies and gentlemen, you can count on the Army, an organization that has fought for the country 13 wars involving 159 campaigns without a defeat. A country could ask for no more from its soldiers.

It has been a great personal pleasure to join you today as your guest. I am grateful for your kind attention and your warm hospitality.

A READING PROGRAM FOR CONNECTICUT

Mr. RIBICOFF. Mr. President, a new and significant citizen volunteer movement is now underway in the State of Connecticut to help our children develop competent reading skills.

In America today every State is facing a reading crisis. Throughout the Nation, some 15 million schoolchildren are deficient in reading.

Teachers estimate that 43 percent of the youngsters in elementary school desperately need help with their reading problems. School principals indicate that 15 to 20 percent of their children cannot keep up with their classmates without special help.

A recent survey, conducted for the National Reading Center, of Washington, D.C., by Louis Harris and Associates, revealed that 21 million adult Americans lack some or all of the basic functional reading skills necessary to deal with the simplest experiences of daily living and working.

Citizen volunteers in Connecticut are giving their time to help assure that the children of our State will grow up with the ability to read. More than 150 volunteer tutor-trainers and coordinators from across the State participated in a 2-day training workshop conducted in Hartford by the National Reading Center on March 23 and 24. Each of these trained volunteers will now return to his or her home community to teach other volunteers how to tutor children in reading.

Participating in the workshop, sponsored by the Connecticut State Department of Education, were the University of Connecticut, Southern Connecticut

College, and the following 37 school districts:

Bloomfield, Bridgeport, Bristol, Canaan, Cornwall, Danbury, East Hartford, Ellington, Fairfield, Griswold, Groton, Hamden, Hartford, Kent, Lebanon, Lakeville, Meriden, New Canaan, New Haven, Newington, New London, Norwalk, Norwich, Sharon, Southington, Stamford, Stonington, Stratford, Thomaston, Trumbull, Wallingford, Waterford, West Hartford, West Haven, Westport, Wethersfield, and Willimantic.

The National Reading Center is taking its tutor-trainer plan to 20 States this year, and seeks to create a corps of trained volunteer reading tutors in every State in the Nation by the end of 1973.

The Hartford Times published an article and an editorial on this fine endeavor. I ask unanimous consent that they be printed in the RECORD.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

[From the Hartford (Conn.) Times, Mar. 15, 1972]

WORKSHOP TO TRAIN TUTORS FOR READING

Thousands of additional volunteer reading tutors will be helping primary graders in Connecticut schools next year, the State Department of Education hopes.

The department is banking on all-day workshops being held March 23 and 24 at New Haven's Conte Community School for 100 reading consultants, reading specialists, and experienced classroom teachers of reading.

They'll get several hours of intensive training by a team from the National Reading Center, an arm of the U.S. Office of Education in its program to wipe out functional illiteracy by the end of the decade.

The school district reading specialists will apply their workshop skills in training volunteer tutors to work with children in the elementary schools in their communities.

Anthony T. Tedeschi, coordinator of the state program, said, "We hope that each workshop participant will train 10 volunteer tutors. This would give us a total of 1,000 on the first go-round. And, of course, the reading specialists would continue training new groups of volunteers as the year proceeds."

Tedeschi explained that the training of volunteers takes about 20 hours, including seven hours of practical experience in using materials with pupils or in simulated situations.

Most of the workshop participants, according to Tedeschi, will be from the districts, where the great majority of children needing extra help in reading are enrolled. Some of the bigger districts may have as many as six reading specialists in attendance. However, several workshop slots are being held open for smaller districts.

Dr. Olive S. Niles and Dr. Robert F. Kinder, state reading consultants, have reviewed the training program and made recommendations and are involved in its implementation.

Workshop participants will go back to their districts armed with a wide variety of National Reading Center materials.

[From the Hartford (Conn.) Times, Mar. 19, 1972]

TUTORING TO BOOST READING

One hundred reading specialists, consultants and teachers of reading will meet in New Haven Thursday and Friday in workshops which may have major meaning for youngsters in the primary grades.

A team from the National Reading Center, which is part of the Office of Education, will unfold to the teachers its methods and objectives in a program to wipe out illiteracy by 1982.

After which the reading specialists will go back to their home schools and begin their own program to recruit and train volunteer tutors to work with children in the community.

The tutors could be retired persons, mothers whose children have finished school, or college students with time to spare.

If the program works out as officials hope it will, it could pour hundreds of tutors into the state school system on a year-in-and-year-out basis. This could be an invaluable help in boosting the reading competence of youngsters in the early grades to a level they otherwise might not attain. It is a commendable experiment. It will be up to the volunteers whether it works or not.

EVALUATION OF WATER RESOURCES PROJECTS

Mr. PEARSON. Mr. President, the Senate of the State of Kansas adopted on March 20 a resolution to memorialize the Water Resources Council, the Federal interagency body which has proposed far-reaching changes in the criteria for evaluating water resource projects. At the request of the President of the Kansas Senate, Reynolds Shultz, I submit for the attention of Senators the following document stating the concerns of members of that legislative body for the substantial reduction of flood control and water supply benefits which would result if the proposed criteria are adopted as written.

In particular, Mr. President, this document makes reference to the small watershed program authorized under Public Law 566, legislation originally proposed in the Congress by Representative Clifford Hope of Kansas. I want to give my support and endorsement to the request contained in this document.

In addition, Mr. President, I would like to submit for the attention of Senators a statement on the proposed new criteria which I have provided to the Water Resources Council for the record of its public hearings concluded March 22. This statement makes specific reference to provisions of the new criteria, including the 7-percent interest discount rate, its "grandfather" application to projects authorized, but not constructed after 5 years, and the treatment of regional development as an account for weighing the benefits from water resource projects.

I ask unanimous consent that these documents be printed in the RECORD.

There being no objection, the documents were ordered to be printed in the RECORD, as follows:

SENATE RESOLUTION No. 34

A resolution memorializing the federal water resources council of the office of management and budget to maintain or decrease the federal interest rate used in the formula for computing cost-benefit ratios for water resource development projects

Whereas, The state of Kansas has been recognized as one of the leading states in watershed development since the inception of public law 566; and

Whereas, Water resource development under this program has proved to be highly beneficial in reducing flood damage, enhancing wildlife habitat, improving environmental quality, providing needed recreational facilities, abating stream and river pollution, and improving the economic stability of the state; and

Whereas, The state of Kansas is presently actively pursuing rural development through resource conservation and development projects; and

Whereas, Any substantial increase in the interest or discount rate as used in determining economic feasibility would make structural works of improvement difficult or impossible to justify: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That we hereby petition the federal water resources council of the office of management and budget to maintain or decrease the federal interest rate used in the formula for computing cost-benefit ratios for water resource development projects.

Be it further resolved: That planning assistance be continued or accelerated on all water resource development projects currently authorized for planning, and that no restrictions or time limits be established for completion of such planning operations; and

Be it further resolved: That the secretary of the senate be directed to send enrolled copies of this resolution to the Federal Water Resources Council, 2120 L Street Northwest, Washington, D.C., and to each member of the Congressional delegation from the State of Kansas.

STATEMENT BY SENATOR JAMES B. PEARSON

At the outset, I want to say my opposition to parts of the proposed new criteria for the evaluation of federal water resource programs stems from a desire to see the orderly development and conservation of our water resources move ahead. There is no thought here of holding the line against new and more credible methods by which the executive branch can weigh, and present to Congress, the benefits and costs of these projects. For years, those of us in the Senate who are committed to the development of water resources have sought a clearer and more understandable system for evaluating what we consider to be the considerable benefits of this process. Because the existing system lacks understanding, both within the Congress and with the public, the proposed *Principles and Standards* of the Water Resources Council provide some bases for improving the implementation of national policies in this area, and should be approached as a positive step in this direction.

DISCOUNT RATE

There are, however, several elements of the new criteria that should not, in my opinion, be allowed to become law. Primary among these is the 7 percent interest-discount rate, which would, according to preliminary assessments of the Kansas Water Resources Board, have the effect of removing from consideration the planning and construction of approximately 50 percent of the watershed projects approved by Congress for the state of Kansas, and every one of 10 major projects already approved for inclusion in the Kansas Water Plan.

There is no need to dwell on the impact this change would have upon the future economic development of Kansas, except to say it would be devastating. There are 14 important flood control projects in Kansas authorized by Congress but not yet constructed which would be jeopardized or simply eliminated by a 7 percent interest-discount rate. Should the rate later be increased to 10 percent, as the criteria provide, federal assistance for flood controls works would become unobtainable in the state of Kansas, where the nation in 1951 witnessed one of the most destructive floods on record.

The thrust of the increased interest-discount rate would be to leave the burden of further expenditures for flood control and water conservation works on the private sector and on state and local government. This is simply unrealistic. With profits measured in 50 year periods, private capital is not likely

to flow into the construction of such projects, and yet the need for them continues as population patterns change and new areas of economic growth appear.

Can local and state government afford the outlays required for reservoir construction and maintenance? It hardly seems likely, considering the depth and breadth of the revolt against property taxes across the nation and the desperate condition of finance in priority areas such as public education. Nor should the primary responsibility for controlling and conserving the resources of our great systems of rivers and streams, which in many cases drain whole regions of the country, be allowed to fall on state and local government.

The interest-discount proposed by the Water Resources Council rests on a shortsighted concept and would have the effect of stifling federal water resource development in my own state and the nation. It would be uniquely applied to the field of water resources development, and it would lack specific authorization by the Congress. Several substitute methods for determining the cost of financing programs in this field have been suggested, and I strongly recommend that they be considered by the Council before it submits this document to the President for approval.

Let me add that it is just as important for small watershed programs and reclamation projects to continue to receive federal funds as it is for these funds to remain available for the planning and construction of larger flood control reservoirs and protection works. Small watershed constructions are not only the first line of upstream defense against major floods, but they are a valuable means of protecting from erosion the most essential possession of the American farmer—his land. It is my hope that the 7 percent interest-discount rate will not be visited on any of these types of water resource development programs.

GRANDFATHERING

A second part of the proposed criteria which lacks justification is the provision that projects already authorized by Congress but not constructed within five years would be reassessed using the 7 percent interest-discount rate. This would only serve to disrupt the process of orderly planning and construction schedules, by which state, local and regional bodies are seeking to carry out the job of applying federal water resource development funds with a minimum of duplication and inefficiency.

In most cases, planning on a federal water resource project takes three or four years itself, and the list of unbuilt projects over five years old is already too long. If we intend to observe the principles of our federal system and make a true partnership between government in Washington and government at state and local levels, then we should not allow these projects to be withdrawn from consideration for construction simply because federal agencies and the Office of Management and Budget have previously delayed them five years or more. The 7 percent interest-discount rate itself, if adopted, would disrupt present planning and construction schedules, and lend to increased planning costs at all levels. There is no justification for making matters worse by considering a reverse "grandfather clause" that would apply to specific projects authorized for construction by Congress five or more years ago.

REGIONAL DEVELOPMENT

With, I think, a large number of other members of the Senate, I regret that the Water Resources Council chose to ignore the purpose of Section 209 of the River and Harbor Act of 1970, which sets down a four-account system of water resources project evaluation. I supported this measure on the Senate floor and particularly regret the failure of the Council to give full weight to the regional development account.

Because future balanced economic growth in the nation depends on the development of job opportunities and the infrastructure for growth in rural America, it would seem imperative that regional development receive full consideration in these evaluations. Water resource projects are by their very nature regional and the problems they attack—floods, drought, water quality, transportation—are often regional as well. Few who have ever visited Kansas would deny that a barrel of fresh water there has far more value than it does, for instance, at Niagara Falls, or that soil erosion is not a more costly phenomenon for a Kansas farmer than it is for a lobsterman on the rock-bound coast of Maine. Yet the Council has reduced the import of regional development benefits and costs in its proposed criteria, and it has done so in contradiction of the expressed view of the Congress. Furthermore, it has done so in contradiction of the stated policy goal of this Administration to achieve a balanced pattern of economic growth in the nation. I believe the Council finds itself in the unfortunate position of the choir boy who sings his note both too soon and off key. It is a step which, fortunately, can be corrected before the final performance, and I would hope the steps necessary to do so will be taken without delay.

COST SHARING

The concept of cost sharing by "identifiable beneficiaries," which the new criteria seek to review and revise, is defined by previous legislation, namely P.L. 87-88. Any reconsideration of this concept should include discussion and debate in the Congress and a legislative effort made to reach consensus on its application before the Office of Management and Budget undertakes to use it in evaluating new projects. This would not be permitted if the new criteria are adopted as written, and we will, in my opinion, be engaged in creating an illegitimate bureaucratic step-child if this is allowed to happen.

CONCLUSION

These, then, are the four principal objections I would raise against the proposed new criteria: the 7 percent interest-discount rate, failure to adopt a regional development account as Congress mandated, the "grandfather clause," and the treatment of cost sharing. My reservations extend as well to the proliferation of bureaucratic red tape expected to accompany the criteria. A "cookbook" approach to federal program assistance, whether it be in the field of water resources in early childhood education, becomes a barrier to the efficient management of our natural resources. It suggests to those who seek leadership in the development of our nation's resources that government is unwilling to provide it. This is not the case, but should it ever become so, then national management and long-range planning for the benefit of future generations would disappear entirely.

New procedures for evaluating water resource programs are badly needed, and many of the proposals under consideration at this hearing are overdue. For instance, standards for weighing benefits and costs well recognized but not provided for by existing criteria are demanded, not only by those who would slow water resource programs, but by those who would accelerate them as well. The careful evaluation of environmental enhancement and damage in planning water resources programs is now required by law and as agencies engaged in this field seek to meet the law, new criteria must be agreed upon to guide them. Also, guidance must be provided for those outside government. Let us take a balanced approach to this problem and, with reason to guide determination, seek to correct the shortcomings of the proposed new criteria along the lines set down by the record of this series of public hearings.

THE GREAT PORPOISE MASSACRE

Mr. WILLIAMS. Mr. President, the New York Times of Sunday, March 19, contains a most interesting and enlightening article by Mr. Scott McVay, an administrator at Princeton University, concerning the plight of porpoises and dolphins, which are being killed in great numbers by the commercial fishing industry.

As most of us are now aware, porpoises and dolphins play an important role in assisting the commercial fisherman to locate tuna. They congregate around the tuna, whose feeding habits are similar, and act as a guidepost to fishermen, who are constantly on the lookout for them to point out the location of the fish. Unfortunately, over 200,000 of these playful and highly intelligent creatures are killed each year in the large purse seine nets used for catching the fish. These air-breathing animals drown because they become trapped in the nets or refuse to leave others of their group who are unable to escape.

The Senate will soon be called upon to consider legislation for the protection of all species of ocean mammals. Perhaps one of the most controversial aspects of this proposed legislation centers around the question of whether or not the commercial fishing industry should be permitted to continue the taking of porpoises and dolphins during their fishing operations. As evidenced by the tremendous amount of mail I have received on this subject, the majority of the American public feels the answer should be "No." However, there are those who disagree, citing their belief that the killing of these animals is accidental and cannot be prevented without causing irreparable damage to the fishing industry. I, of course, do not advocate the ruination of the fishing industry by forcing an immediate halt to this practice. In my statement before the Subcommittee on Oceans and Atmosphere of the Committee on Commerce, on behalf of my bill, S. 2871, the Marine Mammal Protection Act, I suggested the imposition of a time limit of 1 year following the effective date of the act after which no method of commercial fishing could be employed which could cause injury or death to porpoises and dolphins. This would allow 1 year for research on and development of new technological means of capturing the fish while preventing the entrapment of porpoises and dolphins in the nets. I made this suggestion because I do not feel that it is unrealistic to believe that the continued killing of porpoises and dolphins is unnecessary and can be prevented. It only requires a commitment on the part of the fishing industry and the Federal Government as well as a concentrated effort on the part of both to put an end to this needless slaughter. However, it is clear that it will be up to the Congress to provide the incentive for this needed research. I am hopeful that my colleagues in the Senate will bear this in mind when legislation for the protection of all ocean mammals comes before us.

Mr. President, I ask unanimous consent that Mr. McVay's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE GREAT PORPOISE MASSACRE

(By Scott McVay)

PRINCETON, N.J.—Many of the bounties of the sea have been tainted by man's profligate ways: mercury in swordfish, hepatitis virus in clams and shrimp. Our tables have long been graced with unblemished tuna, one of our children's favorites. Now we learn that our tuna is contaminated by the death of thousands of porpoises. How come? Since the late 1950's American tuna fishermen have been capturing tuna by setting their purse-seine nets on schools of porpoises.

Five major canneries and a number of independent companies operate 132 vessels from southern California in the tropical waters of the eastern Pacific—twelve more vessels are under construction. The fishermen first spot a cluster of birds winging in and out of an area of great activity. Drawing nearer, they sight the familiar porpoise or dolphin fins, usually of the spotted porpoise (*Stelella graffmani*) or the "spinner porpoise" (*Stenella longirostris*) which is known or its spectacular aerial gyrations. Upon closing in, the tuna can be seen as a great dark mass below the porpoises, where they are also feeding on the smaller fish. In high-powered skiffs the fishermen round up the porpoises, which may number up to 1,500, and attempt to drive them into a tight circling school. Then the half-mile long purse seine is set around the porpoises and the tuna below. The circle is constricted as the net is drawn together. Many of the porpoises panic, hit the net and drown.

In the early 1960's nearly all the porpoises entrapped with the tuna in the net died and were simply discarded to the sharks. The annual mortality is estimated to have run to many hundreds of thousands. For the last few years, a technique called backing down is permitting some three-quarters of the porpoises to escape, but the number that perish uselessly is still between two and three hundred thousand annually.

Three papers on this problem, written in 1968, 1969 and 1970 by William F. Perrin, a fishery biologist, caused a minor stir, but it was not until the public Congressional hearings last July on the proposed International Moratorium of Ten Years on the Killing of All Species of Whales that the problem began to reach a sizable segment of the public domain.

Porpoises are small members of the whale tribe. Thus, a revision in the bills working which now calls for a ban on the international killing of whales means that the passage of the legislation would exempt the American tuna fishery on the basis that the killing of porpoises in connection with catching tuna is accidental.

Also, one of the most troublesome problems facing the authors of the legislation now before Congress to ban the killing of all marine mammals is how to deal with the tuna fishery. Two of Mr. Perrin's conclusions illuminate the gravity of the problem: (1) the number of porpoises killed currently may exceed their reproductive capacity. How will fishermen catch tuna "if and when the porpoise disappear?" (2) the structure of the catch (number of males, females, juveniles) resembles the catch of the Soviet porpoise fishery in the Black Sea in 1963 and 1964—just before it collapsed.

Although various solutions have been proposed; using gates for releasing porpoises from the net, or using a small-mesh net that can supposedly be dropped to greater effect, these proposals have yet to be satisfactorily tested. Much still remains to be learned about the behavior of porpoises and tuna. Furthermore, the tuna industry—which grosses hundreds of millions of dollars annually—has responded sluggishly to Federal efforts to reduce or eliminate the porpoise mortality. Most of the tuna operators have answered requests for observers on their vessels grudgingly or by complete refusal.

One thing seems clear: efforts at research on, and regulation of the tuna industry are moving very slowly. Aroused and informed public opinion and Congressional reaction will not permit the wanton slaughter of porpoises and dolphins in the future as in the past. If the tuna industry is interested in retaining a prime place in the American home, it will have to pursue with openness, due speed, and determination the resolution of a problem that will require genuine cooperation between fishermen and scientists. Solutions must be found in a matter of months, not years.

SPENCER, CLAY COUNTY, IOWA

Mr. MILLER. Mr. President, Fortune magazine this month features an in-depth article on Spencer, Iowa, located in Clay County in northwest Iowa and one of my favorite smaller cities in the entire United States.

The writer, Rush Loving, Jr., has attempted to portray Spencer in a straightforward manner, setting out its good points as well as its problems, its openness as well as its biases. Above all, the writer concludes that, as long as progressive cities like Spencer continue to be concerned with their people, the smalltown way of life will continue to prosper.

I could not agree more. I ask unanimous consent that the article, entitled "Spencer, Iowa," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SPENCER, IOWA

(By Rush Loving, Jr.)

There are times when the figures are gloomier than the facts, and such is the case with the current talk about the demise of America's small towns. The statistics do indeed look ominous. The Department of Agriculture reports that 52 percent of all communities with fewer than 500 people lost population during the 1960's. Among towns with a population of 500 to 1,000, 40 percent experienced declines. In crossroad villages all across the land, buildings stand abandoned, and streets lie empty. Interstate highways now divert traffic around the towns, and make it easy for farmers to take their business to larger centers that offer more choices for the shopper. In any case, there are fewer farmers, because mechanization has encouraged large-scale cultivation and thrown many farmers and workers off the land. So now, looking like tombstones for the villages themselves, boards cover the windows of the stores. Sidewalks crumble, weeds grow through the winding cracks in the streets, and the abandoned houses slowly disintegrate. The columned banks stand locked. Post offices are closed, wresting from these hamlets their last badges of identity. Not even freight trains stop anymore.

But the brighter side of the coin is that many small towns are still growing. More than a third of the towns with populations between 10,000 and 25,000 grew by 10 percent or more during the 1960's. That was less than their over-all rate of growth during the preceding decade, but more than the doomsayers would lead one to expect. A uniquely American life style still flourishes in thriving communities where people can settle and find jobs without adding to the populations and the problems of the already crowded cities. Industry is moving to these towns, drawn by their better living conditions and labor markets that promise lower operating costs. In a time when so-called "new towns" are getting lots of attention as a means for easing metropolitan congestion, we should not forget that some old towns with their established schools, streets, and homes hold promise as future growth centers. Among the prospering places are the industrial town of Opelika, Alabama (population: 19,027), the farming communities of Kearney, Nebraska (19,181) and Garden City, Kansas (14,708), and the petroleum town of Morgan City, Louisiana (16,586).

And then there is Spencer, the seat of Clay County, in the northwest corner of Iowa, where the gashed-out lake country of Minnesota meets the sweeping black prairie. Spencer's population climbed from 8,864 in 1960 to 10,276 in 1970, a 16 percent rise.

ON THE BANKS OF THE LITTLE SIOUX

One hundred years ago Spencer was a frontier settlement—a little wooden courthouse and a half dozen shacks—within sight of Horseshoe Bend, on the banks of the Little Sioux River. It was named for George E. Spencer, who had lived in Iowa before serving as U.S. Senator from Alabama from 1868 to 1879. Today Spencer is six square miles of stores, factories, warehouses, and homes. It has a prosperous central shopping district six blocks long and an enclosed-mall shopping center out on the edge of town, a new $650,000 waterworks, a well-kept riverside park, forty-eight miles of sanitary sewers, eight miles of storm sewers, and sixty-eight miles of streets, all paved.

Spencer owes its growth and its prosperity partly to its location, which makes it a natural marketing center. R. Paul Trinkle, Clay County director for Iowa State University's Cooperative Extension Service, cites surveys showing that the average Iowa farmer is willing to travel as far as sixty miles, or one hour's driving time, to do his major shopping. In other parts of Iowa all the farms are within fifty miles of good-sized cities, but that is not the case in the northwest. Spencer happens to sit in the middle of this vacuum. The two nearest cities, Sioux Falls (population: 72,488) and Sioux City (85,925), are each 100 miles away. It is 180 miles from Spencer to Des Moines, Omaha, or Minneapolis. Thus the farmers of northwest Iowa do much of their shopping in Spencer.

In Clay County and the eight counties that surround it, there are 10,111 farms, spread across 2,824,000 acres. They produce mainly corn, soybeans, hogs, and beef cattle. These nine counties raise more than 1,400,000 head of hogs a year and more than half a million head of beef. Clay County alone harvests more than 2,500,000 bushels of soybeans and nearly 9,500,000 bushels of corn. To produce all this, the county's farmers use 2,700 tractors, more than 600 grain combines, and 675 corn pickers—most of them purchased from Spencer's equipment dealers.

Two U.S. highways, 18 and 71, funnel the farmers into Spencer. They come to sell their corn and beef, to buy suits, get bank loans, have their golf clubs fixed (the farmers equal the businessmen in their zest for golf). They order new outbuildings and corn dryers, new tractors and combines—all from the showrooms of Spencer. On a typical Saturday morning, the cash registers jingle furiously in the Safeway supermarket at the shopping center, while downtown the floor planks creak comfortably in Bjornstad's Hardware Store as the shoppers come and take away everything from concrete nails to a child's red lunchbox with a train painted on the side. In the J. C. Penney store, down the street from Bjornstad's, women pick their way through racks of coats, talking and looking, yanking on the sleeves to read the price tags and trying on their selections, while their husbands wander

through the men's department and tend the children. It all adds up to an annual retail sales volume for Spencer that has doubled from $21 million in 1960 to more than $42 million today.

"THE FITTEST SURVIVED"

Spencer is fortunate in having town leaders who have made the most of its location and rich trading area. They have succeeded in creating an aggressive yet friendly atmosphere that makes it an inviting place for shopping and pleasant to live in. There are no First-Families-of-Spencer types in charge here. No clique of dynastic businesses keeping out competitors and discouraging new industries.

The town's forward-looking stance owes something to the careless youngster who dropped a burning sparkler into a box of fireworks at a drugstore one July day in 1931. Most of the business district went up in flames, and for many of the entrenched families it was a fateful day. "They were wiped out in the fire," says Robert C. Porter, farm representative at the Farmers Trust & Savings Bank. "They had to take their guts in their hands and rebuild. The gutless ones were wiped out. The fittest survived. So now we have a bunch of promotion-minded businessmen." The town finished its rebuilding about the time the depression ended, and the momentum of rebuilding kept Spencer rolling ahead through World War II and into the postwar era.

One of those who found opportunity in Spencer is Harold H. Howe, sixty-two (see page 78), who was born there. After serving in the Navy during the war, he went to work for the Northwest Federal Savings & Loan Association, which had only $500,000 in assets and an office over Penney's. Soon Howe was placed in charge of the s. and l. He solicited customers so vigorously and successfully that he was able to get deposits even from the local bankers. Today Northwest Federal is the biggest financial institution in the area. It has assets of more than $30 million, making it nearly twice the size of any bank in Spencer.

A. M. Johnson, fifty-nine, who is known as Stub, is another of Spencer's successful businessmen. A natural-born promoter who was reared on a Clay County farm, Johnson opened a short-order place on Grand Avenue in 1947 and named it Stub's House of Plenty. And plenty it has made for Stub, for now he also has part interests in a truck stop in Minnesota and a supper club in Sioux Falls. Another of his ventures is Stub's Ranch Kitchen on Highway 71 outside of town, where 500 people a day from all over northwestern Iowa troop through the buffet line to get more home-cooked mashed potatoes and spareribs and watermelon pickles than they can put away—all for $2.75 a head. His Ranch Kitchen and House of Plenty could easily form the nucleus for a chain operation, but Stub is not interested. "I'm at an age where I don't want any more," he says.

WHEN CHET HUNTLEY WAS A TELLER

Robert L. Krzmarzick, thirty-eight, a banker raised in Sleepy Eye, Minnesota, was invited to town in 1963 by eight Spencer men who wanted to start a new bank. They opened Spencer National Bank in the shopping center. To attract business, Krzmarzick broke all the local traditions about banker's hours, even keeping Spencer National open in the evening. For the bank's first anniversary he hired Chet Huntley to be a teller for a day, and so many people came in to open accounts that the staff couldn't handle them all. Today Spencer National has $12 million in assets, and has had a definite impact on the way its two older and larger competitors—the Farmers Bank ($15 million in assets) and Clay County National ($18 million)—do business. "We used to pass up loans we should have been making," says Dwight Willard, president of Farmers. They don't pass them up anymore.

Another outsider, Gerald Pearson, invested $6,000 with six other Minnesota men to take over a failing packinghouse on the north side of town in 1952. That little business has become Spencer Foods Inc., with a local payroll of more than $5 million a year; with 1970 sales of $310 million, it ranked 328th in FORTUNE's directory of the 500 largest U.S. industrial corporations last year. Pearson, forty-six, now a millionaire, is president and chairman of Spencer Foods and takes an active role in the town's business life.

One of Spencer's strong points is the depth of civic leadership in its business community. For example, there is John Greer, fifty-one, a big garrulous lawyer who came to Spencer in 1947 with little more than a new law degree; he is now one of the most successful lawyers in all Iowa. Belle Trinkle, Paul Trinkle's wife, and the mother of two children, is executive vice president of the chamber of commerce. Spencer businessmen once thought the job was too much for a woman to handle; they now admit they were wrong. And R. James Halverson, fifty, originally from Mitchell, South Dakota, started a typewriter sales and repair business in the basement of his home in 1949. Today Halverson owns Modern Business Equipment Co., with sales of $500,000 a year.

These and other leaders have an instinct for promotion that helps Spencer attract both shoppers and new residents. The people get out and work for their town. When there's something going on, like the county fair or a community picnic and threshing bee at Stub Johnson's farm, everybody pitches in to help. "I never felt I had to get up on a soapbox very often and pound my fist and drive the people. They're willing to do what's needed. They just need a hand to get the job done," says G. H. (Jiggs) Sondergaard, forty-six, who was mayor for ten years. (He was defeated last November by C. Earl Page, a retired Congregationalist minister.) Spencer's businessmen are boosters with a sense of purpose. They fear that if they stop getting out and doing things for their town, Spencer will become like many of its smaller neighbors—drab and barren towns that lie indolent and sunbleached below, stark grain elevators.

In recent years, Spencer's leaders have enhanced the town's economy by luring in a whole colony of new and lucrative industries. One June day in 1964, Harold Howe and Julian C. Holiday, a real-estate dealer, called a meeting of about sixty interested businessmen at the Elks Club to set up Spencer Industries Foundation. They hired an industrial development director from Des Moines, Walter Williams, and gave him a $25,000 annual budget for promoting Spencer. No more than seven cities in Iowa have experts like Williams, and Spencer is by far the smallest of them.

Since that day the town has attracted twelve new manufacturing plants and two truck terminals. They represent a total capital investment of $2 million, employ 440 workers, and have annual payrolls of $1,500,000. That is only a partial measure, of course, of the economic benefits Spencer has realized from industrial development: the new payrolls mean more business for the merchants and more jobs in stores and supply companies. The new plants turn out such varied products as concrete blocks, grease guns, canned mushrooms, and reconditioned auto parts.

In 1966, Williams and the Industries Foundation outsold two other Iowa towns and persuaded Morton Buildings Inc., which also has production facilities in two other midwestern cities, to build a $240,000 branch plant just outside Spencer. Morton turns out about fifty precut farm and industrial buildings a week. The company has fifty-three employees and an annual payroll of $270,000. "We have no trouble getting good labor here," says Harry L. Hensley, the plant manager. Indeed, the Spencer operation has been so successful that Morton recently expanded its site by 50 percent, buying five adjoining acres for future expansion.

LADDERS TO A CLIMBING MARKET

Van Ladder Inc. was drawn to Spencer by a team effort that made available both capital and a plant site. It all started when Eugene W. Faulstich, forty, a radio repairman and cable TV operator in Algona, fifty miles east of Spencer, invented an aerial ladder that can be mounted on small trucks. Faulstich, who started producing the ladders in a tiny plant at Algona, tried to get his own bank to finance a larger facility, but was turned down. When he applied to Spencer National, he got the $35,000 he needed and Spencer Industries Foundation found him a site on which to erect a 10,000-square-foot steel building.

That was a year ago. Since then, Van Ladder has been attracting a widening array of customers—electricians and U.S. and Canadian telephone companies, as well as large cable TV operations like TelePrompTer. Faustich is now adding another 5,000 square feet to his plant, in order to keep up with a flood of orders that are flowing in for an improved version of his truck ladder and two other types of industrial ladders that he's developed. "We've reached a market that's exploding," say Faulstich happily. He attributes much of his success to Spencer's initial willingness to take a risk. "The whole atmosphere was much better here, much less conservative than in Algona," he says.

The town leaders offer no giveaways or tax incentives to new businesses. They simply sell several facts hard: that the local people are farm folk who don't mind work, that housing is relatively cheap ($23,000 and up for a three-bedroom home), and that taxes are low ($400 a year for an average house). And less than half of Spencer's employees are unionized—although the town's largest company, Spencer Foods, was struck last year for seven months by its workers, who belong to the Amalgamated Meat Cutters union.

Spencer's three banks often work together to arrange financing for newcomers. Sometimes a group of as many as 124 local businessmen will countersign notes when an otherwise worthy company can't raise enough money on its own credit. Usually no individual commits more than $2,000 for each company, which means that the total risk is extremely low in relation to the signer's total net worth.

LOOKING AT THE RACE PROBLEM—REMOTELY

This is a white, mostly Protestant, overwhelmingly Republican town, a community of people—many of them of German or Scandinavian descent—who share a high regard for learning and pay their weekly dues to God. There is only one black in Spencer—Leon Jones, thirty-one, an inhalation therapist at Spencer Municipal Hospital—and only three or four in all of Clay County.

The townspeople have received Jones, who came from Des Moines, very warmly, but many—perhaps most—Spencer residents have a distorted picture of blacks in general, because their only view of most Negroes has been in the press. They've also heard horror stories from friends in Des Moines about "coloreds" moving into white neighborhoods and lowering the property values. Thus they tend to blame race, rather than urban crowding and poverty, for these conditions, and they think that an influx of blacks would automatically bring crime and decay to Spencer. They worry that the new plants they are bringing to town will change the values, as well as the complexion, of Spencer's population.

It is understandable, of course, that they should oppose anything that they think might bring crime to Spencer, for the town's criminal life is negligible at best. In fact, the nearest thing to a crime wave that it has at present is blamed by the Spencer Police Department on a woman known to the cops as "the Queen." She drives around at night heaving rocks through plate-glass store windows. So far, in little over a year, she's broken $15,000 worth of glass.

"THEY'VE GOT THEIR WAY PAVED TO HEAVEN"

Spencer is a churchgoing town; the largest congregations are Lutheran, Methodist, and Roman Catholic. In the past twenty years, eight of the nine major congregations in town have tried to outdo each other by building themselves new churches, each rivaling the other in architectural grandeur and costing all together nearly $5 million. "They've got their way paved to heaven now," says Harold Howe.

This emphasis on buildings displeases some Spencer churchgoers, because a few thousand of those millions would have done much to relieve the plight of Spencer's poorer people. Down on Park Street, beside the river, there are two blocks of tiny frame houses and trailers. The yards are cluttered; the weatherboard sides of the houses are warped and unpainted; some homes do not have indoor plumbing. People in the town call Park Street their ghetto area, although there are no blacks living in it, and there is nothing like the crowding and the destitution of a Watts or Harlem; it is, however, the greatest concentration of poverty and blight in Spencer. "It concerns me that in a prosperous community like this that we would have anybody living without indoor plumbing," says one local businessman. "We have some desperately poor people. We have put millions and millions of dollars into church buildings. In my mind it's hard to justify this." Some ministers agree with this criticism. Says one: "You find a new church almost wherever you go, and not the least of all, us. This shouldn't be. I don't see where the Methodists need a $1-million structure."

Spencer spends a fair amount of money on its schools, too. Since 1960 its school budget has tripled, to more than $2,100,000 a year. In that same period its per-pupil costs have more than doubled—to about $850 a year—about the average for Iowa school systems like Spencer's. The pupil-teacher ratio is twenty-two to one; that, too, is average for a small-town school system in Iowa, but it is better than the ratio in Des Moines and far lower than the ratio in the big cities of the East.

There is no feeling in Spencer that any major improvements in the educational system might be needed. "They believe in going first-class here," says Charold T. Roberts, 54, a debonair man with a handsome gray mane who has been superintendent of schools for the past seven seasons. Three years ago the town's last school-bond issue—for $1 million—won approval by 92 percent of the vote. Roberts says he has no trouble getting and keeping good teachers, primarily because Spencer is a pleasant place to live—and because it can provide the teachers' own children with good schools.

PURE CORNBALL AND PARTICIPATION

There is no television station in Spencer (though residents can tune in several channels from other cities), and it is still a radio-oriented community. Radios play throughout the day in offices and kitchens. People in Spencer drive when they go about town, and virtually every car has a radio. The farmers have radios even on their tractors. What they listen to mostly is the local radio station, KICD, which is owned by Ben Sanders, sixty. A native of Brooklyn, he bought the faltering little station in 1945 for $18,000. It now has an annual gross of $389,000, and profits of about $50,000. Sanders has retired from day-to-day management (he lives in the mountains of North Carolina) but KICD still follows his successful programming formula of pure cornball and heavy community participation. It's mostly talk programs—including an hour-long reading from a novel every afternoon—interlaced with pop and show music and dance bands from the 1930's. No classics; they're too heavy. The station's public-service offerings run far beyond the range of most big-city broadcasters. During tornado time from May to September, when Clay County is frequently threatened but seldom hit, KICD will stay on the air all night, if necessary, to warn of approaching storm fronts. Along with all that, it broadcasts ads for virtually every Spencer merchant, beaming them over an eighty-mile market area.

Other than its radio station, Spencer has few cultural attractions. To be sure, this lack is characterisitc of most small towns, but Spencer offers fewer of the cultural amenities than even many communities its size. There is, for instance, no art museum; nor are there concerts by any visiting artists other than occasional college groups. There are annual offerings of travelogues but no other of the lecture series common to many such towns. There is good summer-stock theatre at the lake resorts just north of Spencer, but the rest of the year, the town makes do with amateur theatricals; there is only one movie house in town—and its bill is more family-oriented than avant-garde. Still, many Spencer residents don't feel deprived. "I can't believe culture is that important in either Chicago or New York," says Walter Williams, president of Spencer Industries Foundation. After all, says Williams, "you can drive to Sioux City in an hour and a half and see *Holiday on Ice*."

But the young people of Spencer do feel deprived. As is the case with most small towns, the youngsters of Spencer who go off to college (and about 55 percent do) often stay away. "Most of the ones I know are not coming back," says Kirk Watson, twenty-two, a senior at Mankato State College in Minnesota and the son of a Spencer veterinarian. "They want to get out and do something else. Most of the Midwest, and especially this area, is pretty much stagnated as far as culture is concerned." Watson himself plans to live some where else when he finishes college. Because of this drain, there are relatively few people in their late twenties and early thirties in Spencer. Between 1960 and 1970, when its total population was growing, Clay County suffered an 11.4 percent decline in the number of residents between the ages of twenty-five and forty-four.

TICKETS FOR SCREECHING RUBBER

Spencer's population growth has come mainly from an influx of people in their forties and up. Some of them are doctors and businessmen who want what the youth value less: a place where the pressures aren't so great and the people are friendlier than in the big city. In Spencer, people care about one another. They greet each other on the street and help out when someone's sick. They dress casually and have time for their families. A clock in Spencer is a guide, not the master of one's fate.

It's a quiet town. The only sound on a side street is the shouting of children at play. Only rarely is the peace broken by the rumble of a truck on Grand Avenue, or the horn of a freight up at the Milwaukee crossing, or the squeal of racing tires on a sports car—a noise that will win the young man a ticket if a policeman hears him, and one often does. Most days the sky over Spencer is bright and blue, and the only smell in the air—unless you're within a block of Spencer Foods' slaughterhouse—is of trees and flowers and new-mown grass. And in contrast to their city cousins, people in Spencer leave their homes unlocked and walk the streets at night without fear of muggers.

So long as they offer such a striking contrast with the big cities, and economic opportunities as well, towns like Spencer should continue to grow. Says Jim Halverson, who owns the business-equipment company: "If you asked me why I'm sold on this town, it's because it's been real good to me. I came here twenty years ago with very little. The town has paid my debts and educated my kids. I owe a debt to this town." And so long as that is true for men like Halverson, the Spencers of the land will go on prospering.

NATIONAL ENDOWMENT FOR THE ARTS AND NATIONAL ENDOWMENT FOR THE HUMANITIES

Mr. PELL. Mr. President, in 1965 it was my honor to bring before the Senate legislation which led to the establishment of the National Endowment for the Arts and the National Endowment for the Humanities. Both organizations have been reauthorized twice and the funding for them has grown considerably. While the Endowment for the Arts has received great press and public notice, the Endowment for the Humanities has very quietly built up programs of excellence which, while of fine quality, have not been considered newsworthy. However, excellence does eventually receive due notice, I ask unanimous consent to have printed in the RECORD three articles published in the New York Times discussing some of the excellent programs which have been conducted by the Endowment for the Humanities under its first Chairman, Barnaby C. Kenney, and under its innovative new Chairman, Dr. Ronald S. Berman.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Mar. 30, 1972]

IN HUMANITIES PLAN: MIDDLE AMERICA

(By Howard Taubman)

WASHINGTON, March 29.—The National Endowment for the Humanities, which has received scant public attention compared with its sister agency, the National Endowment for the Arts, which deals with such glamorous matters as theater, opera, film, orchestras and museums, is setting its sights on Middle America.

Under the leadership of Dr. Ronald S. Berman, its new, dynamic chairman, the Humanities Endowment has decided to aim about a third of its budget of almost $30-million for the fiscal year ending June 30 at the great majority of Americans who presumably do not concern themselves with such matters as philosophy, languages, literature, philology, history and the other disciplines of scholars of the humanities.

[Meanwhile, in New York yesterday Dr. Berman announced an endowment matching grant of up to $500,000 for the New York Public Library.]

Dr. Berman, a scholar himself with a special background in Shakespears and Renaissance studies, believes that the humanities can and should be made accessible to ordinary people, and he intends to invoke television, films and other modern means of communication to reach the widest possible American constituency.

One of the first new programs on his agenda will be a television series devoted to the period of Shakespeare. The endowment, he said in a recent interview in his office here, is negotiating for the right to show the film

versions of "Henry V," "Richard III" and "Hamlet" starring Laurence Olivier for this series:

"We won't simply show the films, though that won't be a bad start," Dr. Berman said. "We'll work in appearances by distinguished scholars. The aim will be to broaden the frame of reference, perhaps to bring Shakespeare and his time and people closer to ours."

Would the films be shown without cuts?

"I'm not against cutting a Shakespeare play," Dr. Berman replied. "Why should we make the going harder than necessary for a public accustomed to something less than a two- or three-hour drama?"

The Shakespearean project will be followed, Dr. Berman said, by a series of filmed versions of great novels.

"I know you can't encompass Tolstoy's 'War and Peace' in a short film version," he said, "but you should be able to manage something impressive with, say, Jane Austin. Dickens has been done extremely well, and we'll use some of those films."

Dr. Berman expects to make arrangements for the filming of a number of Restoration plays by such writers as Congreve and Wycherly for another series. He is negotiating with the British Broadcasting Corporation to film the series in England.

Even before Dr. Berman took over as chairman last December, the endowment had begun to back a series of filmed biographies, like one of the Wright brothers, which have been shown on the Public Broadcasting network. Dr. Berman said this series would continue.

The National Humanities Series, which has brought teams of humanist-lecturers and performers to remote places of the country, have dealt with such themes as "Justice—Trial and Error," "Face to Face," an inquiry into how and why men create, and "Stop, Look and Listen," a multimedia exploration of the humanities.

The endowment intends to expand its efforts to reach directly into the nation's communities. State-based groups have been established in Georgia, Maine, Missouri, Oregon, Oklahoma and Wyoming, and 10 more states are almost ready to launch grass-roots programs involving especially created councils, university extension divisions, public television and radio, public libraries and other organizaions. Each state is setting an over-all theme. In Oregon, for example, it is "Man and the Land."

The endowment will fund each state program at about $100,000. Dr. Berman insists that the lectures, panel discussions, film showings and multimedia productions must reach into the smaller towns and villages.

Dr. Berman and the Presidentially appointed National Council on the Humanities, which is composed of 26 men and women, intend to continue the endowment's support of scholarship and research. This commitment was reflected in the recent announcement of 84 senior fellowships to outstanding humanists, most of them on the faculties of colleges and universities, at a total cost of $1.4-million.

"We also want to do something about the colleges and universities," Dr. Berman said. "I don't mean innovate. Innovation generally leads to a narrowing of perspectives. I want to enlarge. W'ere going to try to encourage institutions to set up teams for teaching certain disciplines—using a charismatic lecturer, assistants for discussions of students in smaller groups and occasional contacts with outstanding teachers in the area.

"Eventually we might put as much as 25 percent to our budget into this program. We've already selected some universities. We're also arranging to help the University of Michigan establish a college devoted to medieval studies, the first of its kind in this country."

Help for the Library

The thousands of readers and researchers—New Yorkers and non-New Yorkers alike—who use the New York Public Library daily are well aware of the damaging impact the Library's financial difficulties are having on its operation, and on the availability of its rich resources to the public. Now a gleam of hope has appeared in the announcement by the National Endowment for the Humanities, acting with President Nixon's approval, that it plans to provide $500,000 in Federal funds by June 30 to help meet operating costs of the great research divisions of the Library.

The catch, however, is that the amount will be forthcoming only if an equal sum is provided by individual and corporate donations. It will not be easy to meet the challenge since the deadline is June 30, but the New York Public Library is of such extraordinary important to this city and its people that its current urgent needs deserve the utmost generosity possible from this metropolis and its citizens.

United States Offers a Grant to Public Library

(By Laurie Johnston)

The deficit-plagued research libraries of the New York Public Library will receive up to $500,000 in Federal funds—if the same amount can be raised from contributions between now and June 30.

Dr. Ronald S. Berman, chairman of the National Endowment for the Humanities, announced the matching grant here yesterday. He said the endowment would consider an equal "challenge" gift in the next fiscal year.

The grant represents the first Federal contribution to the operating budget of the research libraries.

"This is a giant step in the recognition of our library for what it is—a truly national resource," said Richard W. Couper, president and chief executive officer of the New York Public Library.

He called the grant a patent recognition that neither public nor private dollars alone can sustain large cultural institutions."

Dr. Berman said the endowment had given grants for specific projects to libraries and museums, including the Library of Congress and the New York Public Library's Schomburg Collection of Negro Literature and History, but not for operating budgets.

He said the present matching grant with "within our mandate of support for the humanities."

The research libraries consist of 18 divisions including general humanities, science and technology, social sciences and the arts, occupying most of the main library at Fifth Avenue and 42d Street; a six-floor building with periodicals and patents at 521 West 43d Street, and the research collections in music, theater and dance at Lincoln Center.

Dr. Berman called them "one of the great resources of humanistic scholarship in the country." He noted that—unlike the 83 branch libraries—they were "public only in the sense" of being open to users without charge, since they had been founded and heavily supported by private giving.

With increased operating costs and a recession in contributions, the research libraries have been perennially threatened with complete closure to their users and have operated on drastically reduced schedules.

Private fund-raising, benefits and emergency transfusions of public funds have kept them alive, almost day to day.

Mr. Couper said that "valid pledges" as well as receipts in the library's own fund-raising would count in the total to be matched by the National Endowment for the humanities.

He said $600,000 had been raised toward this fiscal year's fund-raising drive for $1-million. The $600,000 does not count against the matching start. The library would now have to surpass its remaining goal by $100,000 to qualify for the $500,000 maximum in matching funds.

Mr. Couper reaffirmed his conviction that money to keep the research libraries open on a full schedule of hours should come from the City University, whose graduate students use them most heavily. But, he said, "April will tell" what budget settlement will be made between the city and the state.

He said that whatever funds were received from the National Endowment for the Humanities would be used to maintain and improve the quality of the research collections themselves.

"Eighty per cent of our costs are people," Mr. Couper said, "but we are also in the financial throes of a startup of automation projects, including cataloguing, and these costs will level out in three years' time.

Dr. Berman said he had discussed the matching grant with President Nixon and had been "cheered" by his enthusiasm for it. Leonard Garment, special assistant to the President for education and cultural affairs, was among those present for the announcement, made at a news conference at the main library.

August Heckscher, the city's Parks, Recreation and Cultural Affairs Administrator, said he was "very pleased" about the Federal support.

"It is an important breakthrough," he said, "because it recognizes the national character of the New York Public Library."

He expressed hope that the action would "signal more Federal aid" to museums and other cultural institutions here that, he said, are also in a "national" category.

ABSENCE OF A SENATOR

Mr. GRIFFIN. Mr. President, I wish to announce that the senior Senator from Tennessee (Mr. BAKER) is absent from the Senate today on official business.

FORMER SENATOR PAUL DOUGLAS

Mr. WILLIAMS. Mr. President, last week, one of America's outstanding men celebrated his 80th birthday—former Senator Paul Douglas.

A number of us were honored to serve with Senator Douglas; and, indeed, it was a most meaningful honor. I recall that when I was a new Member of this body, Senator Douglas always was a source of inspiration and admiration to me, and he always will remain that.

Senator Douglas was far in advance of most of this country in many of his ideas. Only in recent years has our Nation begun to catch up with his innovative thinking, particularly in the area of social justice.

He is a man of towering intellect and total commitment. But, even more, he is a man of outstanding fairness; a man more ready to see good than bad in any individual and a man always willing to listen to all sides of any argument.

Senator Douglas is a man of great courage; courage that he demonstrated on the battlefield at significant personal cost and in this Chamber where he stayed in the forefront of so many important and controversial issues.

Fortunately for the Nation, Senator Douglas continued to put his great talents to work after leaving the Senate.

He returned to perhaps his first love—teaching—and has been a great source of inspiration to all the young people with whom he came in contact.

That was not sufficient for his energies. He also performed yeoman service as head of the National Commission on Urban Problems.

Again, it is indeed the fortune of this Nation to have the benefit of a mind that remains eternally young and vital.

Mr. President, the Senate has been graced with many great men throughout history. Senator Douglas belongs in that category—a giant of a man.

I am sure that all Senators join with me in wishing him many, many more happy and fruitful years.

ANOTHER POLL OPPOSES GUARANTEED ANNUAL INCOME

Mr. CURTIS. Mr. President, I note that the voters of Kentucky's Fourth Congressional District have rejected the concept of a "guaranteed annual income" as a part of welfare reform.

In a questionnaire poll of his constituents, Congressman GENE SNYDER found 87.5 percent of them felt welfare reform should not include a guaranteed annual income. Only 10.3 percent favored such a plan.

Recently, I have pointed out similar results in polls taken statewide in North Dakota and Oklahoma. These polls indicate there is only a small minority of the people in many areas of the country who find a guaranteed annual income acceptable. Even some, among the minority who do, may not understand its implications as contained in H.R. 1.

I challenge every Senator who feels favorably disposed toward such legislation to poll his constituency before he casts his vote. We are, after all, elected as representatives of the people. On many issues the popular will may not be clear. On this point, however, I believe it is unmistakably clear.

I compliment Representative SNYDER and his constituents for their contributions in helping demonstrate the will of the people on this issue. The full results of the Congressman's poll appear at page 11288 of the CONGRESSIONAL RECORD for March 30.

MRS. PATRICK HART

Mr. MONDALE. Mr. President, recently I read an article in the Minnesota Association for Children with Learning Disabilities Newsletter concerning the outstanding work of a Minnesota volunteer named Polly Hart.

I think we all recognize the field of learning disabilities as very important and work in the area is desperately needed. Too often, tireless work of generous and dedicated volunteers goes unnoticed by the public and consequently is taken for granted.

Mr. President, I am so impressed with the energy and selflessness of this mother of five young boys that I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OUR VOLUNTEERS

Polly Hart, mother of five young boys from 3 to 11, first learned about learning disabilities when her second son, Jim, was in the first grade at Schiller school in northeast Minneapolis. Jim's extreme quietness and slowness, his very low reading scores, and his tendency to read word's backwards prompted Polly and her husband Pat to seek help for him—first through the Minneapolis schools' psychological services, and then at the Psycho-Educational Center of the University of Minnesota. Jim's poor large-muscle control required special gymnastic exercises at both the University of Minnesota and at Larry Gleason's Gym.

After their experiences in helping Jim, the Harts were able, a year later, to respond to the different, but equally real, needs of their third son, Joey. The opposite of Jim, Joey was hyperactive and aggressive, with a short attention span and a poor attitude towards himself. Washburn Child Care Guidance Center was the place where the Harts got help for Joey.

Polly became active in the Minneapolis chapter of MACLD two years ago, and when the city was organized into units she became chairman of the Edison unit. With the excellent cooperation of the principal, social worker, teachers, staff and PTA at Schiller, Polly organized the first unit meeting in northeast Minneapolis in October, 1971. Those who have worked to set up a unit know the many chores and details involved. Polly made arrangements for the speaker and location, prepared and distributed flyers, arranged for publicity (an excellent article in the northeast newspaper, The Argus), and brought stacks of literature on learning disabilities to the meeting. Dr. Leo Hanvik, director of Washburn Clinic, spoke, and the meeting was impressive for its large turnout and the eager interest of the audience.

So far, this profile of a hard working MACLD parent volunteer is typical of many others. Polly's concern for her own children, which has included taking them week after week to special resource centers, has extended to the needs of others with similar problems. But Polly's experience is special and unique in that all the time she has been working to help her own and other children, she has also been fighting leukemia.

Several weeks ago, when the second unit meeting was held at Waite Park school, Polly was too sick to attend. However, with the generosity and courage that seem to be a family tradition, her husband and her mother, Mrs. Francis Guimond, continued the plans that Polly had begun and carried on with the meeting.

A few months ago, Polly wrote this poem on the subject of learning disabilities. Those who don't know her may be able to catch from the poem a hint of her special qualities—her sweetness, cheerfulness, optimism, goodness and courage—and will know why she means so much to us in MACLD.

WANTED: ACTION!

(By Polly Hart)

Another problem existing in our nation
Is not widely understood as it should be;
It involves twenty percent of our children,
And is called a special learning disability.

It is important to note that these children
Have intelligence rated normal or more,
But cannot learn if their teachers apply
The same methods they have used before.

Their hearing and vision are normal,
But a learning channel is blocked.
They try so hard, but are defeated,
If they are misunderstood and mocked.

In the effort to appropriate funds,
One matter demands attention;
Much more is spent on drop-outs and delinquents,
Than what is needed for early prevention.

There is hope that in the future,
When parents and schools understand,
The supply of SLD teachers
Will adequately meet the demand!

THE FARMER—MISUNDERSTOOD AND CRITICIZED

Mr. MILLER. Mr. President, one of America's least appreciated people is the farmer. He is not only misunderstood but is the first to be criticized if prices increase at the retail outlets, even though he has not been responsible for that rise. Yet studies will clearly show that the farmer is only slowly catching up—in some areas—to the prices which prevailed 20 years ago.

One of those who has been carrying the story of the American farmer throughout the Nation is John W. Megown, of Cedar Rapids, chairman of the Iowa Agriculture Promotion Board.

What he had to say, as reported in an article published recently in the financial section of the Denver Post, is well worth reading. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Denver Post, Feb. 27, 1972]

ROLE OF THE FARMER "NOT" APPRECIATED

COLORADO SPRINGS.—Most Americans fail to recognize and appreciate the role of the farmer in their daily lives, says John W. Megown, chairman of the Iowa Agriculture Promotion Board.

Megown, Cedar Rapids, Iowa, is one of five men nominated for the new, unfilled post of White House farm adviser. He addressed the 47th annual meeting of the Colorado Grain and Feed Association (CGFA) at the Antlers Plaza Hotel here. About 250 attended.

PREMIX GRAINS

Megown is public relations vice president for Vigortone Products Co., a division of Beatrice Foods, Inc., and the nation's largest producer of premix grains.

Despite the fact that farmers and ranchers, representing only 4½ per cent of the U.S. population are able to produce food and fibers for the other 95½ per cent of the country, the importance of agri-business in this country isn't realized, Megown told the farmers and grain dealers.

He said agriculture is an annual $320 billion industry, equal to about two-thirds of the value of all corporations in the United States.

OWN LAND

"Yet, this farmer, in his own land, has always been treated as if he were not quite the equal of those whom he fed," Megown noted.

Part of the problem lies within the agriculture industry itself, he said, pointing out there is disunity in the agricultural field "that at times appears to be downright suicidal."

Megown is a member of an ad hoc committee headed by Sen. Carl T. Curtis, R-Neb., and Rep. George H. Mahon, D-Tex., that is attempting to "identify what is wrong with public opinion toward agriculture."

He said the committee hopes to be able to recommend ways in which "existing misconceptions can be corrected."

MANY JOBS

Megown pointed out that 6 million jobs in the supply industries depend on farming.

and that another 14 to 16 million jobs are involved in processing and marketing farm products.

"Our opportunity to be a singular and persuasive force is at hand—and has been for years," Megown said. "The purpose of the Curtis and Mahon study committee is to identify our strengths and suggest the ways these strengths can best be promulgated in the economic, social and political marketplaces."

RETIREMENT OF JESS TAYLOR, TRIBUNE, KANS., FROM KANSAS HOUSE OF REPRESENTATIVES

Mr. PEARSON. Mr. President, I want to remark here on the retirement of Jess Taylor of Tribune, Kans., after 24 years of service in the Kansas House of Representatives.

Jess Taylor, who became 75 years old on February 1 of this year, was the first man ever to serve two terms as Speaker of the Kansas House. Only one other man, Representative Calvin Strowig of Abilene, who is the present Speaker, has held this position for more than one term.

Jess Taylor is a friend who was my colleague during the years when I served in the Kansas Senate. He is loved by the people of southwest Kansas and admired by leaders of both political parties for his dedication to the electoral process and his readiness to speak the language of the people in the halls of government. On his retirement, he was honored by the reading of a proclamation citing his patience, fairness, cooperation, and leadership on the floor of the Kansas House of Representatives. I can imagine this was a moving experience for Jess Taylor and consider it a proper expression of the good will of the people of Kansas for this lively veteran legislator.

I want to take this opportunity to add my own expression of high regard for Jess Taylor and his dedication to the work of legislative representation. He is vital proof that legislators who retain their sense of equality with the people also retain the right to make the people's laws.

CAUTION IN THE SITING AND REGULATION OF LARGE NUCLEAR POWERPLANTS

Mr. WILLIAMS. Mr. President, now pending before the Atomic Energy Commission is a request for a construction permit for two large nuclear power reactors at the Newbold Island Nuclear Generating Station near both Trenton and Philadelphia. Each unit would have an electrical output of more than 1,000 megawatts, making them among the largest of the nuclear power reactors being built today.

Additionally, the nuclear industry is now publicly talking about the idea of platform-mounted nuclear powerplants located off our coasts. This is proposed as a way of finding sites economically close to load centers and reducing the acceptable sites for large powerplants.

Both of these developments have substantial implications for the State of New Jersey. The Newbold Island plant, if completed on schedule, would mean that within 5 years New Jersey will have six large nuclear power reactors having a total generating capacity of 6,160 megawatts. Each plantsite inevitably subjects the surrounding population to some exposure to radioactive wastes from routine operation. And this raises the possibility of potentially dangerous exposure should an accident result in release of even a small part of the enormous quantities of the radioactive wastes contained within a large nuclear power reactor. Each site also subjects the surrounding environment to the effects of the large amount of waste heat from a steam-electric powerplant whether nuclear or conventional. Looking ahead, I can see that the promotion of offshore locations means that our coast and oceans as well as our interior will face this risk.

The problem is how to assure the safety of the public at a time when the utilities want to quickly build many nuclear plants.

It is clear that the pressures for more nuclear power as well as more conventional power will increase in New Jersey. I know that more electricity will be needed by our cities, our industry, our commerce and our people in their private lives, and I am not prepared to adopt the position that the best way to deal with the environmental and safety problems of large nuclear powerplants is to put a lid on the use of electricity. Electricity has become the lifeblood of our urban society and we will be using more of it. However, with current warnings of impending power shortages, I do endorse and support measures to increase the efficiency and reduce the wasteful usage of electricity.

WE MUST ACT VERY CAREFULLY IN LOCATING AND BUILDING LARGE NUCLEAR POWERPLANTS

The fact that we need an increasing supply of electricity does not mean that we must rush into the deployment of new technology whose safety is the subject of increasing questions. If we must consider turning to nuclear power, then let us move deliberately and cautiously in the decisions as to where these plants will go, how big they will be, what safety measures will be employed, and what other measures will be needed to keep environmental impacts within bounds. There are several facts which dictate caution.

First, there is controversy over the adequacy of certain safety measures. Beginning in January, the AEC has been holding a public, rulemaking hearing on the very technical but also very important issue of AEC's acceptance criteria for emergency core cooling systems for light water-cooled nuclear powerplants. We have learned that there are gaps in our understanding of what could happen within a large nuclear power reactor in certain accidental situations, and the adequacy of this particular measure to prevent literally disastrous results from such accidents has become a matter of controversy. The hearings indicate that some well qualified professional men in the nuclear field think there is a possibility of a kind of accident that would cause the intensely radioactive core of a nuclear power reactor to melt. Because of the enormous heat contained in the molten core, the core could literally melt its way out of the plant and into the environment. It is terrifying to think of this type accident occurring in a barge or platform-mounted powerplant off our coasts with huge amounts of radioactive material escaping into the waters.

The testimony at these hearings provided, for example, the materials that led Richard Lyons to write in the New York Times of March 12 that nuclear experts share doubts on nuclear powerplant safety. The accounts of these hearings in the nuclear press, particularly Nucleonics Week, Nuclear News, and Nuclear Industry indicate to me the possibility of substantial, unresolved issues of nuclear safety. These issues must be resolved before we as a Nation so commit ourselves to nuclear power that other alternatives are foreclosed and the public is subjected to an unreasonable risk.

Second, the validity of standards for release of radioactive wastes is also in question. Also in January, the AEC opened rulemaking hearings on standards for emission of radioactive wastes from the kinds of nuclear powerplants now being built in the United States. It is evident from reports on its proceedings that there are questions as to how much radioactive waste a nuclear powerplant should be permitted to routinely emit to the environment, and how the effects of the emissions from individual plants should be taken into account when these plants are located near each other. If one looks at the locations of the 23 operable nuclear power reactors, the 54 that are being built, and the 52 more that are on order, it is evident that these are concentrated in the northeastern United States. Forty-two of these 129 units are located in Virginia and northward into Maine. Almost a third of the Nation's nuclear capacity will be found in a small but congested part of its territories. Inevitably these plants will be located so close to one another that their effects cannot be considered in isolation.

How nuclear plants of the future will be sited, designed, built, and located will depend considerably upon the outcome of these hearings, so there is reason for great caution until this matter, too, is resolved.

Parenthetically, I note that results are not yet in on three fundamental reexaminations of the scientific basis for our exposure standards. These were begun several years ago by the now defunct Federal Radiation Council and are being continued by the Environmental Protection Agency. I do not believe that the AEC should make any judgment on its standards until these studies are completed.

Finally, the Comptroller General has found deficiencies in AEC regulation of nuclear power. Only a few weeks ago, on January 31, the Comptroller General reported on management improvements needed in AEC review and evaluation of applications for construction permits and operating licenses for nuclear powerplants. His findings suggest to me that AEC has diverted much of the manpower that was supposed to develop criteria and standards and codes for nuclear power-

plants to the short-term demands for review of applications for individual plants. This to me is a distressing situation. If anything, AEC should be expediting the development of these essential features of its regulatory system. Without them the public lacks the protection that must come from a coherent, consistent set of guides and standards for the designers of nuclear powerplants. This leaves the way open for too much individual variation and for diverting the scarce professional manpower into wasteful analysis of minor variations and away from fundamental issues. Parkinson's law is very much at work here; the less consequential commands the attention that should go to the more consequential.

The Comptroller indicates the AEC's licensing system stands in need of standardized safety review and evaluation. While he reports that the AEC recognizes this, recognition is not the same as resolution. Here again is reason to move very deliberately and very cautiously.

THE SITING AND TRANSMISSION ISSUES

At present where nuclear powerplants are located is the result of private decisions made in the board rooms of individual electrical utilities, often operating independently of one another, in a splendid isolation. This decisionmaking process may have been fine for a pioneer era, but simply is not consonant with the demands of our urban era. Measures to create effective regional planning for generating electricity are sorely needed. This is particularly true of planning that could identify where generating sites will be needed, when they will be needed, and how large they should be so that the public may have an early and effective voice in decisions that can have so severe an impact upon them. Certainly we should be careful in approving future sites for nuclear powerplants until a national siting policy for large powerplants has come into being.

Then there is the problem of transmission of this electricity. That problem is inextricably intertwined with the siting of large nuclear powerplants. If we can bring about the formation of a truly national power grid within the next few years, we will probably have the option of placing large powerplants in remote parts of the country where the population density is low. With a truly national power grid we could generate electricity at a distance from where we intend to use it. But such a grid will not come into being without continued pressure.

THE POPULATION ISSUE

To illustrate the importance I attach to siting, consider the population close to the Newbold Island nuclear plant.

The station will be located on Newbold Island in the Delaware River about 4½ miles south of Trenton and its suburbs—with a population of over 200,000; and 11 miles northeast of Philadelphia, with a population of 2 million. Only 3.4 miles from the site is the Willingboro complex with its population of 72,000 residents. The AEC's own Advisory Committee on Reactor Safety as early as September 1969 pointed out that this represents a relatively high-population density to be near a large nuclear powerplant, and the ACRS reiterated its concern last August. I think the Advisory Committee's concern was well expressed, and I hope the AEC will very carefully and thoroughly examine the design measures that are proposed. This would provide some of the additional safety and control of radioactive effluents that location in a populated area certainly demands. There must be and can be no compromise between cost and safety. If it turns out that measures needed to safeguard the public are considered too costly by the utility, then that would be a clear signal that the decision to proceed should be reexamined very carefully indeed.

SUMMARY

In summary, I am expressing what I feel is a growing concern in Congress that there is too much of a rush to build new powerplants, and to quickly deploy nuclear power. This tendency creates the very real risk of regulatory decisions made without sufficient contemplative examination of nuclear powerplants. If nuclear power is to be used, the public must be assured that AEC licensing of construction and operation of large nuclear powerplants will not proceed until these major issues are resolved. This is why I ask the AEC to proceed with extreme caution and not to sacrifice the long term safety of the public to short term exigiencies.

CONCLUSION—THE NEED FOR A NATIONAL ENERGY POLICY

In conclusion, I believe that we need a coherent national energy policy. We hear that unless large nuclear powerplants are rushed into immediate use with unseemly haste—though yet untested and unproven in reliability—we risk imminent electric power shortages. Yet these warnings, these expressions of urgency are not accompanied by priority attention to the forming of a coherent, integrated, coordinated policy for the use of our national energy resources, particularly for the generation of electricity. While the President's energy message underscored the potential imbalance between demand and supply for energy, it stopped short of enunciating a national energy policy or of establishing the means to form one. Fortunately, the Congress is aware of the need to fill this policy vacuum which has been created by the expanding demand for electricity. The energy policy study of the Senate, pursuant to Senate Resolution 45, which was introduced by my distinguished colleague from the State of Washington, Senator JACKSON, and which I consponsored, deserves our fullest attention. Our colleagues in the House are showing parallel interest. But if we are to achieve the needed policy, the administration and the Congress must give priority to an immediate, nonpartisan effort.

Lacking this, officers in the electricity industry as they choose between uranium or coal or oil for fuel, decide the location of huge new powerplants, work for or oppose adequate interconnection and coordination between fragmented utility transmission systems and elect to promote or to discourage efforts to tap supplementary energy sources, will work in a policy vacuum. Clearly we need immediate, strong, positive guidance. Otherwise the past trend toward fiercely independent, uncoordinated action by the companies in the electricity industry will be projected into the future with even more serious results. The planning which does exist today simply does not command the support and cooperation needed. Otherwise, we would not today be talking of an imminent energy shortage.

The time is past when the Nation could afford the luxury of parochialism, splendid isolation, and highly individualistic competition in the electricity industry and its supporting energy industries. Absent a national energy policy, we shall continue to see the building of ever larger powerplants with their ever-increasing assault upon the air, the water and the land at the places where they are built. We shall continue to see huge nuclear plants built close to large centers of urban population and industry despite warnings by eminent scientists that the design features required to prevent or control major nuclear accidents still rest upon unproven technology.

For these reasons I would conclude this appeal for caution and deliberation in the use of nuclear power with a plea to all concerned to get on with the forging of a viable, coherrent national energy policy. If the electricity situation is as critical as the administration avers, then we must all set such policy. If the situation is not that critical, then we have good reason indeed to slow down the headlong rush towards huge, unproven nuclear powerplants.

Time is rapidly running out. We must decide now what our course will be. I am very afraid that we may find ourselves bound to a de facto energy policy that will result in a catastrophic future.

NINTH ANNUAL AIR FORCE BALL—ADDRESS BY COL. FRANK BORMAN

Mr. GOLDWATER. Mr. President, on March 24, in New York City, the Ninth Annual Air Force Ball was held under the auspices of the Iron Gate Squadron of the Air Force Association.

The Iron Gate Squadron is just one of many squadrons of the Air Force Association, all of which contribute to the selling of airpower and the helping of the Air Force, its men, women, veterans, and charities.

This year, Col. Frank Borman, one of our most famous and accomplished astronauts, served as vice chairman of the ball and delivered a short talk which I found to be extremely interesting, so much so that I believe Senators and other readers of the CONGRESSIONAL RECORD will find it equally interesting. I ask unanimous consent that the address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am delighted to have served as a Vice-Chairman for this ball and to be here tonight.

It is now my pleasure to introduce to you two of my "space" colleagues who are with us tonight.

First, I would like to introduce one of the last men who will go to the moon in the Apollo series. The Apollo 17's Command Module Pilot, Comdr. Ronald E. Evans.

And the first Air Force man to step foot on the moon. Former astronaut and retired Air Force Colonel, Edwin E. "Buz" Aldrin.

I'm among those who know how much blood, sweat, and tears have been shed to make this evening a great event.

Like Ray, and Gil, I am proud to be a member of the Iron Gate Chapter.

It gives me a wonderful feeling to be associated with men who not only have the sense of mission . . . but who also do their share in honoring those individuals and those organizations who have earned our wholehearted respect and admiration. This applies especially to this evening as we honor our Air Force.

We meet this evening . . . to celebrate an event that took place almost 25 years ago. On September 18, 1947, in our Nation's capital, a new vibrant force of freedom was born. The then one-year-old Air Force Association, in Air Force magazine, hailed the occassion as "The day Billy Mitchell dreamed of". I am talking about that eventful day on which Stuart Symington went to his office in the morning with the title of Assistant Secretary of War for Air and came home that night as the new Secretary of the Air Force.

This marked the official and formal recognition by the United States of what long ago had become an operational fact of life . . . that national defense is a three-dimensional structure . . . with aerospace the new and possibly most crucial medium of tactical, as well as strategic, warfare.

The road to co-equality had been long and arduous for our nation's air arm. It's start can be traced back all the way to the observation balloons of the Civil War. But it took the breakthrough of the Wright brothers at Kitty Hawk to provide the means that made aviation feasible. The genius of the Wrights offered the United States the lead in the field of flight . . . but our country dropped the ball . . . again . . . and again . . . and again.

It is fitting to refresh our memory of those early days for there seems to be a tendency for history to repeat itself. Perhaps one day—we will learn and we will remember.

The achievement of the Wright brothers was totally ignored by this country . . . and their efforts to interest the government in aeronautics remained unsuccessful for several years. The British and French governments, by contrast, were quick to realize the potential of the just invented airplane . . . and tried their best to persuade the Wrights to sell out to them.

But the two brothers refused on patriotic grounds. Finally, President Theodore Roosevelt heard about the government's apathy and decided that the War Department had better investigate the possibility of using airplanes for military purposes.

And so, in 1907, four years after Kitty Hawk, U.S. military aviation started. But the forerunner of today's powerful Air Force was nothing must to shout about. The Aeronautical Division of the Army's Signal Corps was launched with a staff of one officer and two enlisted men . . . and not a single airplane.

If you think that's under-staffed, listen to this: Shortly after the Division was formed, one of the two privates went over the hill, and the Army's new air arm lost half of its enlisted strength in the process. For the next forty years it was uphill all the way. The first aircraft turned over to the Army crashed during a test flight in 1908 . . . the next one met the initial test requirements but in a subsequent flight crashed with the only two military pilots of the United States aboard. While they weren't hurt, the Aeronautics Division lost them both through transfers . . . one of them because he apparently had the temerity to take a lady friend for a joy ride.

Things looked up some in the next round after the Army's only officer on flying duty, Lt. Benjamin Foulois, learned to fly through a correspondence course. There was a little incident, though, that I want to tell you about because it shows what good judgment our aviators have had right from the beginning. On one of those early training flights in the vicinity of San Antonio, Texas, Bennie Foulois was coming in for a landing when he discovered that his usual landing area was being used by Army troops.

Since he was already committed, he was confronted with a difficult choice . . . either crash into a tent or a horse. He chose the horse . . . and killed it. It turned out to be a very good choice, as the tent's occupant at that very moment was none other than General Douglas MacArthur.

1914 saw the outbreak of World War I in Europe. The air arm of the United States at that time consisted of 14. . . . I repeat 14 licensed military pilots . . . and eight of them were killed in training crashes. Military leaders gave very serious thought to abolishing aviation all together.

When the U.S. entered the war three years later, we, the nation that invented flying, ranked *seventh* in terms of air power among the nations of the world. And it is just as shocking to realize that when World War II broke out . . . 22 years later . . . we were *sixth* in terms of military airpower. Not much of a gain in more than two decades, I'd say. Of course, we rallied during the war . . . and the government-industry team . . . or in the jargon of today, the military-industrial complex . . . was able to forge the greatest air armada the world had ever seen in a few short years. This we were able to do in that pre-missile era because our fortunate geographic location shielded us from invasion.

After the war, however, we went right back to the old ways.

The mighty Army Air Forces that had ruled the skies over Europe and Asia was scrapped almost completely between the end of the war and the formation of our independent Air Force 18 months later. Manpower was cut some 86 percent; the drop in aircrew personnel was 84 percent. The number of combat groups nosedived by 96 percent.

Over the intervening quarter century, the autonomous United States Air Force developed into the Free World's most powerful deterrent force for peace . . . whose overriding task remains the prevention of global, nuclear war. At this task, the Air Force in concert with the other services, has been fully successful. Yet, in the 25 years since the United States Air Force was created from wartime Army Air Force, American fighting men in blue have been called into action 17 times in 17 different trouble spots around the world.

And from Greece in 1948 to Southeast Asia today . . . thousands of American airmen, along, of course, with the members of the other services, have given the last full measure of devotion to God and country. In addition, today some 1,600, almost all aviators, are either prisoners of war, or are missing in action in Southeast Asia. As we commemorate the 25th anniversary of the Air Force, we appeal to all Americans to leave no doubt that we, as a people, are committed in the fullest sense to taking every action, exploring every avenue, and proposing every possibility that can cast a ray of hope into the darkness of the prisons that hold these gallant fighting men.

Let there be no mistake about the American resolve on this point!

* * * * *

So far, we have looked back, have reminisced to put the significance of the United States Air Force's silver anniversary into proper historical perspective.

But where do we stand today? The answer, I am afraid, is that in the cyclical gymnastics to which we subject our national defense effort, we are once again caught *up* in a *down*trend. The Soviet ICBM strength, already eight times ours in terms of *deliverable* war heads, is well on its way toward doubling our *missile inventory*. In terms of tactical aircraft, the picture is equally grim . . . and perhaps more crucial, their research and development effort, the technological life line to the future, dwarfs ours.

So, as we commemorate the 25th anniversary of the Air Force, we do so in a somber mood . . . with the realization, that America's adversaries in the past could damage its structure, but could not destroy it as a nation, even after years of war. Soviet Russia could do it before lunch tomorrow, although they would be destroyed in return.

Ladies, and gentlemen, the American airman has always lived with risk, whether he mans an early warning post in the far north, a missile site in the western plains, a SAC plane on vigil, an air strip in Vietnam . . . or carries the flag of the United States into the vastness of space.

In add the changing, in all the adapting to new technological and political conditions, the one immutable constant is his vigilance, his willingness to sacrifice, and his devotion to duty. *He was . . . is . . . and always will be*, the reason we are celebrating the silver anniversary of the United States Air Force . . . and the reason we give emphasis to its birthday theme . . . Pride in the past . . . faith in the future.

* * * * *

Faith in the future was certainly exemplified this evening by the great performance of our own Air Force Academy's Chorale . . .

* * * * *

And as for the pride in the past and indeed the present . . . I want you to meet a few of the many distinguished Air Force leaders who are with us this evening.

Ladies and Gentlemen . . . the immediate past Chief of Staff of the United States Air Force, General John P. McConnell.

The Commander-in-Chief . . . North American Air Defense Command and Continental Air Defense Command . . . from Ent Air Force Base, Colorado, General Seth J. McKee.

The Commander, Military Airlift Command . . . From Scott Air Force Base, Illinois, General Jack J. Catton.

The Commander of the Air Force Systems Command . . . from Andrews Air Force Base, Maryland, General George S. Brown.

The Deputy Commander in Chief . . . United States European Command . . . From Stuttgart, Germany, General David A. Burchinal.

A top man who really keeps our Air Force moving along . . . The Chief Master Sergeant of the Air Force, Sgt. Richard D. Kisling.

Now . . . for the presentation of the Iron Gate Chapter's highest award, the famed Bronze Eagle, I call again upon Gil Nettleton and Ray Bell.

THE UPPER GREAT LAKES REGIONAL COMMISSION IS DOING ITS JOB

Mr. GRIFFIN. Mr. President, in 1965 the Congress passed the Public Works and Economic Development Act which paved the way for the several regional economic development commissions which have been authorized to help solve problems hindering economic growth in certain lagging regions of the country. The intent of Congress at that time was to create a Federal-State partnership that, on the one hand, could be responsive to regional economic problems but, on the other, would not become an additional layer of government. While I am not in a position to pass judgment on all of these commissions, I have been impressed by the effort of the Great Lakes Regional Commission to meet that mandate.

I should like to call the attention of Senators to an editorial published recently in the Escanaba, Mich., Daily Press regarding a demonstration project funded by the Upper Great Lakes Regional Commission. Called Timber, Inc., the program was designed to aid the many small timber harvesters and woodlot owners of the region. It has demonstrated profitable uses for local timber, economic marketing procedures, and advanced safety techniques for woods workers. New harvesting methods were demonstrated, and the economies of various harvesting techniques were carefully evaluated. The majority of the tasks which the project was aimed at have been accomplished; those functions of Timber, Inc., which merit continuation are being woven into other ongoing programs. The Upper Great Lakes Regional Commission is to be commended for this fine effort.

I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TIMBER, INC. LIFE TO END IN 1972

You can scarcely pick up a daily newspaper these days without reading about the formation of some new organization or government agency. It seemed years ago that there was an organization to meet every public and private need or interest. Yet new organzations keep springing into existence in dizzying profusion.

In some cases, these organizations are created to carry out a specific mission, but the tendency is for their members, to perpetuate their organizations even after the mission has been fulfilled.

It was refreshing, then, to learn that an organization called Upper Great Lakes Timber Inc., will be dissolved at the end of this year after having been in operation three years.

Timber, Inc., was established to assist small lumber operators in Michigan. It is supported by public funds through the Upper Great Lakes Regional Commission. It was funded with $160,000 and has functioned under a board of 22 directors from all parts of Michigan. Most of its various projects have been confined to the Upper Peninsula, but the agency's work has been aimed at helping small loggers throughout Michigan and in parts of Wisconsin and Minnesota as well.

So how come Timber, Inc., has decided to close shop instead of applying for funds to extend its life after the initial three-year period ends?

Peter Grieves, Newberry, forester who is general manager of Timber, Inc., explains it this way: "Timber, Inc., has fulfilled its aims and destiny and will be laid to rest at the conclusion of the current funding program." He said operations are being terminated by Timber, Inc., directors at his recommendation because "further efforts is unnecessary and the organization has done what it can in the field of timber management."

Spoken like a man of the people.

Under the heading of unfinished business for Timber, Inc., are two major projects for 1972, its final year of operation.

One concerns plans to bring small wood producers of Michigan into closer relationship with the Timber Producers Association of Michigan and Wisconsin, giving them the benefits of trade association activity.

The other project is—would you believe—formation of a new organization. It would be called the Michigan Forestry Association and would be designed to encompass the needs of all forest-oriented organizations within the state.

Well, at least, it wouldn't be an organization financed with public funds.

PENSION REFORM

Mr. MONDALE. Mr. President, the distinguished chairman of the Committee on Labor and Public Welfare (Mr. WILLIAMS) has been conducting an intensive study of the private pension plan system in the United States, under the auspices of the Subcommittee on Labor. This study has had as its focal point the effects of private pensions on the more than 30 million workers who participate in such plans, and the millions more in their families who are also affected in a vital way.

On Monday, March 20, 1972, the Senator addressed the annual meeting of the Society of Actuaries in New Orleans. He spoke of the public policy issues which affect the development of pension legislation at this time, and the pressing social reasons for the equalization and strengthening of the laws which govern pension plans. He urges us to "improve our national commitment to the aging" and stresses that reform of the private pension plan system is one way to begin to honor that commitment.

Mr. President, I ask unanimous consent that the speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS OF U.S. SENATOR HARRISON A. WILLIAMS, JR., BEFORE THE SOCIETY OF ACTUARIES, NEW ORLEANS, LA., MARCH 20, 1972

I am very pleased to have this opportunity of meeting with you.

And, I am also pleased to see that you have devoted this forum exclusively to the subject of private pension plans.

That indicates to me a recognition on your part of the broad and significant impact the private pension plan system has on our society.

There are other indications, also, of this new awareness.

For example, consider these words which were authored by one of your members and appeared recently in the "Institutional Investor."

"Our relationships with our clients are becoming more problem-centered, with less concern for traditional roles and more for good decisions.

"We see the need to 'sensitize' our clients to social needs . . . we are the only group equipped by training and experience to pull together all of the demographic, economic, financial, investment, and social pressures converging on pension funds."

I want you to know that I agree wholeheartedly with this assessment of the role which actuaries should play.

As a matter of fact, a pension reform bill which I will introduce soon requires that actuaries be included as permanent members of the Advisory Council which would oversee operations of private pension plans.

I'd like to discuss with you today some of the issues which have led me, and several other members of Congress, to seek reforms in pension plan regulation.

Our considerations include protection of the worker, the mobility of the labor force, and the protection of pension assets.

But clearly the primary issue is the fulfillment of the purpose of private pension plans: retirement security.

Demographic projections after the 1970 census indicate the population base of the United States will be experiencing an unexpected shift from young to old.

That means there will be more older people, with more leisure time, and more employment problems, in an economy which still favors the younger over the older worker.

Clearly we must improve our national commitment to the aging; reform of the private pension plans is one way to begin.

Although the idea of social responsibility for the aged is as old as the tribe, pension plans in America did not begin to grow until the tax benefits and wage and price controls of World War II facilitated their advance in size and stability.

This growth of private pensions closely followed the acceptance of Social Security in 1935.

Once the government had taken the initial step, and offered the hope that old age need not be a time of destitution, it was no longer possible to ignore the other two components of retirement income that were supposed to accompany Social Security.

For it is important to remember that Social Security was never intended to provide more than a floor of income support.

Retirement income was held to come from three sources: social security, private savings, and private pensions.

Studies by the Subcommittee on Labor have shown, however, that even a combination of the average Social Security monthly benefit with the average monthly private pension benefit is not sufficient to sustain an urban retired couple above the poverty line.

Now, private pension plans are matters of contractual relations between employers and employees.

But when the basic purposes of pension plans are frustrated, and participants do not receive the retirement security they had justly expected, then the government must step in to help pension plans fulfill their obligations.

Congress has begun to recognize its responsibility.

One sign of its concern has been the intensive study of private pension plans by the Senate Labor Subcommittee, which released its findings and recommendations on February 28.

The findings substantiated earlier charges of defects in the system.

Among them were the following:

First that private pension plans are an integral part of the working lives of Americans, and are intrinsically woven into our economic and social structure.

Furthermore, they represent the largest collection of virtually unregulated funds in the United States today, with assets of over $135 billion.

Second, that there is currently no one federal government agency with authority to exercise close supervisory controls over private pension plans in order to assure fulfillment of purpose and to protect the rights of those involved.

Even on the corporate level, insufficient professional attention is paid to the annual audits of plans.

Our Subcommittee survey shows that only 45% of all plans studied provided for annual audits by an independent professional accountant.

Third, that deficiencies in plans contribute to hardships suffered by participants.

These deficiencies are related to

a. inadequate or nonexisting vesting.

b. underfunding

c. lack of portability provisions

d. lack of reinsurance of unfunded liabilities, to protect employees in the event of plan termination.

e. lack of uniform fiduciary requirements.

f. poor communication among employees and plan administrators.

These deficiencies are real.

Our goals are also real, and attainable.

Simply stated, we want to guarantee that change or loss of a job shall not mean irrevocable loss of accrued pension benefits.

We want to protect the worker's right to employment mobility, without the sacrifice of his retirement security.

And, we want to keep the employee at all times clearly informed of his rights and obligations under his pension plan.

Means to these ends include minimum vesting standards, mandatory funding requirements, insurance of unfunded liabilities, the establishment of voluntary portability programs among employers, and improved communication between employee and employer, about the provisions of the pension plan.

The actuary assumes immeasurable importance in these reforms.

He is the architect of the plan which, if the assumptions are valid and realistic, will produce the promised pension.

Furthermore, he must so design the plans that costs will be kept low and businesses will not suffer.

In the course of the Subcommittee's pension study a certain mood of pessimism was detected.

There was some feeling that private pension plans are too big to handle, that costs are skyrocketing, and that the inevitable result would be government takeover of private pensions.

However, in my judgment, the need for government supervision of certain operations of private plans is not incompatible with the need for private enterprise to run its own affairs.

It is more than possible for pension legislation to be temperate, feasible, and effective, and not infringe upon the flexibility of the present system.

Proposed legislation, if it is to be at all meaningful, will increase the cost of private pensions.

Reform legislation will produce new responsibilities for the plans, such as increased benefits, and increased benefits are certain to increase costs.

But we must not overstate these costs.

Right now I see an immediate need for more intensive management of the investments of the pension plans in order to produce a higher rate of return.

Higher investment income, coupled with moderately higher contributions, will meet any liabilities incurred by new legislation.

With better management of assets, private pensions can survive, and be vastly improved by this legislation.

Among our goals is mandatory vesting—but at a reasonable rate, and within a reasonable period of time.

Another goal is compulsory funding—but with adequate protection for those who may find it difficult at first.

We also must compel insurance—but at a reasonable rate.

And, we must improve fiduciary standards to protect the assets of these funds and the rights of the people, to whom they belong.

We know it is possible to effect these improvements because so many of the better pension plans have already made them.

Part of our role as legislators will be to demonstrate to all companies and unions that it is in their best interest—because it is in the best interests of their loyal workers—to follow the lead already established.

Part of your role, as actuaries, will be to make the calculations that are the lifeline to pension reality.

For when all the speeches are finished, and both "sides" have had their say, there remains one question which should be carefully examined by all who have a stake in the private pension plan system: To whom do the pension benefits belong?

Are pensions a gratuity, a "gift" from the employer to his faithful employees?

Or, are they deferred wages, money the worker has earned, to be paid him at a later date?

The Subcommittee investigated this question thoroughly during its research of the past year.

Response on the part of the employees who testified at Subcommittee hearings in July was unanimous.

For one thing, the general feeling among these witnesses and among the thousands of people who wrote to tell of their losses of expected benefits, was that they had "worked all their lives" and "got nothing for it."

They were not referring to their yearly wages, but to their expectations of future security.

More specifically, one witness referred to her employers attitude:

"The company passed out a folder to the employees giving us a resume of the . . . pension plan . . . I think the company called it our second pay check"

This is especially true in collectively-bargained plans, when pension payments are often made in lieu of, or as a supplement to, wage increases.

And yet, we still find employers who maintain an essentially paternalistic view of the role of pensions in the life of the company.

These words from a witness at Subcommittee hearings in October attest to that:

"My father's philosophy and mine is that still the basic cell of civilization is the family, and our corporate people are part of our family . . . the basic philosophy was to provide additional money for those people that had given us long years of service."

I stated earlier in this talk that I believed the acceptance of Social Security by the nation at large signalled the beginning of the phenomenal growth of the private retirement system.

It is no longer logical to expect workers to experience filial gratitude for the pension benefit graciously tendered by a fatherly company president.

The pension is a right, not a gift.

Workers need to know what kind of retirement security they can plan on.

They will be living longer, in better health, frequently separated from other family members or a familiar community of friends.

They have a right to expect financial independence to save them from the cruel indignities of poverty and helplessness.

And we—you, the architects of the plans, and Congress, the architects of reform—have a duty to give our working people this security.

SUPREME COURT SAYS STATES CANNOT SET STRICTER ATOMIC POWERPLANT STANDARDS

Mr. SCHWEIKER. Mr. President, on Monday, April 3, the Supreme Court affirmed a ruling that individual States cannot set antipollution standards stricter than those required by the Federal Government.

The specific decision involved litigation initiated by the Northern States Power Co., regarding restrictions on the dumping of nuclear powerplant waste materials set by the State of Minnesota as a part of the process of granting a permit to build a nuclear plant on the Mississippi River. As this case wound its way through the lower courts to the Supreme Court, the position of the company that the State of Minnesota lacked the power to impose requirements stricter than those set by the Atomic Energy Commission was upheld.

Mr. President, this is the kind of situation I had in mind when I introduced S. 2050 on June 10, 1971. My bill would amend the Atomic Energy Act of 1954 to permit individual States to set their own standards for the regulation of radioactive discharges to the environment from nuclear powerplants, as long as the State's standards are more strict than the Federal standards. In other words, the Federal standards would set a minimum. If the States felt, as Minnesota did in this case, that tougher standards were necessary to protect its citizens, the States would have the authority to act.

I believe it is entirely appropriate to permit individual States to make their own judgments as to the safety of nuclear powerplants and the effect which radioactive emissions will have on the health and safety of the citizens. The Minnesota case graphically points out the need for my legislation.

We have established a clear precedent for this kind of legislation in section 109 of the Clean Air Act, which permits States to set standards that are tougher than the Federal standards. With the proliferation of nuclear powerplants around the country and the considerable dangers to the population which may result from nuclear accidents, it is even more important to permit States to set more restrictive environmental standards in the nuclear powerplant area than it is in air pollution.

I strongly urge my colleagues on the Joint Committee on Atomic Energy to act on this important measure.

Mr. President, I ask unanimous consent that an article describing the Supreme Court's opinion, published in the Washington Post, of April 4, 1972, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AEC PREEMPTS A-CONTROLS

The Supreme Court affirmed yesterday a ruling that states may not demand more antipollution safeguards than the federal government requires in the realm of waste dumping from nuclear-powered generating plants.

Over the dissents of Justices William O. Douglas and Potter Steward, the court denied a full hearing to the state of Minnesota, which claimed that federal laws had not preempted the field of environmental protections against nuclear pollution.

The court's brief, unsigned order did not settle the issue of federal vs. state power in other contested areas such as automobile safety and pollution rules, drug and cosmetics regulation—where overlapping jurisdiction has brought confusion and litigation.

But the action did indicate that states may be obliged to yield when judges find that Congress has clearly signified its intention to set national standards in a field appropriate for uniform rules.

A somewhat trickier question of what federal courts should do when Congress has not yet fully implemented a regulatory scheme is still pending before the justices in a case from Michigan.

Neither Michigan, in its claim of jurisdiction over water cleanliness standards, nor Minnesota in its nuclear energy appeal, has contested the ultimate power of the federal government to displace state regulation. But they strongly argue that the federal government has not yet assumed such sweeping power.

Environmentalists have charged that certain industries have played one government regulator against another and have won less severe rules from Congres and federal regulators than is proper if states are given adequate leeway to protect their own citizens from pollution.

In yesterday's case, the Northern States Power Co. went to court over the restrictions on waste dumping demanded by Minnesota in granting permits to build a nuclear plant on the Mississippi River. Lower courts agreed with the company that the

state lacked the power to impose requirements stricter than those imposed by the Atomic Energy Commission.

INDIAN SELF-DETERMINATION

Mr. MONDALE. Mr. President, the distinguished senior Senator from Massachusetts (Mr. KENNEDY) has long been a leader in the fight for Indian self-determination. As chairman of the Special Subcommittee on Indian Education and as chairman of the Administrative Practice and Procedure Subcommittee, he has time and again demonstrated his commitment to ending the tragic circumstances in which so many of our Native American citizens find themselves, and their powerlessness to influence programs presumably designed for their benefit.

Mr. President, I believe that Senator KENNEDY'S recent testimony before the Committee on Appropriations regarding funding for the Bureau of Indian Affairs and the Indian Health Service will be of interest to all those who share his concerns. I ask unanimous consent that this testimony be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR EDWARD M. KENNEDY BEFORE THE INTERIOR SUBCOMMITTEE OF THE SENATE COMMITTEE ON APPROPRIATIONS, MARCH 16, 1972

Mr. Chairman, I appreciate this opportunity to testify before this Subcommittee concerning the budgets of the Bureau of Indian Affairs and the Indian Health Service for the fiscal year 1973.

This is my first appearance before this Subcommittee, although I have testified in the past before the Labor, Health and Welfare Subcommittee on the Appropriations Committee. I know that the members of this Subcommittee have great expertise and experience in matters relating to the federal Indian affairs budget, and that you, Mr. Chairman, and other members of this Subcommittee are also on the Interior and Insular Affairs Committee and have shown a special commitment to the Indian people.

Over the past few years my own activities in the Senate have brought me into close contact with many of the problems faced by Indians and Alaska Natives. In 1969 I chaired the Special Subcommittee on Indian Education, which travelled extensively and documented first-hand many of the educational needs of the first Americans. Last spring I participated in hearings of the Senate Education Subcommittee on Indian education legislation which I had introduced, and again heard testimony from numerous Indian leaders on the education needs of their communities. As Chairman of the Health Subcommittee I have had the chance to study many of the health problems of American Indians. And during the past 6 months my Subcommittee on Administrative Practice and Procedure has held 10 hearings, some in the West and Southwest, on issues relating to federal administrative protection of Indian natural resources.

During the past year many of the budgetary needs and priorities of Indian communities, primarily in the areas of education, natural resource protection and development, and health, have been brought to my attention by native Americans. I have gained some impressions and formulated some suggestions based upon this input from the Indian community, and I would like to share some of them with you.

I must acknowledge that I am here today with mixed feelings. I would like to think that at long last the Federal Government is beginning to take seriously its trust obligation to native Americans.

I would like to think that over a decade of rhetoric in support of Indian self-determination and development has real meaning.

I would like to think that federal funds appropriated in the name of Indians are directly benefiting Indians.

And I would like to think that the Bureau of Indian Affairs is the advocate of Indian rights and development, rather than a step-child dominated by non-Indians who view the expansion and the preservation of Indian rights as threats to their own interests.

This is what I would like to think. But it does not conform to the stark realities of the day. These realities are reflected in the frustration and anger of Indian people, whose hopes and aspirations have been raised by the rhetoric of self-determination, when the day-in, day-out operations of the BIA continue in the old pattern. They are reflected in a recent letter from Leon Cook, President of the National Congress of American Indians, to the Commissioner of Indian Affairs in January. With the Chairman's permission, I will not take time to read that letter but would like to have it included in the hearing record.

The BIA's Budget Memorandum this year says that in 1973 the BIA will "continue to place emphasis on assisting Indians to gain greater control over the educational, economic, and social development of their reservations" and will place "greater emphasis" for "Indian involvement, participation, and control in five specific areas." Mr. Chairman, since 1934 the Secretary of Interior has been required by Congress to consult with tribes on appropriations matters prior to budget submission to the Bureau of the Budget. (25 U.S.C. §476.) This mandate has not been followed in the past and, according to many tribal chairmen, is not essentially being followed today. It seems to me that if Indian self-determination is to become a reality, then tribal involvement in the setting of budget priorities and levels at the initial stages is a must. Let me now move on to some specific inadequacies in the present budget requests of the BIA and IHS.

NATURAL RESOURCE PROTECTION

Water Rights

Protection of natural resources is of fundamental importance to the future of Indian economic development. And inventories of water rights are prerequisites to protection. The hearings before the Administrative Practice and Procedure Subcommittee have clealy elicited these basic principles from Indians across our land. That water, especially in the West, is such a crucial and scarce resource, is attested to by the fact that the so-called "Westwide" water survey is presently underway. This study was directed by Congress and calls for presentation of a comprehensive water use survey and plan to Congress and the President no later than June 30, 1977.

Unfortunately the same sense of urgency is not reflected in the BIA budget where Indian water resources are concerned. The desperate need for water inventories on reservations has been thoroughly documented, and it is reflected in the establishment last fall of a Water Rights Office in the Bureau of Indian Affairs.

In testimony before the Administrative Practice Subcommittee in November 1971, Assistant Secretary of the Interior Harrison Loesch estimated that the total funds necessary to complete the required inventories of Indian water rights would be around $30 million, possibly more. Mr. Loesch testified forthrightly that he saw no reasons why the needed inventories could not be completed within five years.

And yet the BIA requests only $1.7 million for the coming fiscal year, much of which will be dissipated on administrative overhead. At that rate, it would take nearly two decades to complete the inventories. Mr. Chairman, if we use Mr. Loesch's estimates of money and time requirements, the BIA should be asking for $6 million for its Water Rights Office. If the deadlines were adjusted to coincide with the deadline for the "Westwide" survey, the requested figure would be $7.5 million. I urge the Committee at least to bring the funding of the Water Rights Office up to $6 million by adding $4.3 million to its budget.

In many cases Indians have superior, but as yet undefined, rights to water, so that inventories and even court adjudications of rights may be necessary before development based on water use can proceed. Even where Indian projects have been approved by Congress, however, budget requests are frequently far below program requirements.

For example, the Navajo Irrigation Project is far behind schedule, even though the Congress has usually appropriated the full amount requested by BIA, or even more. Generally the BIA's request to the Office of Management and Budget was at or above the original control schedule but was cut back drastically there. This year the request to OMB was reduced from $15 million to $10.5 million. This contrasts sharply with the experience of the corresponding non-Indian San Juan-Chama project, where each year OMB approved the Bureau of Reclamation's request according to the project schedule, and Congress appropriated those requests in turn. Two comparative tables make this clear and I would like to make them a part of the record. This Committee should take the initiative to raise the Navajo Project to at least the $15 million called for by the schedule.

In my recent travels to Indian country tribal leaders of reservation after reservation—for example, Colorado River, Gila River, Fort Mohave, and a number of pueblos—placed increased funding of irrigation projects at the head of their economic development priorities. Tribal leaders from the Northwest testifying in Washington displayed open anger and dismay at their inability to obtain approval for reclamation projects for their reservations.

I cannot begin to estimate the actual dollar amounts required to begin to meet the needs for water resource development on reservations. For that matter, the Bureau's budget memorandum fails to deal comprehensively with the overall economic development requirements of Indian reservations generally. I would thus urge this Committee to have this area surveyed completely by the BIA and to obtain a full report of those needs, so that Congress can place in proper perspective the actual requests of the bureau in this area.

BOUNDARY SURVEYS

On another vital matter concerning the protection and preservation of Indian resources, the Bureau's budget contains a request of $900,000 for long-overdue reservation boundary surveys. As often articulated by many of the tribal officials who testified before my Administrative Practice Subcommittee, unless boundaries are clearly defined and given the proper legal sanctity, reservation development is impeded or prevented. Furthermore, ambiguity over boundaries becomes an open invitation to squatters on disputed land and the consequent threat to Indian resources.

$700,000 of the Bureau's requests will be transferred to the Bureau of Land Management to conduct the boundary surveys. Although I realize that title 25 U.S. Code, section 176, provides that surveys of Indian land be "... under the direction and control" of the BLM, I am concerned that BLM may

be surveying land which it claims belongs to the federal government and not to Indian tribes. These conflicts of interest appear clear at such reservations as Fort Mohave, Salt River, Colorado River, Fort Apache, Fort Yuma, and Chemehuevi, as explained to me by tribal chairmen in January.

In approving the funds for this important program, this Committee should be aware of the potentially conflicting interests here. I would suggest it appropriate that the scope and content of all surveys be jointly agreed upon among the BIA, the respective tribes, and the BLM, and that the BLM contract out the surveys where agreement cannot be reached.

EDUCATION

The largest single program administered by the Bureau of Indian Affairs is education. Education at first constituted the white man's primary tool to turn the Indian away from his traditional values and activities. While its objectives have theoretically changed, education has remained a central element of our federal Indian policy. Yet BIA education programs are inferior programs and are still unresponsive to the needs of the Indian people. Hearings before House and Senate Committees have highlighted what Indians believe to be the two basic elements needed to change this pattern: Indian control and adequate funding of schools.

Indians continuously ask for control of their own schools; official pronouncements support it; and the BIA says that local control will be a top priority. But progress has been suspiciously slow. To date, only eight schools are operating on BIA contracts, and plans call for an additional four in the coming year. This is out of over 200 schools presently run by the Bureau. Legislation currently pending before both the House and Senate and one bill in Conference strongly stress Indian control as a central element of Indian education. BIA actions, as well as pronouncements, should reflect this emphasis.

A GAO report on Indian education, due to be released next month, points out that the BIA has failed to develop a program of educational services to meet either the specific needs of Indian students or the Bureau's own declared goals in this area. It should be pointed out, however, that even if such programs had been planned and developed, there would not have been sufficient funds to implement them. Let me turn to three general areas for examples:

BOARDING SCHOOLS

It is well-recognized that the weakest aspects of Indian boarding schools—both off and on the reservation—are dormitory living and the quality of personnel and programs. The lack of trained personnel, career ladders, recreation programs, and other student-activities programs have significantly contributed to the high percentage of dropouts and to widespread lack of achievement. The BIA has asked Congress for a little over a million-dollar increase for boarding schools. To provide a significantly improved program of dormitory living, the Bureau should have an additional $4,800,000.

The model dormitory project at Toyei Boarding School on the Navajo Reservation illustrates that with dedicated administration and appropriate funding, extraordinary results can be achieved. According to a brief description of this project by its director, Dr. Robert Bergmen—which I would like to submit for the record—children in this program did better than those in a control comparison group at another boarding school in every behavioral variable measured, including academic achievement, psychological stability, and physical ability. Compare this, if you will, with the following cases suggesting the more usual boarding school experiences:

For almost a year the Intermountain School has been the focus of investigation relating to general low morale of the staff and mistreatment of students.

Several months ago a student was injured by a staff member at Chilocco School when the staff member became involved in a fight between several students. The dropout rate this year at Chilocco has been about 30 percent.

There have been repeated reports of corporal punishment at Pierre Boarding School, and late last month ten Indian girls attempted suicide by cutting their wrists.

The needs for additional funds for Indian boarding schools cannot be underestimated.

HIGHER EDUCATION

The Bureau of Indian Affairs makes scholarship grants to Indian students, based on financial need. These cover tuition, books, and minimum living expenses. During the present school year 10,500 students are receiving assistance from the Bureau under the higher education programs. The funds requested for the next fiscal year would likewise reach 10,500 students. I would like to point out, however, that the BIA estimates almost 14,500 qualified applicants for BIA assistance next September. Under the Bureau's present budget request, then, some 4,000 Indian students will probably have to end their education with high school. This seems to me to be inconsistent with not only our Indian policies, but also with our national priorities that are reflected in the $20 billion higher education bill presently being considered by House and Senate conferees.

Mr. Chairman, I have talked with Indian high school students in Alaska, in the Southwest, and in the Midwest over the past few years, and without exception they tell me of their desires to go on to college. Higher education is valued by Indian people as a key to full employment of both human and natural resources in their communities. An additional $7,000,000 would bring the funding level of the higher education programs of the Bureau up to its own projected needs for the next fiscal year, and I urge the Committee to add this amount to the $17.15 million presently requested for higher education assistance.

CONSTRUCTION

The final item in the education budget of the BIA that I would like to mention involves school construction. Under general building replacement and enrollment expansion principles, the Bureau estimates its annual construction needs at over $50 million. Yet for the next fiscal year the BIA is asking for approximately $31 million—almost $20 million short of its projected needs. I fully understand the fiscal restraints on the Executive Branch, imposed from within and by Congress. But I suggest that an additional $20 million on top of the Administration's request would not even meet minimal current growth and replacement needs for Indian school construction, much less start to meet the staggering backlog.

To give the Committee just a few examples: at least 10 schools have submitted applications for assistance in the design stage—the first stage—of construction. These total over $3.5 million; none of them are included in the Bureau's present budget. Improvements or additions costing over $50 million have been planned for construction this June at 14 schools; none will be funded this year. Haskell will be short a dormitory; Grey Hill will not be completed; Mt. Edgecumb will still have inadequate sewage treatment; Rough Rock will not expand to the high school level; and kindergarten facilities nation-wide will go unbuilt. We should try to fund school construction programs so as not to fall further behind. An additional $20 million would be a start.

INDIAN HEALTH

I would finally like to make a few suggestions with respect to some important program needs of the Indian Health Service which reflect the serious health needs of Indian communities.

Indian poverty and isolation have been both attendant to and reinforced by poor health. Improved health, both physical and mental, are essential to sound economic and social development on reservations. The Indian Health Service has requested program increases in only two important components of its operations: $756,000 for the upward mobility program which provides work-study training in medical disciplines for Indians beyond the professional assistant level, and $632,000 for Indian community health projects. I commend both increases to favorable consideration by this Committee.

Data from the recent census indicate that the Indian population is substantially larger than projected. Consequently, the service population of the IHS has been rising more rapidly than expected. Because of this, and because physical isolation often prevents the delivery of adequate health services, there are several other IHS program needs which I would like to discuss.

MENTAL HEALTH

The mental health program is a highly innovative and effective effort, based on using the strengths of the Indian people and their traditions to help solve current problems. This program has been developed in a form suited to each community it serves and is therefore able to reach people where a conventional psychiatric agency could not. Since this development has been recent and has proceeded community by community, there are still many areas and phases not covered. Indian people expect this progress to continue, but there is no provision for its expansion in the budget. I understand that the mental health program could make reasonable progress with an addition of $1.3 million, representing 70 new positions. The eventual goal is to place a mental health aide in each reservation community. There are now only 90 people serving in this capacity.

COMMUNITY HEALTH MEDICS

In the field of delivering care for physical illness, the Indian Health Service has also been innovative and effective, but past gains may be reversed if increased support is not forthcoming. For example, in the past year thirty community health medics have been trained. If no addition is made to the proposed budget, there will be no funding for their salaries or supplies or travel and their training may be lost to Indian communities. A budget increase of $600,000 dollars would provide salaries, transportation, equipment and support services for 30 health service medics.

AMBULATORY CARE CLINICS

Another IHS program in need of further support involves ambulatory care clinics. The Indian people now believe that the clinics can help them and they have learned to come to the doctor early enough to prevent severe illness. Since the service population is growing, the result is an over crowding in the clinics where there are not enough doctors, nurses, rooms, or equipment. Over the past 6 months there has been a seven percent increase in the use of these facilities. A budget increase of $4.5 million would make much-needed expansion available in this critically important area of Indian health care, and I strongly urge its consideration.

Before concluding my testimony I would like to point out to this Committee an extraordinary abuse of authority and flaunting of congressional will by the Bureau of Indian Affairs. It has come to my attention that the BIA has what it calls a "1299 fund". This fund is earmarked by the Support Service Section of the Bureau for general administrative expenses. Congress has apparently appropriated $6,057,000 for this purpose and has authorized the assessment of another $3,531,000 from the Bureau's operating programs,

representing a total of $9,588,000. Yet last fall I learned that the BIA had a whopping $26,642,000 in the "1299 fund" from the fiscal 1972 budget. The over $17 million difference between what was authorized and what the fund contained was apparently taken from operating programs without the sanction or knowledge of this Committee.

Mr. Chairman, I have not studied the budget practices of the BIA which make this kind of sleight-of-hand possible. I do know, however, that Indian communities are in dire need of the funds that Congress provides for them, and I therefore must condemn any administrative looting of programs to support the pet projects of Bureau bureaucrats. When I was on the Navajo recently Chairman MacDonald referred to BIA officials as "range riders". From what I understand to be the Bureau's practice with regard to the "1299 fund", I would have to characterize them as rustlers. I think that this Committee might want to inquire about this matter of the Bureau directly. Two years ago this Committee chided the Bureau in its report for flagrantly ignoring the will of Congress through continued unapproved use of appropriations. Evidently the BIA has not yet read that report.

Mr. Chairman, I think that the pervasiveness of Indian needs is documented beyond dispute. We are only just beginning to deliver on the long-promised resources to help native Americans meet those needs.

The appropriations increases I have suggested this morning are relatively small, but crucially important to the strength of future Indian development—human as well as economic.

Thank you again for your consideration and for this opportunity to appear before your Subcommittee.

VOLUNTARY PRAYERS IN PUBLIC SCHOOLS

Mr. GOLDWATER. Mr. President, the Senate has heard much argument in recent years over the whole question of whether it should be permissible to offer voluntary prayers in our public schools. This problem runs very deep into the beliefs and the consciences of the American people. In acknowledgment of this, the House of Representatives of the State of Arizona recently adopted a house concurrent resolution urging Congress to call a Constitutional Convention to propose an amendment to the Constitution of the United States which would permit the offering of voluntary prayer in the public schools. I ask unanimous consent that House Concurrent Resolution 2009, 30th Legislature, State of Arizona be printed in the RECORD.

There being no objection, the concurrent resolution was ordered to be printed in the RECORD, as follows:

HOUSE CONCURRENT RESOLUTION 2009

A concurrent resolution urging Congress to call a Constitutional Convention to propose an amendment to the Constitution of the United States to permit offering voluntary prayer in public schools

Be it resolved by the House of Representatives of the State of Arizona, the Senate concurring:

1. In accordance with the provisions of Article V of the Constiution of the United States of America, the Legislature of the State of Arizona hereby applies to the Congress of the United States to call a Constitutional convention for the purpose of proposing an amendment to the Constitution of the United States, which amendment shall permit the offering of voluntary prayer in public schools.

2. If Congress shall have proposed an amendment to the Constitution to the same effect as the foregoing prior to January 1, 1973, this application for a convention shall no longer be of any force or effect.

3. The Secretary of State of Arizona is directed to transmit authenticated copies of this Resolution to the President of the Senate of the United States, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation.

AIRLINE PILOTS VERSUS FAA

Mr. HARTKE. Mr. President, last week I introduced S. 3423 in an effort to prevent the Federal Aviation Agency from transferring the responsibility for the medical certification of airline pilots from authorized private medical examiners employed by the airlines themselves. For the past several months, the FAA has been soliciting comments on a proposal which would effect just such a transfer.

The FAA's proposal is unique in that the only argument which has been offered in its support is the claim by an official of the agency that a few of the authorized medical examiners have not been performing their function responsibly. The obvious answer to such a charge is to withdraw the authorization of any doctor who does not conduct a proper medical examination. Instead, the FAA has decided to give the airlines this responsibility—a responsibility the airlines do not want and, in many cases, could not handle without great expense.

Airline pilots have opposed this transfer because it places in the employer-airline a dangerous potential power to use a trumped-up medical problem as an excuse for firing a pilot who has been too outspoken. For this and other reasons, they have opposed the FAA's proposal and supported S. 3423 and a similar bill in the House (H.R. 13088).

Mr. President, I ask unanimous consent that an article published recently in the Air Line Pilot and an editorial which represents the views of the Air Line Pilots Association on this subject be printed in the RECORD.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

AN ALPA VIEW: SHOULD AIRLINES GIVE FAA PHYSICALS?

Last October, a notice of proposed rulemaking appeared in the Federal Register that deserves the attention of every airline pilot. Written by Dr. Peter V. Siegel, the federal air surgeon, the proposed rule would require all airline companies to be responsible for all future FAA airline pilot physical examinations in place of the independent aviation medical examiners.

To the average man in the street, this may sound like a minor change in the medical certification process for airline pilots. It is far from being minor. It is a change that shakes the very foundation of the time-honored doctor-patient confidential relationship. It is a change that completely reverses the concept that doctors who give physical exams in the public interest should not be on the airline's payroll and, therefore, beholden to company management for their livelihood.

Ever since the proposed rule was published, ALPA's Aeronautical Committee, Captain Rod Gilstrap (UAL), chairman, has spent many hours studying its impact on both pilots and their companies. It has consulted with counterparts of the Air Transport Association, Allied Pilots Association, Flying Physicians Association, Civil Aviation Medical Association, other prominent members of the aerospace medical profession, association MECs and ALPA officers.

It has also studied the many responses that FAA has received concerning the proposal. As a result, one basic conclusion has been reached: The proposed rule is not in the public interest and should not be put into effect.

In their contacts with physicians, committee members found that there is overwhelming opposition to the rule or to any alteration of the present system that would eliminate the independent private practitioner of medicine from the certification process. It was the consensus that the private practitioner is the only medical authority whose position of independence assures his freedom to make pilot certification decisions on a purely medical basis, free of government and management control or other outside pressures.

Objectivity in conducing physical exams is vital to the professional pilot because medical certification is a legal requirement for the practice of his profession. It is essential, therefore, that this system be free of all nonmedical considerations.

When the Aeromedical Committee found solid opposition to the proposed rule (only four responses out of more than 100 supported the federal air surgeon), it felt that a meeting might be arranged to determine what reasons lay behind the rule. None had been expressed in the *Federal Register*. None have been given to members of Congress who have inquired as to why the rule is proposed.

No meeting between the committee and Dr. Siegel has been possible. Thus, it has remained a mystery why he considers so radical a change necessary after so many years of successful operation of the current system of exams by independent aviation medical examiners. The only conclusion that can be drawn is that the federal air surgeon is unable to administer his own program with the 2,000 medical examiners now licensed to give airline pilot physical exams.

Since it became evident that FAA was intent on putting the proposed rule into effect at the expense of the airline companies, over the protests of the medical community and to the complete disregard for the harm it could do to professional pilots, the only alternative was to seek the counsel and support of members of Congress.

The committee reports that its reception on Capitol Hill was "warm, sympathetic, understanding, and enthusiastic." The adverse impact that the proposed rule would have on the pilots' working environment and on air safety was immediately apparent to each representative and senator visited, and their staff members.

Proof of concern was manifested in H.R. 13088, a bill that was introduced in the House of Representatives by Representative Dan Kuykendall (R-Tenn.) on Feb. 9. The bill would amend the Federal Aviation Act of 1958 to specifically forbid FAA from designating certification authority to company doctors. Cosponsors immediately leaped forward. They were: Represenatives John Jarman (D-Okla.); John D. Dingell (D-Mich.); Ralph Metcalfe (D-Ill.); Brock Adams (D-Wash.); S. Fletcher Thompson (R-Ga.); Joe Skubitz (R-Kan.); and Bertram L. Podell (D.-N.Y.), all members of the House Committee on Interstate and Foreign Commerce. A similar bill is expected to be introduced in the Senate.

Airline management is not in favor of the rule, either. Representatives of the Air Transport Association, speaking for the airlines, say there is overwhelming opposition to the rule. Airlines do not want to shoulder the additional expense of setting up examining facilities or contracting for them. Neither do they believe that the government should pass the responsibility for pilot medical certification off on them when it rightfully should

stay in an independent status free from any pressure or possibility of accusation of pressure.

Many physicians have also responded. One of them seemed to express the feelings of most when he wrote FAA: "As a practicing eye physician and surgeon, I am my own boss. I owe nothing to any airline executive. My duties as a senior aviation medical examiner are and can be accomplished strictly on a professional basis without regard to the wishes, desires or pressures of any company official."

After weighing the evidence, the ALPA Aeromedical Committee formulated the Association's reply strongly opposing the proposed rule. It was submitted to FAA on March 1. FAA medical staff members will now consider the replies and implement, discard or modify the proposed rule. But there is no obligation on FAA's part to do anything for an indefinite period of time. Years could pass without any action. Then, without further warning, the rule could be published and made binding upon pilots, their companies and medical examiners.

It is the opinion of those close to the matter that the best immediate course of action for ALPA members is strong support of the Kuykendall bill and a comparable bill that will soon be introduced in the Senate. The language of the House bill would amend the Federal Aviation Act of 1958 by specifying that the secretary of transportation "shall not delegate any part of his authority to an employe of any air carrier or to any person performing medical services on a contractual or regular consulting basis for any air carrier." It is only by this kind of legislative constraint that FAA will be prevented from issuing an arbitrary order that would work to the detriment of pilots, airlines and the flying public.

Background information on the proposed rule was mailed to all ALPA pilots in early March. All are urged to write to their respective U.S. representatives and senators to ask support for ALPA's position against changing the medical certification process and support for any and all legislation that would prevent FAA from making such a change.

A Leap Backwards

The Federal Aviation Administration is planning to make a radical and totally unnecessary change in the medical certification of airline pilots. It has proposed a rule that would require all airline pilots to have their FAA medical certificates issued by their company's "designated air carrier physician (DACP)." Each DACP would perform all required medical exams from initial employment to the close of a pilot's airline career. While others may be contracted to give the exams, only the DACP will be able to issue certificates or file required reports.

In addition, each DACP will be required to maintain a continual "health surveillance program" on his company's pilots. This means he could order a pilot to take a physical at any time he had reason to suspect "a disqualifying deficiency or increase thereof." Any pilot who had not flown for 20 or more consecutive days because of illness or injury would have to submit to his DACP's scrutiny.

To the layman, the idea may seem like a proper way to keep tabs on the state of a pilot's health. What may not be realized is that when management pays the physician's wages, management can expect the physician to follow its whims. And if those whims include trying to get rid of a pilot for other reasons, there is no quicker way than to have the DACP flunk him on his physical.

ALPA's Aeromedical Committee and Home Office staff have studied the proposed rule very carefully and submitted ALPA's official response to the docket on March 1. No public hearing is offered.

If the proposed rule is put on the books, FAA will truly have taken a giant leap—backwards.

BUSING IS A USEFUL TOOL

Mr. JAVITS. Mr. President, perhaps the most emotional issues before the American people in 1972 are school desegregation and busing to achieve it. Thousands of my constituents in New York State have written to me, expressing a wide variety of views on how we in the Congress should attempt to cope with problems of racial discrimination and unequal educational opportunities which too often are the plight of millions of American children.

The question of busing and the underlying educational questions with which it has been used to deal were the subject of an informal interview in which I participated with editors of the U.S. News & World Report. My considered judgments on this problem are expressed in that interview, and I would like to share them with the Senate. I ask unanimous consent that the interview entitled "Busing Is a Useful Tool," published in the U.S. News & World Report of April 3, 1972, be printed in the RECORD.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

Busing Is a Useful Tool

(NOTE.—Jacob K. Javits, a New York City lawyer, spent eight years in the House and is now serving his third term in the Senate. He is the ranking Republican member of the Senate Committee on Labor and Public Welfare.)

Q.—Senator Javits, what do you think of President Nixon's proposals to curb busing for school desegregation?

A.—I think that the President has sought a breather—a breathing space—and both the House and Senate had this in mind when they passed busing curbs in their higher-education bills.

But I do not believe that the President's permanent proposals—in addition to his proposed busing moratorium—for allegedly giving 2.5 billion dollars of aid to compensate those who have been left behind in education are any really new addition to the situation, nor do they represent a solution to the busing problem.

So I think the President's permanent proposals may have rough going. But I do believe that it's possible to work out, in the conference between the Senate and the House on the current education bills, not a moratorium, as the President asks, but rather some form of breather for the American people on the busing issue until July 1, 1973.

Q.—In what way would busing be restricted in that period?

A.—There are already restrictions in both bills—the one passed by the Senate and the one passed by the House—and we will find some compromise between them.

Now, the Senate bill would restrict busing that would damage the health of the child or impinge upon the child's educational opportunity—considering both the child that's being transported and the child in the school to which he is being transported.

The House bill would, for all practical purposes, seek much more extreme limitations on busing.

In addition, the Senate bill provides a moratorium, as it were, pending appeals from busing orders where local school districts are consolidated or where there is going to be busing from one school district to another.

Now, there are enough variables in that whole package to allow us to design, in my judgment, what will, for practical purposes, be a breathing spell in ordering any major new busing to aid desegregation until July 1, 1973. This would not eliminate busing entirely—and I doubt that you could do that constitutionally, or that you should.

Just to give you an example: Suppose the President asked for a moratorium that prevents a child from being bused to a different school from the one he is now attending. Well, suppose that child is in a segregated situation—and there are still many districts where he is—where he was bused way out of his way in the past to maintain segregation. Are we going to inhibit the courts from busing that child for desegregating him—and busing him less distance? Of course we're not.

That's why I say that an inflexible standard in this matter is impossible.

Q.—Senator, do you regard busing as a useful tool to desegregation?

A.—It is a tool. And, in my judgment, the whole busing issue has been very sharply overblown. The evidence is that all over the country there are only 3 per cent more children being bused today than have normally been bused in the past. Remember, 20 million American children are bused, and have been, every day, and that the leap forward—an enormous leap forward—in education was accomplished by the central school district, which bused children from all over a countryside to a central school instead of to a one-room school where they were way behind in education.

Q.—This 3 per cent increase in busing, however, is not scattered nationwide but is rather concentrated in a relatively few communities, is it not?

A.—I would think so, and that's where the clamor has often been greatest. There are other statistics that will interest you, which have been gathered officially.

Governor Wallace is making a big issue of busing. Yet, in Alabama, the facts are that busing has gone down, not up, since the drive to desegregate began about the middle 1960s. It's gone down a minor percentage.

Q.—Compared with the days of complete segregation——

A.—That's correct, because more kids were bused farther in aid of segregation. Nobody now thinks of the fact that black children were bused from their homes directly past the white school, which might have been across the street—bused for miles so that they could be segregated in the black school. Now the shoe is on the other foot.

I'm the first to agree that the American people are outraged by any oppressive busing, although a lot of wrong names are attached to it, like "involuntary busing" or "forced busing." After all, the school districts provide buses as a service to children assigned to schools beyond walking distance, as they always have. The child doesn't have to be bused.

But, be that as it may, the fact is that busing is a useful tool, a necessary tool, in desegregation. And desegregation is a necessary and essential tool—and the great majority of experts agree on this—in equal educational opportunity. That's not true in every case. It doesn't mean that you have to strain the child. It doesn't mean that you have to inhibit the opportunity to learn of the child being bused, or even the opportunity of the child in the school to which other children are being bused. But nonetheless, it is a tool.

Now, this tool should not be overused. But I believe the issue has become very emotional. Therefore, in order advance, not retard, the whole progress of better education and school desegregation, we have to define reasonable limits on busing.

"WE HAVE TO DEFINE LIMITS"

Q—Are there places where this tool of busing has been overused, in your estimation?

A—I would not wish to be critical of the courts. I'd rather put it this way—because I think the courts have really striven in good faith to redeem the promise of the Constitution, and I think they rendered an enormous service to American society—but I would rather put it this way:

There have been outraged feelings about busing in those areas where a large proportion of children were to be bused what the community considered to be an undue distance. For example, Richmond, Va., is a case in which busing was ordered across school-district lines. The original order in Los Angeles was another example of extensive, long-distance busing. That was subsequently modified.

Indeed, in most cases, where there have been the loudest screams, the appellate courts have corrected the district-court orders. The judicial process is such that you're bound to have some error in some cases. That's why we have appellate courts—the courts of appeal and the United States Supreme Court. And I think the courts have taken care of the oppressive situations.

Nonetheless, there has been the outcry, and we have to define limits to busing. And I believe that the Senate concept of how to define those limits is the most intelligent, because it is conditioned to the educational process rather than to the absolute idea of eliminating busing, which you can't do—and which even the President knows you can't do, and he shows that in his own message.

Q—Do you think the measures the President proposes would prevent effective desegregation?

A—I believe they would, because I believe that we have not ascertained—and this is a basic question in education—that money alone—even if the money that the President asks were adequate, and it's far from adequate—that money alone will correct educational opportunities soon enough. It takes years to develop a program even with the use of the money, with teachers and facilities and the tradition of a given school as to the excellence of its education and the conditioning of the child himself.

The basic, fundamental character of my philosophy that dictates the policy that I, therefore, adopt as a Senator and which I believe is best for the people of my State and the people of the country—my philosophy is that you need desegregated education to provide more-nearly-equal educational opportunity. I use the words "more nearly equal" because it isn't going to be truly equal for a long time.

Now, if you start with that proposition, then it inevitably leads to all of the things I have said. If you start, however, from the idea that if you simply load in more money, you are going to give children equal educational opportunity, then you can come to different conclusions from mine. I don't agree with that.

"LOTS, LOTS MORE MONEY IS NEEDED"—

Q—Do you think that most schools which blacks attend today are inferior to schools that most whites attend today?

A—Yes.

Q—In what way?

A—In the way of the morale of the student and the incentives to learn, which the society frequently withholds from him. Unhappily for all of us—and it's no credit to any of us—the schools most blacks attend are also inferior in facilities.

Lots, lots more money is needed. We need much more federal money for education than we're getting, much more than the President is asking for. But that is not the biggest answer to the unequal-education problem. It's the biggest answer to the problem of all children being under par in education.

For example, in reading skills, as compared, let us say, with children in the more-advanced countries of Europe, our kids are behind—very seriously behind—and this is wrong on grounds other than segregation.

Now, let me tell you about the money. The President is asking for 2.5 billion dollars—representing a billion out of the emergency school-aid fund, which is intended to facilitate desegregation, and 1.5 billion out of the money for poor children under the Elementary and Secondary Education Act.

Now, this emergency school-aid money is supposed to come forward anyhow. There is nothing more he's giving them in that than he's already promised them. The 1.5 billion dollars is the biggest deal of all, because we have only 1.6 billion for all poor children to facilitate compensatory education—not just the heavily impacted school where 30 per cent of the kids are poor. All we have is 1.6 billion for them all. So if you take 1.5 billion for this special purpose, you leave 100 million dollars.

We have already got a provision in the law that heavily impacted schools with poor kids, under a slightly different definition from the President's definition, get the special break. So of that 100 million dollars, more than one quarter is going to those children now. What have you got left for all of the other poor kids who don't happen to be in schools with 30 per cent poverty, let's say—20 per cent poverty, or 18 per cent poverty? So unless you come up with more monies—with another billion dollars added to it—you're not doing anything in a total approach to the problem even in compensatory education.

Q—Do you think busing as it's now done is improving equality of education for large numbers of children?

A—Let us separate the two issues:

First, let's take busing as it is now done for children generally, leaving out desegregation—and this represents the bulk of the children. The 20 million children bused for reasons other than desegregation certainly have a better education because of the busing.

Now, as to the busing for desegregation, I believe that there is material improvement in equalizing educational opportunity the soonest possible because of this busing. Here, as in any public matter, we must allow 10 per cent or so for error or for unwise decisions: pressing it too hard, moving in a way that many families consider too fast, and so on. But discounting that marginal percentage, the totality of the busing result is beneficial.

Q.—Do you think it is largely errors in application of busing that cause the public outcry?

A.—No question about it. And I agree there is an outcry. And I agree the President is right, and we were right in the Congress in trying to do something about this outcry. I would yield to no one in my liberalism and my passion for equal opportunity in education. But I realize we had to do something about this public outcry. Otherwise we would have had a reaction which could have killed all desegregation.

You really could have gotten a constitutional amendment that would be barbaric and reactionary.

Q.—Do you think the idea of a constitutional amendment to curb busing is now dead?

A.—I hope and pray so, because to distort the promise of America that way would really be a most regressive step in our history, let alone on this issue. You know, there is a saying in my faith: "This, too, shall pass away." This busing outcry, too, will pass. But we have to pay attention to it, and we have to make some concessions to it.

Q.—Senator, if racial integration is necessary to equal opportunity for blacks, does this mean that there will also have to be busing or some other mixing measure in cities in the North, where there is school segregation as a result of residential segregation? Will suburban and inner-city schools have to be mixed?

A.—I cannot say "Yes" to that, because that presents first a legal problem and then a factual problem. Let me explain:

The courts will be extending the concept of unconstitutional segregation to include much of the North. The reason is that they will find—as they have already found in such places as Pontiac, Detroit, Pasadena, Indianapolis, and New Rochelle, N.Y.—they will find that the drawing of lines for school districts, the pattern of school attendance, even what they have done about housing and zoning, will represent some contribution by the State to the resulting segregation in the schools. This will demand, therefore, State action or local action to correct unconstitutional segregation. Much of the segregation which is attributable to housing patterns will be found to be segregation just as unlawful as the dual-school systems of the South.

So this is going to be a big issue, and it is here that wisdom will have to temper the situation, because you simply cannot, wholesale, bus kids from Bedford-Stuyvesant to the outer reaches of Long Island, for example. It just can't be done.

So here is where you have to have an intelligent system. Some busing will be needed and desirable, also some redrawing of lines, some educational parks. The President's plan itself contemplates that idea. You will not be able to mix up the children completely. That isn't going to be your only solution. But you can't inhibit it, either. It must remain as an element of a solution.

WHAT TO EXPECT AFTER A "BREATHER"

Q.—Senator, you describe the pending congressional action as a "breather." After the breather, what will be "Phase 2?"

A.—"Phase 2" will be some form of greater regularization of the criteria for busing. That's where I part from the President. I don't think they can be the President's criteria, which are very questionable—both constitutionally and policywise. I think they will be more along the lines of the Senate's Scott-Mansfield proposals.

And I believe the courts will be aided, perhaps even directed, by the stand of the Congress.

UNEMPLOYMENT HIGH FOR COLLEGE GRADUATES

Mr. MONDALE. Mr. President, one of the gravest problems facing us today is that of the almost 6 percent of our work force who cannot find jobs. A paying job is essential in the pursuit of a happy, productive life. It is time the administration changed its attitude toward unemployment and implemented some realistic program for creating jobs.

I wish to call your attention to one segment of the unemployed: the recent college graduates who can find no employment in their chosen fields. It is paradoxical that society can provide so many a college education and then fail to provide jobs for those it has spent so much money to train. We are forcing such young people to go on welfare when they are willing and able to work.

I believe it is essential that the Government move decisively to combat the high rate of unemployment. Unfortunately, the administration seems to have no plans for doing so. In fact, the Chairman of the Council of Economic

Advisers has said that it would be difficult to reach a 5-percent level, and "dangerously inflationary" to achieve a 4-percent rate.

I recently received a letter from a college graduate struggling to find a worthwhile job. It is a moving letter and speaks for itself.

Mr. President, I ask unanimous consent that his letter and my reply be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

ELY, MINNESOTA,
February 21, 1972.

HON. WALTER MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SIR: Two years ago, as a college student, I wrote to you and asked for your help in ending the Viet Nam war. And last year I wrote to lend my support in legislation to save the environment. But today I write about a much more basic problem—I need a job to support myself and my family. Idealism rapidly disappears when one begins to wonder where his next meal will come from.

I graduated Cum Laude from the University of Minnesota, Duluth in June 1971 with a BA in biology and a minor in geology. All through school I was a good student, possibly a bit radical at times, but I always studied hard and found my earth studies interesting and stimulating. You might say I was a product of the Great Society, nurtured and funded through college as a poverty-stricken but intelligent student by annual grants and NSDL loans. These monies even helped support my wife and daughter as I completed my final two years at the University.

But there the dream ended. I graduated with a flood of mass-educated, idealistic young people who have already been forgotten by the very country that made a higher education so readily available to them. By some legislative and administrative lack of foresight, no one was prepared to employ these thousands of knowledgeable, but unneeded graduates of 1971. So, we swallow pride and put aside our training and tackle any job that will put food on the table. I worked as a laborer through June, traveled for six weeks to find work, found nothing and returned to the same labor job. It ended in November and I became a pulpcutter for three weeks. Then, that ended too. So, finally, in December, with somewhat dampened Christmas cheer, we approached St. Louis County Welfare for help. Luckily, we qualified for AFDC–UF and a monthy grant of $256.00 was made available to us. I also am enrolled in the WIN program and will probably be receiving an additional $70.00 per month as an incentive to seek employment. And, if I haven't found anything by June, we will receive, I think, an extra $24.00 per month after the birth of our second child. In March my NSDL loans become due; under this welfare program I have no way of paying them back.

I am, along with many others, in a very difficult position. Employers who need people to fill labor positions are suspicious because they feel we are over-qualified and will leave as soon as a better offer comes up. (True, but how do we live until that Golden Opportunity arrives, if ever?) We are considered fully trained, so we do not qualify for Manpower and other retraining programs which provide at least a temporary stipend while retraining. We are "college people" and therefore are suspiciously eyed by Welfare and those critical of welfare recipients. And everyone is out to "Hire the Vet" and "Hire the Handicapped" and increase their minority ratio. And we are somewhere in between. And, finally, if we are able to find a low-paying job, we are faced with the decision to work and live in poverty or remain on welfare and live more practically on a slightly higher, yet meager level.

In the past thirteen months I have made 86 applications for employment (90% had nothing to do with my training) and have endured twelve interviews in vain. My attendance at the Minn. Dept. of Manpower Services is probably the best on record and my college placement office has even agreed to reinstate my credentials without the traditional fee of $15. Besides that, I have taken every Civil Service test available. Minn. College Placement Exam: 86.61; FSEE: no results—taken Jan. 14; US Postal Exam: 80.5; 1 have also been rated without exams. Technical Assistant–US: 94; Biological Lab Assistant: rating upon open position; Biologist GS–5: no word; Wisconsin St. Civil Service: rated as Environmental Specialist, no offer in 13 months. I also was eligible for testing in New York and Michigan but could not afford to make the trips. I applied to the US government in Oceanography, Fishery Biology, Biology and to the Dept. of Agriculture, Interior and NOAA and have applied to similar agencies in several states. And the situation only worsens. I now face competition from the 254 men laid off at Reserve Mining and the 1200 or so who lost their jobs at the US Steel Plant in Duluth. And this does not take into account the people that are being let go by exploration firms in NE Minnesota as exploration of the Cu-Ni deposits ends.

I guess what I really want to say is that here I am, a young college-educated man who is eager to work—especially in my chosen fields—and there is no work. At one time I was idealistic, hopeful and proud of my goals and achievements. Now, each day I become more frustrated, bitter and defeated with an existence that was forced on me by circumstances that I could not foresee. And I feel sorry for the thousands of others, once hopeful, who are now without meaningful futures, either trained for nothing or losing their jobs because of a poorly planned, failing economy. What can we do?

Yours truly,

WILLIAM A. HAAPALA.

P.S.—Please tell Mr. John Connally that the employment situation *is* critical.

U.S. SENATE,
Washington, D.C., April 5, 1972.

MR. WILLIAM A. HAAPALA,
Ely, Minnesota.

DEAR MR. HAAPALA: Thank you very much for your moving letter of February 21.

It is very disheartening to see that the unemployment situation in this country is hurting so many and yet is not recognized by the Administration as a number one priority. The present unemployment rate of almost 6% is disastrous; even 4% should not be considered full employment. In spite of this, the Administration has no plan or program for a substantial reduction in unemployment.

Fortunately, the Congress has recognized the need for urgent legislation in this area. However, the President vetoed the first two bills we passed—the manpower bill in 1970 and the accelerated public works bill in 1971. Then we succeeded in enacting the Emergency Employment Act last August. It authorizes 150,000 public service jobs.

I have sponsored a bill to increase the jobs authorized under that program to at least 500,000. I have also co-sponsored a bill by Senator Cranston, to establish a permanent public service employment program, and a bill by Senator Kennedy to use unemployed scientists and engineers in solving the problems of our crowded cities. I think all of these proposals will help to reduce the distressing levels of unemployment.

I believe that you have expressed all too well the feeling of frustration and disillusionment of many college graduates and other young people who have been severely handicapped by the Administration's neglect of the economy. Therefore, I am taking the liberty of placing your letter in the Congressional Record with the hope that many will be brought to understand the critical situation that now confronts us. I have also sent a copy of your letter to Secretary Connally as you requested.

With warmest regards.

Sincerely,

WALTER F. MONDALE.

THE SPACE SHUTTLE

Mr. BROOKE. Mr. President, the Senate Aeronautics and Space Sciences Committee is currently conducting extensive hearings into the request of the National Aeronautics and Space Administration to authorize $227.9 million for development of the space shuttle.

I have continually believed that the United States can and should support a space program of moderate means and expectations. In retrospect, it may be argued that the decision to conduct an all-out effort to land a man on the moon by the end of the 1960's did not result in the most effective or economical use of our scientific resources. By contrast, it seems reasonable to suggest that the current NASA budget, which represents slightly more than 1 percent of our national budget as compared to more than 5 percent in the mid-1960's, is a realistic program.

The scientific research which results from the space program has a potential economic and social impact far exceeding the NASA expenditures. After careful study, I am convinced that the space shuttle represents the most efficient means of continuing the space program at minimum cost and maximum benefit.

In this respect an article in the April 1972 issue of Foreign Affairs provides an excellent analysis of the space shuttle program. Written by Robert Jastrow, Director of the Institute for Space Studies and Office of NASA Goddard Space Flight Center, and Homer E. Newell, Associate Administrator of NASA, and formerly Associate Administrator for Space Science and Applications, the article includes a short history of the American space program and comments in greater detail on the economic practicality and potential scientific benefits from the shuttle.

The authors conclude from their discussion of the economic benefits of the space program:

> The extensive use of space is becoming an economic necessity for every technologically advanced nation. The United States probably could not maintain a competitive position with other major powers in international commerce unless it made full use of the most advanced technologies available, including those of space—commerce-oriented satellites and the economics of the shuttle—in the conduct of its domestic and foreign affairs.

I ask unanimous consent that the article entitled "The Space Program and the National Interest" be printed in the RECORD.

There being no objection, the article

was ordered to be printed in the RECORD, as follows:

[From Foreign Affairs, April 1972]

THE SPACE PROGRAM AND THE NATIONAL INTEREST

(By Robert Jastrow and Homer E. Newell)

In 1900 the population of scientists and engineers in the United States numbered one in 2,000. Today the ratio is one in 120 and the figure is still mounting. Current federal expenditures for research and development are $15.7 billion. During the postwar era these appropriations built the American research establishment to a level of strength beyond that of any other nation. Throughout the 1950s and most of the 1960s the build-up continued without opposition. Recently the taxpayer has begun to regard the House of Science with a degree of concern, because the costs of technological programs have become staggering in the last few years. Painful choices are being forced on the Congress. Shall program A or program B be funded? Each is so expensive that it seems impossible to fund both. Which will advance the national interest more? The general value of research is also being subjected to a closer examination. At what level of support does science make its maximum contribution to society? If the science we have purchased so far has been beneficial, will twice as much science be twice as beneficial?

The space program is a case in point. On January 5, President Nixon announced that "the United States should proceed with the development of an entirely new space transport system . . . the space shuttle which gives us routine access to space by sharply reducing costs in dollars." The decision to proceed with the shuttle was based in part on the dollars-and-cents savings it would yield, which are estimated to run to more than $12 billion in the first decade of shuttle operations against shuttle costs of $8 billion for development and hardware. But a bargain in bananas only represents a savings if the customer needs bananas. Why does America need a space program? Why does she need a man-in-space capability? What is the relation of space to the national interest?

To some, space is, or should be, pure science; to others, it is prestige and the American image; to still others, space means national security. Most often space is identified with science, but when a comparison is made with funding levels in other branches of scientific research, it becomes clear that support given to the program involves other factors besides the public interest in pure science.

II

Initially, there was no doubt regarding the motivation for bringing the National Aeronautics and Space Administration (NASA) into being. The American space effort was conceived in a mood of national insecurity. It grew out of the paroxysm of humiliation and self-doubt experienced by the United States in the fall of 1957 when the first Sputnik went into successful orbit while shortly after, as the world watched, the first American Vanguard rocket collapsed on the pad in a sea of fire. Headlines shouted "Kaputnik" and "Flopnik." With the launching of Sputnik, the Soviet Union had entered a domain of the environment that seemed to be denied to the United States. In the years following, the Soviets rapidly expanded their control over the new region. Their efforts were climaxed in 1961 by the first orbital flight of a Russian cosmonaut. The position of the United States as a world power seemed threatened by this evidence of a major Soviet technical capability in being. World comment at the time suggested that on both sides of the Iron Curtain the two systems of government were being reevaluated on the basis of the Soviet achievement.

NASA was two years old at the time of the Gagarin flight, and the space budget had reached the substantial level of $900 million. In retrospect, it is clear now that a billion-dollar budget was merely the entry fee into the race the Russians were running. On that budget, the United States was no longer falling behind the Russians, but neither was it catching up. An all-out effort was necessary, and the moon beckoned.

A land on the moon seemed to have all the needed elements. It was a clearly defined goal and gripped the imagination; its achievement would recreate the image of U.S. technological leadership; it involved minimum danger of a military confrontation; and it would automatically give the United States a first-class man-in-space capability. At the same time, the lunar landing was so far beyond the abilities of either the United States or the Soviet Union in 1961 that the early lead taken by Russia in manned flight would not predetermine the outcome. The lunar landing project provided America with a chance to overtake the Soviet Union and brighten its tarnished image with a major first in space. All in all, a greatly strengthened man-in-space effort seemed the most efficient way of redressing the strategic imbalance created by Soviet mastery of the new technology.

These factors created Apollo. Its goal was not the landing on the moon per se, but the development of a U.S. capability to operate and maneuver in space with man, and to maintain our presence there in the face of vigorous activity on the part of another great power.

Throughout the 1960s the Soviet Union remained the main driving force behind NASA, but with the landing on the moon in 1969 the original Soviet threat seemed to fade. American interest diminished, and a phase-out of manned flight operations commenced. According to current congressional authorizations, the manned flight program comes to an end in 1973, after the second Skylab flight scheduled for that year.

The projected termination of manned flight in 1973 posed a major policy issue for the United States. A parallel can be drawn with the situation that faced the government in 1961. At that time, the United States was confronted with a major Soviet achievement—the first manned orbital flight—while its own program continued to lag far behind. In 1971 the United States was faced with the termination of its manned activities in space, while Russia gave every indication of driving ahead forcefully in this area. The Soviet Union launched twice as many satellites as the United States in 1971, put up the first space platform, and, while it suffered a serious reverse in the deaths of the Soyuz 11 cosmonauts, showed no signs of a slackening interest in manned space flight.

The presidential action must be viewed in this context. Concern with the general strategic posture of the United States would appear to have been the overriding consideration in the recent decision to proceed to the next stage in the development of manned space flight.

Once that decision was made, the space shuttle had to follow, for the shuttle represents the most economical means of continuing manned flight operations. It is a reusable rocket—in effect, a rocket-plane—which can be flown again and again, carrying scientists, engineers and satellites up into orbit and back down to conventionl jet landing—all at a substantial reduction in cost. The Saturn launches cost $55 million each, and the launch of the more advanced Titan 3C costs $24 million, whereas a shuttle flight will cost $8 million and deliver considerably more payload for the money. It makes no sense to continue to rely on the docket technology of the 1960s, when the experience gained in the Saturn-Apollo project and other U.S. space programs has shown the way to a much more efficient and lower-priced generation of space vehicles.

III

According to this analysis, a major force behind the space program as a whole is a concern for national security, and with the fact as well as the image of American technical and scientific strength vis-à-vis the Soviets. However, space is not the only government program important to the security and the technological strength of the United States. Can America afford the financial drain of matching the Soviet Union in every field of science and technology? Many Americans believe that this cannot be done without weakening other essential programs, such as urban reconstruction and education.

The question is one of values and priorities. From this point of view, is space a good place for the United States to put its money? What is the dollar return from the space program, relative to the potential return from the same amount of money invested in another sector of American society?

This question opens up an important avenue for discussion. Starting with the development of the Early Bird communications satellite in 1965, space technology has entered into the mainstream of the American economy with surprising rapidity. Today many observers predict that the U.S. investment in space will be repaid many times over. The list of promising space applications includes better weather forecasts, prospecting for minerals from space, better communications, satellites that monitor the atmosphere and lakes and rivers of the United States for pollution and are the only economically feasible means of doing so, and satellites that guide ships and planes to their destinations and provide traffic control over crowded air terminals.

IV

Better weather forecasting could yield several billion dollars a year as a result of increased productivity, mainly in the agricultural, transport and construction industries. Weather forecasting depends on the measurement of such atmospheric properties as pressure, temperature and the strength and direction of the winds throughout a large region. Currently this information is usually obtained by launching into the atmosphere small balloons containing weather instruments plus a radio to transmit results of the measurements to weather stations on the ground. In the future satellites will join the balloon network and expand weather coverage to a global scale.

At this point the reader may well register doubt. How can a satellite hurtling through space far above the atmosphere carry out measurements of such properties of the atmosphere as pressures and winds? Isn't it necessary to do the equivalent of raising a wet finger in the air itself to secure that information? Can the data really be acquired from a distance?

The answer depends on a little-known instrument called an infrared radiometer which is becoming a standard item of equipment on weather satellites. It is a well-known fact that satellites carry cameras to photograph the weather and provide early warnings of hurricanes and other disturbances. Less well known is the fact that the latest satellites also carry a delicate instrument which measures the intensity of the feeble emanation of heat which radiates to space from earth and its atmosphere. The sensitivity of these instruments is such that they could detect the heat from a flatiron at a distance of one mile. The heat radiated to space from the earth contains many different wavelengths, and each wavelength originates at different depths in the atmosphere as well as on the ground. My spreading out the measured radiation into its component wavelengths, the scientist on the ground is

able, with the aid of a computer, to calculate the temperature of the air on the ground and at every level in the atmosphere.

Once the pattern of temperature variations is known over the entire globe, the scientist is in a position, again with the aid of a computer, to calculate the winds and the weather. The connection between temperature and winds is not obvious and requires some explanation. If the temperature of the ground were uniform all over the earth, there would be no winds and no weather. Winds arise because the sun's rays do not heat the ground uniformly. For example, the equator receives more sunlight than the poles. Where the ground is warmest, the air expands, rises and flows away. In this way temperature differences create winds. The actual situation in nature is considerably more complicated than this simple description suggests, but the basic theory is accurate. If the temperature pattern is known, the weather can be predicted.

In principle, the method can be applied without the aid of satellites. However, it would be prohibitively expensive to measure the temperature of the entire globe by ordinary methods. At present, extensive areas of the world are not covered by weather observations. Even in the United States the coverage is spotty, with only 70 balloon-launching stations for the collection of weather information. Large areas of the weather map are almost blank, including the polar regions and the oceans.

Unfortunately, much of the weather that blesses or afflicts the United States often originates in one of these blank regions on the weather map. The weather experienced by the West Coast generally comes from the Pacific Ocean, while the weather over the Midwest and the East Coast usually has originated some days earlier in central or western Canada. This fact prevents the meteorologist from making useful forecasts more than a day or so in advance, and even the one-day forecasts leave much to be desired.

Observations of the weather in the oceans and sparsely inhabited land areas surrounding the United States, impossible before the advent of weather satellites, should lead to a quantum jump in the accuracy and range of weather forecasts. Large savings through improved weather forecasting can be expected in the weather-sensitive sectors of the U.S. economy, because the volume of business in these industries is substantial. In agriculture, transportation, construction and roadbuilding, for example, the total annual volume in 1970 was about $270 billion, and estimated losses due to weather were in the neighborhood of $13 billion. A relatively modest reduction of 20 percent in these losses would correspond to a $2.6 billion savings. These circumstances lie behind the estimate of important gains to the U.S. economy from this single application of space technology.

V

Multibillion-dollar annual returns to the American economy from weather satellites may be matched by the yield from satellites employed in prospecting for valuable mineral deposits. The prospector and his burro are essential in the search for mineral deposits, but aircraft play an important supporting role, and so should satellite reconnaissance in years to come. In some cases geological faults—cracks in the earth's crust which are likely to be associated with ore deposits—can be seen in photographs taken from orbit. In other cases the presence of a buried ore deposit is signaled by a particular type of rock on the surface. Experience shows that an ore deposit is often surrounded by a special kind of rock, known as the "host rock" for that type of ore. Since different kinds of rock reflect sunlight in different ways, wide-area photographs of the region taken from a satellite can reveal the telltale host rock that indicates an ore deposit.

The stakes are high in this game. One estimate places the yield from potential satellite discoveries of mineral deposits in the United States at $2 billion a year in royalties alone. The total value of mineral deposits discovered each year by ordinary prospecting on the ground in the United States, Canada and Mexico amounts to roughly $10 billion. It is possible that several times this sum could be the global yield from major improvements in mineral prospecting. Here we reach the neighborhood of tens of billions of dollars in direct economic benefits from a single application of satellites. These gains would dwarf the investment in the underlying space technology.

Mining activities in northern Canada illustrate the economics of satellite prospecting versus ground prospecting. A single rock outcropping near Kitt Creek in Ontario led to the discovery of the famous Timmons deposit, one of the world's largest bodies of copper, zinc, gold and silver. This single find is estimated to have a value in the neighborhood of $10 billion. The find was made by a lucky fluke when a prospector stumbled across a small outcrop of ore that gave him a clue to the massive treasure-lode lying beneath the surface. Geologists believe that many deposits as rich as the Timmons find may exist in the area because it belongs to one of a number of belts of green schist—a type of rock deposit frequently associated with rich ore. The total area of the belts in this region is roughly 100,000 square miles. The terrain is too rough for jeeps or burros. Recovery of its mineral wealth requires systematic exploration of the entire region on foot, by prospectors stopping every hundred yards to collect soil samples for laboratory analysis. Tens of millions of dollars would be required to complete a survey of this one region. A complete exploration on foot is a workable approach in principle, but forbidding in practice because of the prohibitive cost.

The same analysis applies *a fortiori* to the still more difficult terrains of Brazil, equatorial Africa and Southeast Asia, in which a heavy cover of trees and vegetation makes ground exploration exceedingly difficult and expensive. The available evidence suggests the presence of large deposits of mineral wealth in these regions. Again it seems incredible that a satellite hurtling through space hundreds of miles above the surface of the earth should be able to detect mineral deposits concealed by a heavy tree-cover. But an example will indicate how this might work. Research has shown that trees growing in metal-rich soil absorb the metallic elements of the soil into the structure of their cells. As a consequence, the tree leaves reflect sunlight differently from leaves on the same type of tree growing nearby in ordinary, metal-poor soil. The rest of the story is clear: Measure the intensity of reflected sunlight over a continental expanse of forested regions by means of instruments mounted in a satellite, and look for the critical patterns that betray the presence of mineral deposits.

As a test of this method, measurements have been made at tree-top level at a site near Cooper Creek, Arizona. They show large differences in the reflected sunlight from two neighboring trees, one located in soil with a high abundance of copper and molybdenum, and the other growing nearby in ordinary soil. The tree growing in the metal-rich soil reflects twice as much yellow light as the tree growing in ordinary soil, but half as much blue light. This combination is an unmistakable sign of the presence of the metals. Such measurements obtained from a satellite can be used to guide the prospector to the mineral wealth of millions of square miles, with a great saving in time and money.

Aircraft can make the same measurement and are used for this purpose in surveys of small areas. Satellites acquire their unique value when a continent-sized area is to be surveyed. It is, of course, in these large-scale surveys that the greatest gains can be realized. The direct operating cost of an aircraft survey of the interesting areas of the earth, which total approximately 100 million square miles, would be about $300 million. The same survey could be carried out by a single satellite costing no more than $30 million. Additional savings result from the fact that each satellite photograph or radiation-scan covers thousands of square miles, revealing significant large-scale variations with unnecessary details suppressed. For many surveys the satellite detail is adequate, and consequently data-processing costs are far less than would be the case with the superfluous detail furnished by aircraft surveys.

Apart from costs, satellites are superior to aircraft because of the large area covered in each photograph or scan. Such an area is typically several thousand square miles. Airplanes usually cover no more than 100 square miles per photograph. Because many photos are needed to survey a large area, aircraft require the better part of a day to cover the equivalent of one satellite photograph. Consequently, different regions are photographed at different times of the day, and under different lighting conditions. If the area is large, and the survey lasts many days, the condition of the ground will vary from day to day because of local rain or snow. The intensity of the light reflected from the ground depends on these lighting conditions and ground conditions to a very great extent. The critical changes in intensity from place to place, which would indicate the presence of mineral deposits, are apt to be marked by the changes that occur from hour to hour and day to day during the course of an extended aircraft survey. Such difficulties do not arise in satellite prospecting.

The ability of the satellite to photograph large areas quickly and repeatedly makes it a very promising tool in the survey of other natural resources, such as crops, timberland, water and snow cover, which frequently vary day by day and from season to season. Crops offer a particularly interesting example because of the large losses experienced each year as a result of plant diseases. Infrared photographs taken from satellites can reveal plant diseases before they can be detected by the farmer on the ground, because a diseased plant or tree radiates a different level of heat to space, just as a feverish person experiences a change in body temperature. An estimated $840 million annually can be saved in the United States through the use of satellites for the detection of plant diseases, according to an IBM report.

VI

Communications satellites offer another fruitful field for the space program. Communications was the first area to be invaded by the new technology, and, together with weather forecasting, it constitutes one of the two areas in which satellites have already become an operational reality. The dollars-and-cents return to the economy from communications satellites is difficult to measure, but most experts agree that the gains promise to be enormous, because improvements in communications exert an upward leverage on the entire gross national product (GNP) by accelerating the tempo of business life. The only question is, what will be the amount of the increase in productivity? Will it be as small as one percent? Translated into dollars in the GNP, that would mean a gain of $10 billion annually. The indirect financial gains from improved communications may exceed all other returns from space.

The relationship between efficient communications and satellites can be clearly seen in the recent history of transatlantic telephone charges. The table below shows the monthly rates for a leased telephone circuit

between New York and Paris during the period 1959 to 1971. The rates remained unchanged for a number of years, but in 1966—immediately after the first communications satellite went into operation—monthly charges dropped sharply and have continued to drop since that time.

New York to Paris telephone rates: 1959–71

	Dollars per month
1959 through 1965	$10,000
1966	8,000
1967	6,500
1968	6,000
1969	6,000
1970	4,750
1971	4,625

Although expanded cable service also contributes to the reduction in transatlantic phone rates, the coincidence of the sharp decrease with the onset of satellite operations is striking.

Arthur C. Clarke, who invented the concept of the communications satellite in 1945, has maintained a high reputation as a seer of technological developments and their impact on mankind. His judgment probably can be relied upon when he predicts: "What we are building now is the nervous system of mankind. . . . The communications network, of which the satellites will be modal points, will enable the consciousness of our grandchildren to flicker like lightning back and forth across the face of this planet."

VII

The three cases of weather forecasting, mineral resources and communications illustrate the economic value of space. The space shuttle enters the picture at this point because it affords the most economical means of realizing the benefits of the space program in the economic sphere. The shuttle moves back and forth between the earth and space environments. It carries a dual propulsion system—rocket engines and liquid hydrogen fuel for space flight; jet engines, kerosene and wings for the return to earth. Space shuttles can carry passengers and freight into orbit and down again at a cost per pound far below today's cost for a satellite launching or a manned space flight mission. The cargo bay, probably about 15 ft. x 60 ft. in dimension, will accommodate satellites and space platforms weighing up to 65,000 pounds and will provide a low-cost method for placing commercial or scientific satellites in orbit. NASA estimates that in the first decade of shuttle operations $5 billion will be saved in launch costs through its use.

Additional savings are expected to result from the reduced cost of the satellites themselves. The cargo bay of the shuttle offers a considerably gentler and less rigorous environment for delicate scientific instruments than today's conventional launch rockets. Much of the cost of building a rugged design into the satellite can be bypassed as a consequence.

A space transport system based on the shuttle also provides a means for repairing satellites in orbit, thus increasing their lifetimes, again at large savings. The new commercial satellities are expensive, and becoming more so as their capabilities expand. The first communications satellite placed in operation over the Atlantic—the Early Bird—contained 240 voice circuits and cost $8.2 million. The recently launched Intelsat IV supplies up to 9,000 circuits and costs $26 million. The advanced communications satellites proposed for a U.S. domestic system will cost about $50 million each. It seems extravagant to contemplate throwing away one of these expensive devices after a failure, when it can be brought back to earth in the cargo bay of the shuttle for overhaul, or even repaired in orbit by a technical team transported to the scene. Round-trip airfare for the overhaul is estimated to be about $8 million, but for this price the crew can salvage a $50 million satellite. The total savings resulting from the repair operations, plus the reduction in the cost of the satellites, is estimated to be $7 billion.

Some 20 U.S. satellites, each worth $30 to $50 million, will probably be in orbit in the 1980s, and each will play a critical role in some sector of American business and personal life. The list will probably include eight to ten Comsats dedicated to domestic and international uses, four or more satellites dedicated to worldwide marine and air navigation and traffic control, two or more satellites devoted to surveillance of the earth's face for mineral resources, water, timber resources, forest and grazing lands, fishing, farmlands, and the monitoring of air and water pollution, and several satellites devoted to astronomy, geophysics, and other branches of pure science. Experience will tell whether to divide these functions among numerous separate satellites as they are today, or to combine them in a smaller number of large electronic complexes. In either case, a low-cost space transport system will be required to maintain and repair these satellites in orbit.

Replacement costs are not the only problem in satellite maintenance. When a space platform is responsible for air traffic control or for the communications traffic of a continent, it will not be possible to permit one of these critically important devices to go out of service for a day, an hour, or even a minute because a transistor has malfunctioned. If air traffic control over Kennedy, O'Hare and other major airports depends on satellites hovering overhead, interruption of service would require reverting for a time to the less efficient modes of control which even today are becoming inadequate, and which in tomorrow's world would be extremely expensive. In the 1980s it is likely that the U.S. satellite network will be constructed on the principle of a 100-percent guarantee of uninterrupted service.

Continuity of service could be ensured without manned flights by building spare circuits into each satellite, ready to take over when a failure occurs. The backup equipment might consist of duplicate electronics for all the parts of the satellite or it could consist of one or more duplicate satellites launched with the main satellite and available for service at any time. But when circuit A became defective and circuit B took over, it would still be necessary to repair circuit A promptly; otherwise the failure of the satellite would only be postponed. Of course, a three-fold or four-fold redundancy could be built-in, but that soon becomes a very expensive way of obtaining protection from interruption in service. The space shuttle system is likely to prove the cheapest way of keeping critical satellites in continuous operation.

Financial returns are not the principal criterion for judging the usefulness of the shuttle, for its prime importance lies in the fact that space is an arena in which several nations are, or soon will be, engaged. The United States must maintain a presence in that arena through a manned flight program to preserve its position as a world power. But the extensive use of space is becoming an economic necessity for every technologically advanced nation. The United States probably could not maintain a competitive position with other major powers in international commerce unless it made full use of the most advanced technologies available, including those of space—commerce-oriented satellites and the economics of the shuttle—in the conduct of its domestic and foreign affairs.

VIII

Some students of the space program have expressed the view that its impact will be felt in other respects than the cost-accounting of economic productivity versus technological investment. There has been much discussion of the influence of space exploration on the mind and spirit of man, as an extension of the revolution in thought that was initiated by Copernicus and continued by Newton and Darwin. A study of the history and pre-history of man suggests that the human drive is expressed through just such tentative movements out of the world of tried experience into a new world of untested promise.

Sputnik and the moon landing signaled the opening of a new frontier across which man can now travel into the endless reaches of outer space. The new frontier of space will not be closed quickly, for astronomical knowledge shows that billions of stars, some undoubtedly accompanied by earthlike planets, surround us in the galaxy. Space exploration has brought home to more people than ever before the reality of this vast complex of stars and planets. "Out there" is really there, a place that one can get to. Never again can we make the mistake of identifying our speck of planetary matter as the universe.

SOVIET PERSECUTION OF CATHOLICS

Mr. BUCKLEY. Mr. President, on a number of occasions in the past, I have spoken out against Soviet persecution of various minority groups within the Soviet Union, especially Soviet Jews. We know from their brutal record of suppression of dissent—Robert Conquest, author of the authoritative work, "The Great Terror," estimated that 20 million Soviet citizens were killed between 1929 and 1939 alone—that the Soviets will seek to destroy any individual or group which dare challenge the Communist ideology.

From the beginning, religious groups have been singled out for special treatment. The systematic persecution of Soviet Jews is already a well-known tragedy. Less well known, but being carried out with at least equal zeal by the Communist regime, is the brutal suppression of Catholics in the Soviet-conquered Baltic State of Lithuania.

The persecution became so intolerable that 17,000 Lithuanian Catholics submitted a petition to the U.N. seeking help to ease their plight. Merely signing this petition may invite more savage repression inasmuch as Soviet U.N. employees normally turn over such information to the Soviet intelligence services.

The details of the dramatic petition to the U.N. by Lithuanian Catholics was described in a Washington Post article of March 28, 1972. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OVER 17,000 BALTIC CATHOLICS CITE SOVIET PERSECUTION

Moscow, March 27.—More than 17,000 Roman Catholics from Lithuania have sent petitions to the United Nations, charging Soviet religious persecution. It was the largest open protest of its kind in the Soviet Union.

An inch-thick stack of petitions, bearing over 17,000 signatures of "believers," was sent to U.N. Secretary General Kurt Waldheim last month after Soviet officials in Moscow ignored their earlier protests, according to dissident Russian sources who made copies of the papers available to Western newsmen today.

Lithuania, a small republic on the Baltic Sea that was annexed by the Soviet Union in 1940, is known as an area where traditional religious beliefs persist despite official harassment by the Communist regime.

The petitions suggest continued strength of the Catholic Church in Lithuania despite steady anti-religious propaganda. It also seems to be a part of a growing effort by religious communities to induce the government to implement religious freedoms guaranteed by the Soviet constitution.

Last September, 2,000 persons from the town of Prenai, which has less than 10,000 population, signed an open letter to the Soviet leadership charging that freedom of religion was being curbed by local authorities in Lithuania.

Three other open letters with a total of 5,000 signatures were sent last fall to Party leader Leonid Brezhnev but police "using threats, arrests and handcuffs prevented the mass collection of signatures," the letter to Waldheim said.

"Such action by the authorities prompted the convention that the present memorandum, signed by 17,000 believers, will not attain its aim if it is sent by the same means as previous collective declarations," the letter said.

The Catholics were taking their complaints to the United Nations, the letter went on, because "believers in our republic cannot enjoy the rights set out in Article 18 of the Universal Declaration of Human Rights." The declaration, passed by the United Nations with the Soviet Union abstaining, calls for the recognition of religious freedom by all countries.

[At the United Nations, a spokesman had no comment on the petitions today.]

In their petition, the Lithuanians complained that Soviet officials limit the number of new priests to be trained and control the assignment of priests to parishes. They said no more than 10 youths a year can enter the seminary.

There are so few priests in Lithuania, the letter charged, that one must often serve two or three parishes and that "even invalid and aged priests must work."

The Lithuanian authorities do not enforce a law which would punish those who persecute church-goers, the petition claimed.

In addition, Catholics have not been allowed to rebuild churches destroyed during World War II and have difficulty in getting permission to hold services in private homes.

"At the same time, a dance hall was allowed to be built in the parish of Andreivas where the church stood," the petition said.

It repeated charges made last November that two parish priests were sent to labor camps for providing religious instructions to youngsters. Two bishops were also exiled without trial, it said.

More signatures would have been included in the 123 separate, identical typed petitions if the Soviet police had not reacted so strongly against the dissidents, the letter said.

"If in the future, the organs of the state take the same attitude toward believers' complaints as they have until now, we will be obliged to address ourselves to international bodies, the Pope, the head of our church, or the United Nations as an authoritative institution defending human rights."

In addition to repressing religion, the Catholics said, the "forcible atheistic upbringing" of Soviet society has also caused increases in juvenile crime, alcoholism, divorces, abortions and suicides.

The Lithuanians' protest comes at a time of improving relations between Moscow and the Vatican. Soviet President Nikolai Podgorny and Foreign Minister Andrei Gromyko have called on Pope Paul VI, and the Most Rev. Agotino Casaroli, who is tantamount to a Vatican foreign minister, visited Moscow last year.

There are an estimated 3.5 million Roman Catholics living in the Soviet Union, most of them Lithuanians and Poles. Catholics are situated in Lithuania, and in western parts of Byelorussia and the Ukraine.

Lithuania is the largest single Catholic area, with nearly 500 churches still operating there.

TRANSPORTATION STRIKES

Mr. TOWER. Mr. President, whenever a strike affects transportation or other key elements of the public sector, the average citizen is held hostage to a dispute not of his making. The recent west coast dock strike, which President Nixon described as imposing "a cruel and intolerable burden upon the American people," was a dramatic example of disruption caused by a strike. For 134 days, the west coast ports were shut down, causing an estimated $400 million business loss and massive inconvenience.

On Friday, March 31, the President acted to prevent a possible nationwide rail strike by signing Executive orders creating emergency boards to investigate labor disputes involving the Penn Central Transportation Co. These actions delay the threatened rail tieup for 60 days.

Meanwhile, just this past week in New York, a strike by 140,000 members of the Civil Service Employees Association threatened to bring chaos to State mental hospitals and institutions for mentally retarded children. Fortunately, the walkout ended before there was substantial impact on the helpless men, women, and children in these institutions.

These are but some of the recent examples of strike situations in which the public's rights are or may be subordinated to those of the labor disputants.

While the New York strike was regional in nature, the dock strike and the threatened rail strike are national in scope and I do not look forward with any enthusiasm to another repetition of a strike where the Government, after exhausting its emergency powers, stands paralyzed to end the dispute and halt the interruption of commerce, the rotting of crops and the waste which results from these conflicts.

In the middle sixties, Mr. President, Congress was called upon three times in 4 years to take emergency action to settle collective-bargaining disputes. Yet, despite that bleak record, we remain today without any effective permanent machinery, no formula, to resolve such strikes.

A bill similar to President Nixon's proposed "Crippling Strikes Prevention Act" failed passage by only three votes, despite the President's comment that the old ways have not worked and his plea to "tip the scales back in the direction of greater protection for the public." Senator PACKWOOD, 27 other Senators and I have reintroduced this bill as S. 3232.

The need for action in this field is made even more clear by the statements of labor leaders who display utter disregard for the consequences of their actions.

Harry Bridges, the president of the International Longshoremen's and Warehousemen's Union, is quoted in the March 15 issue of Forbes as stating:

It's a myth that strikes hurt the general public. Strikes are good for the country because they raise the worker's purchasing power.

Mr. Bridges' own strikers lost $60 million in wages, according to Forbes, but Mr. Bridges is quoted as saying:

What they did lose will be made up by our settlement.

Asked about business loss, he dismissed $400 million in losses by stating:

There were some small business losses, but not much.

These are the comments of a man who says he wants to form one big superunion which could "make a strike extremely dangerous for business," or in other words—stop economy.

The same attitude was displayed in the New York strike when the union vowed to "tie the State up as tight as a whistle." In the New York case, the humanitarian aspects of a strike affecting mental patients and retarded children, moved both the New York Post and the New York Daily News—newspapers sometimes at opposite editorial poles—to decry the walkout.

Mr. President, I believe that strikes which adversely affect the public interest must be dealt with. I believe the rights of the public cannot be trampled on indefinitely because of collective bargaining disputes. And, I believe the time to act is now.

For that reason, I ask unanimous consent to insert in the body of the RECORD following my remarks, the articles previously referred to: Forbes' article of March 15, the New York Daily News editorial of April 3, and the New York Post editorial of April 3.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

[From Forbes, Mar. 15, 1972]

STOP THE ECONOMY!

One big union. One big union that could paralyze the nation. That has long been the dream of certain labor leaders, some of them confirmed leftists, some of them merely power-hungry. And now Harry Bridges, the aged (70), embittered long-time president of the International Longshoremen's and Warehousemen's Union is working on a plan to make that dream come true. He wants to form one big union of truckers, dockers, airline and railroad workers. If they were all to strike at the same time, they would bring the whole U.S. economy to a halt. Not a factory wheel would turn. The cities and suburbs would be without food.

A frightening prospect? Bridges' mouth is watering at it. Last year and this he kept West Coast ports closed for 134 days. "It's a myth that strikes hurt the general public," he says. "Strikes are good for the country because they raise the workers' purchasing power."

The West Coast port strike cost the 15,000 strikers an estimated $60 million in wages, but he dismisses that. "The workers were still buying with their savings," he says. "Besides the workers didn't lose that much, and what they did lose will be made up by our settlement."

The loss to business has been estimated at $400 million. Says Bridges airily: "There were some small business losses, but not much."

One might imagine that a union which could tie up West Coast shipping for 134 days is powerful enough. Not Bridges. He wants a union that could do what the British miners' union just did: stop the economy. "The coal strike in Great Britain was a unique situation," he says, almost enviously. "There a few miners have such power they were able to stop the economy. We could only get the same effect in the U.S. through the transportation business. If we combined truckers, dockers and other transportation workers, we would have the power to make a strike extremely dangerous for business. It wouldn't want to risk one."

Bridges is already getting close to a merger of his 65,000-member union with the International Brotherhood of Teamsters (membership: 2.2 million). He has talked with Frank Fitzsimmons, who succeeded Jimmy Hoffa as president of the Teamsters when Hoffa went to jail, and says top officers of both unions favor a merger. A formal agreement is yet to be drawn up, and the ILWU members must still vote on it. Most likely, the ILWU would end up becoming a division of the Teamsters.

HARRY'S FIRST STEP

Before the Teamsters talks, Bridges held several meetings with his eastern counterpart, Thomas W. (Teddy) Gleason, president of the International Longshoremen's Association, to discuss the possibility of a merger. "The ILA talks are temporarily suspended," Bridges says. "It's still possible we'll merge with them. The ideal situation would be for the ILA and the ILWU to merge, and then merge with the Teamsters." Why ideal? "Simple: economic power."

Actually, there are several barriers in the way to forming the one big union Bridges talks about. The ILA's Gleason is a strident anti-Communist, while Bridges has long been dogged by his left-wing reputation. (More than once in decades past, the Government tried to have him deported to his native Australia as a Communist, a charge he steadily and successfully denied.) Moreover, the ILWU and the Teamsters have yet to resolve their dispute over which union has jurisdiction over filling containers. Still, ideology plays a diminishing role in trade union politics these days, while power and money increasingly are the name of the game.

Would Congress stand by idly and let labor forge the weapon Bridges talks about? Congress was sufficiently moved by the West Coast dock strike to enact special legislation to force compulsory arbitration in the dispute. An even tougher bill, the Nixon-backed "Crippling Strikes Prevention Act," missed passage by a mere three votes a few weeks back.

But how could Congress stop a merger? The antitrust laws have never been applied to labor unions. Nor can many congressmen afford to oppose what major unions want—particularly in an election year. Then there is the now-shadowy figure of Jimmy Hoffa. He's free from jail and, rumors have it, has friends in the Nixon Administration. If there is a merger, Bridges is confident Congress would stay out of it. Says he: "There'll be no antitrust legislation against unions, and there'll be no compulsory arbitration bills, either."

That's power talking.

[From the New York Daily News, Apr. 3, 1972]

THE ULTIMATE OUTRAGE

In calling a strike of its 140,000 members, the Civil Service Employees Association not only defied the law and the courts, it violated every rule of human decency.

To gain its ends, the CSEA has shown that it does not scruple at using helpless men, women and children as hostages.

Its chosen pawns are the inmates of state mental hospitals and institutions for mentally retarded children. The strike, where it has been effective, has endangered the welfare of these helpless and pitiful unfortunates, and even their lives have been jeopardized.

The cruelty and indifference of the CSEA, under President Theodore Wenzl, has been redeemed in part only by the steadfastness of those union members who stayed at their posts rather than visit further suffering on their charges, and by the magnificent response of volunteers who rushed forward to ease the effects of the walkout.

As for the strikers and their chieftains, they are beneath contempt, and deserve nothing but the most drastic punishment permitted by the law.

[From the New York Post, Apr. 3, 1972]

NARROW ESCAPE

The quick end of the illegal Civil Service Employees Assn. strike must have been as large—or larger—a relief to many of the strikers as it was to both the immediate victims of the walkout and the general public. Most people who work in hospitals and schools for the retarded do not walk off their jobs without an awareness of the peril they are creating; those who refused to do so will wear no badges of shame.

It was a ghastly episode that could have reached calamitous proportions; only a long inquest will reveal why it happened, and what can be done to prevent a recurrence. The important fact at this moment is that it is over, and a glimpse of the disaster that was in the making may be a greater inhibition than the Taylor law on any who are tempted to risk human life in what they may regard as a valid cause.

INEFFICIENCY AND MISMANAGEMENT IN C–5A PROGRAM

Mr. PROXMIRE. Mr. President, once again it is my sad duty to convey to the Senate a Government report further documenting inefficiency and mismanagement in the C–5A program.

The report, prepared by the General Accounting Office, is the second such study to disclose major aircraft deficiencies in the C–5A, in addition to cost overruns and delivery problems, since the Proxmire committee first investigated this program in 1968.

The GAO report demonstrates that the Air Force is the biggest satisfied consumer of lemons in the history of military procurement.

A year ago GAO disclosed that the Air Force was knowingly accepting delivery of C–5A aircraft with major performance deficiencies.

The new report shows that the Air Force is still accepting delivery of defective C–5A's.

The 15 C–5A cargo planes accepted by the Air Force during February through September 1971 had an average of 251 deficiencies per aircraft, many of which are considered major.

The most serious defects are in the wings, landing gear, and radar.

The landing gear system, according to GAO, continues to be the most troublesome system on the aircraft.

In one 6-month period last year 3,327 landing gear failures were reported in the C–5A fleet, requiring a total of 82,673 maintenance man-hours.

The structural defects in the wing and pylons, resulting in numerous wing cracks, and, on one occasion, the complete rip-off of an engine from its mount, are by now well known.

The full extent of these problems is still unknown because the wing fatigue tests will not be completed until September 1974. This represents a 2½-year slippage in the original fatigue test schedule.

It is not now known that the pylon problems were the result of improper design and poor quality control during production and assembly.

Deficiencies in the design of the radar will probably require a complete update of the equipment. This problem was brought to Lockheed's attention by the Air Force early in the program. As with so many other problems, no corrective action was taken.

We have long grown accustomed to the idea that Lockheed is one of the most inefficient, if not incompetent, defense contractors. The report tends to reinforce this fact.

What is perhaps more disturbing is how it reflects on the competence and the good faith of the Air Force.

When the C–5A contract was "restructured," that is, converted from fixed-price to cost-plus, Congress was assured that part of the agreement included acceptance of new Air Force intensified management participation and authority over Lockheed's activities in this program.

The results of the first full-scale review of the program since the Air Force first asserted its new role is not encouraging.

The Air Force now concedes that the cost of correcting the C–5A's deficiencies, excluding the wing and pylon problems will be about $164 million.

Under the terms of the restructured contract, the Air Force must pay Lockheed for the costs of correcting all defects.

Thus, the benefits obtained by Lockheed in terms of reimbursement for correcting its own deficiencies will probably exceed the amount of the so-called loss that Lockheed agreed to absorb under the restructured contract.

This report demonstrates that the Air Force has not been able to learn from its mistakes. It is failing to take necessary corrective action. It is allowing Lockheed to continue bilking the American taxpayer.

The problems in the C–5A program are growing worse instead of better.

I ask unanimous consent to have printed in the RECORD the complete GAO staff study of the C–5A aircraft, dated March 1972.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

U.S. GENERAL ACCOUNTING OFFICE STAFF STUDY, C–5A AIRCRAFT, DEPARTMENT OF THE AIR FORCE

(NOTE.—Figures referred to are not printed in the RECORD.)

ABBREVIATIONS

ADI, Attitude Director Indicator.
ADS, Aerial Delivery System.
AF, Air Force.
AFCS, Atomatic Flight Control Command.
AFSC, Air Force System Command.
AHRU, Attitude and Heading Reference Unit.

ASPR, Armed Services Procurement Regulation.
ATM, Air Turbine Motors.
CARP, Computed Air Release Point.
CONUS, Continental United States.
CSAR, Cost Status Analysis Report.
DOD, Department of Defense.
ECP, Engineering Change Proposal.
GAO, General Accounting Office.
IDNE, Inertial Doppler Navigation Equipment.
LDCS, Lift Distribution Control System.
MAC, Military Airlift Command.
MADAR, Malfunction Detection Analysis and Recording System.
MMH/FH, Maintenance Man-Hours Per Flight Hour.
MMR, Multi-mode Radar.
MTBT, Mean Time Between Failures.
RDT&E, Research, Development, Test and Evaluation.
RFP, Request for Proposal.
SAAMA, San Antonio Air Material Area.
SAR, Selected Acquisition Report.
SHOVAR, Shortage and Variance Report.
SPO, System Program Office.
TCAN, Tactical Air Communication and Navigation System.

C-5A AIRCRAFT

Why the review was made

The General Accounting Office (GAO) examined into the status of selected major weapon systems because of the large acquisition costs involved, and the interest of the Congress in the acquisition of major defense weapon systems. This study on the C-5A is part of this effort.

In addition, in the House of Representatives, Committee on Appropriations, Report No. 92-666, dated November 11, 1971, the General Accounting Office was instructed:

". . . to make a thorough investigation of the defects in this aircraft and to assign a responsibility for the defects and establish the costs involved in correcting the deficiencies."

In view of the Committee's desire to have a report before additional funds are considered for this program, we are providing to the Congress without audit a summary of data given to GAO by the Air Force.

Where the system is

System description and status

The C-5A is a large jet aircraft designed to provide a long-range airlift capability at high subsonic speeds. The aircraft is to be capable of tranporting combat and support units, military supplies, and items of outsized equipment. The aircraft's major deficiencies in the landing gear, wing and avionics have not prevented the aircraft from performing its basic cargo mission, but has restricted performance of its tactical mission.

Of the 81 aircraft on contract, as of February 1972, 56 had been produced. The balance are currently in production. Two of the 81 aircraft were destroyed by fire in May and October of 1970. The operational aircraft are assigned to four Air Force bases—Charleston, Dover, Altus and Travis.

The C-5A has flown over 44,000 hours in test, training and cargo airlift missions. As of January 1972, the aircraft had flown 430 channel (regularly scheduled) cargo missions which involved 45,350 tons of cargo. These channel missions produced 245,172,000 ton miles of airlift.

Coming Events

In December 1971, an Air Force/industry engineering team was formed for the purpose of conducting an independent in-depth review of the aircraft's structural problems with particular emphasis on potential fatigue life. This study effort, which is expected to be completed in late 1972, will be conducted primarily at Lockheed-Georgia Company where the C-5A is being manufactured.

Relationship to Other Systems

The Air Force advised us that the acquisition of the C-5A has allowed the Air Force to phase out obsolete types of airlift aircraft from active and reserve forces and reduce the procurement of C-141 aircraft from 20 to 16 squadrons.

Studies conducted from 1961 to 1964 illustrated the cost effectiveness of the C-5A for all types of air cargo requirements.

What we found

(a) With respect to the Congressional request:

Deficiencies

A recently accepted C-5A aircraft had 196 major and minor deficiencies—47 major and 149 minor. Of the 47 major deficiencies, 14 impair the aircraft's capability to perform all or a portion of six missions. (See Chapter 2)

Responsibility

Under the June 1971 restructured contract, responsibility for correction of the deficiencies rests with Lockheed on a cost reimbursable basis without fee on the premise that the fixed loss of $200 million therein settled Lockheed's liability for these as well as other problems. (See Chapter 2)

Cost

Based on a cost study performed by the System Program Office (SPO) in July 1971, the cost to correct the deficiencies was estimated to be about $164 million. This Air Force estimate, which was based upon numerous assumptions and conditions, was scheduled to be updated in February 1972 due to events which occurred since July 1971.

(b) With respect to aircraft performance:

Operation of the aircraft was limited by the Air Force to 80 percent of design requirements, in accordance with normal procedures until completion of the 100 percent flight demonstration. (See Chapter 3)

Operation of the aircraft continues under the 80 percent limitation primarily due to major failures which occurred in the nonflying wing/fuselage test articles. (See Chapter 3)

Major technical problems have been encountered, particularly with the wing, pylon, landing gear and avionics. (See Chapters 2 and 3)

One group of 12 aircraft experienced 36.34 maintenance man-hours per flight hour, compared to the specification rate of 17.65. (See Chapter 3)

On the average, the above aircraft were operationally ready 47 percent of the time compared to the specification objective of 75 percent. (See Chapter 3)

A résumé of the State Strength Capability of the C-5A follows.

	Load factor	Payload	Gross weight
Original design requirements	2.5G	220,000	728,000
	2.25G	265,000	764,500
Current restrictions	2.0G	174,000	712,500
AF estimated capability [1]	2.5G	185,000	728,000
(As of February 1972)	2.25G	230,000	764,500

[1] The estimated capability is contingent upon incorporation of the Lift Distribution Control System (LDCS).

Final determination of aircraft's capability must await completion of system flight testing in 1973.

(c) With respect to program milestones:

Delivery of the first operational aircraft was in December 1969, six months after the originally scheduled date of June 1969. (See Chapter 3)

Initial Operational Capability occurred in September 1970, nine months after the originally scheduled date of December 1969. (See Chapter 3)

Delivery of the 81st (last) production aircraft is scheduled for May 1973, 10 months after the originally scheduled date of July 1972. This slippage was caused by a change in the production rate from 3 to 2 per month and a strike at a major subcontractor's plant. Initially, 120 aircraft were to be procured and delivered by April 1972. (See Chapter 3)

(d) With respect to cost:

Total estimated costs have increased from $3,423.0 million for 120 aircraft estimated in October 1964 to $4,455.2 million for 81 aircraft as of June 30, 1971. The June 30, 1971, SAR also identified additional procurement of $326.3 million for such items as modifications and replenishment spares. (See Chapter 3)

The estimated unit cost has increased from the October 1964 estimate of $28.0 million to the June 30, 1971, estimate of $55.0 million. (See Chapter 3)

The foregoing cost estimates do not include the $200 million loss to be absorbed by the Lockheed Corporation.

(e) With respect to the SAR:

The SAR for the C-5A continues to be deficient by not including data on system reliability, cost per ton mile and productivity indexes based on speed, cargo carrying capability and utilization. We also reported on this matter in our previous C-5A staff studies dated February 1970 and March 1971. (See Chapter 3)

Our review of the C-5A SAR disclosed that it does not reflect an accurate picture of the C-5A performance status, in that:

(1) stated performance which is not based on actual hardware demonstration is not so noted;

(2) deficiencies in the landing gear and wing are not discussed; and

(3) continuation of the 80 percent operational restriction is not noted. (See Chapter 3)

(f) With respect to testing:

The acquisition strategy employed by the Air Force for the C-5A called for concurrency of development and production. Therefore, deficiencies properly discovered through testing are now being discovered while the aircraft is in full-scale production. Correction of such deficiencies are resulting in costly modifications or fixes. (See Chapter 4)

(g) With respect to progress payments:

The subject of progress payments is still under review.

Agency review

A draft of this staff study was reviewed by Air Force Officials associated with management of this program and comments were coordinated at the Headquarters level. The Air Force's comments are incorporated as appropriate. As far as we know, there are no residual differences in fact.

Matters for consideration

Close surveillance should continue over the C-5A program, particularly in the area of technical deficiencies that, if not corrected, may impair the operating mission capabilities of the aircraft.

There are also indications that aircraft reliability and maintainability may emerge as major problem areas.

The Congress may wish to inquire into the validity and status of the aircraft's mission requirements, with particular emphasis on the landing and taking off from unprepared surfaces and contour terrain following requirements.

CHAPTER 1: INTRODUCTION

The Lockheed-Georgia Company, a division of the Lockheed Aircraft Corporation, is located at Marietta, Georgia, and is responsible under its contract for building the C-5A airframe and managing the overall system. The General Electric Company, Evendale, Ohio, under a separate contract, is responsible for manufacturing the engines.

Since the Secretary of Defense committed the C-5A system to development and production in 1965, the Air Force Systems Command (AFSC), through the C-5A Systems Program

Office (SPO), has had primary responsibility for management of the system acquisition.

Effective June 1971, the contract for the system acquisition was converted from fixed-price-incentive to cost-reimbursable. With the conversion, Lockheed agreed to accept a loss of $200 million under the contract.

Since our last staff study of the C–5A aircraft, which was issued in March 1971, (B–163058), the General Accounting Office has released the following reports pertaining to the C–5A program.

Financial capability of Lockheed Aircraft Corporation to produce M–5A Aircraft, B–169300, dated April 12, 1971.

Audit of payments from Special Fund to Lockheed Aircraft Corporation for C–5A Aircraft Program during period endin, June 30, 1971, B–162578, dated August 9, 1971.

Audit of payments from Special Fund to Lockheed Aircraft Corporation for C–5A Aircraft Program during the quarter ended September 30, 1971, B–162578, dated November 17, 1971.

Audit of payments from Special Bank Account to Lockheed Aircraft Corporation for the C–5A Aircraft Program during the quarter ended December 31, 1971, B–162578, dated February 18, 1972.

The above reports relate to Lockheed's financial problems with the C–5A program; a special contingency fund and fiscal constraints imposed by Public Law 91–441; and the results of our audit of payments from the fund.

Scope of review

To provide the Congress with information on the current condition of the C–5A aircraft, we reviewed the status of 15 operational aircraft accepted during the time period of February through August 1971 from Lockheed from the standpoint of deficiencies that would impair operating effectiveness.

We determined the status of the testing program for the C–5A by comparing test plans with reports of actual tests conducted. We also examine selected test reports where major failures occurred.

For the third year we reviewed the program's June 30 SAR to determine improvements made and to identify remaining shortcomings in its preparation. We also examined the reasons for major changes in C–5A cost, schedule, or performance since the June 30, 1970, SAR.

Information on the C–5A was obtained by reviewing plans, reports, correspondence and other records, and by interviewing officials at the Lockheed-Georgia Company plant located in Marietta, Georgia, the SPO, intermediate and higher commands of the Department of the Air Force and the Office of the Secretary of Defense.

We evaluated management policies and the procedures and controls related to the decisionmaking process, but we did not make detailed analyses or audits of the basic data supporting program documents. We made no attempt to assess military threat or technology, develop technological approaches, or involve ourselves in decisions while they were being made. We also did not review the C–5A engine program because of audit time constraints.

To provide the House Committee on Appropriations with information on the aircraft's deficiencies, responsibility for the deficiencies, and the costs involved in correcting the deficiencies, we made an analysis of the deficiencies reported by the Air Force on aircraft number 53. In view of the Committee's desire to have a report before additional funds are considered for this program, we are providing to the Congress without audit a summary of data given to GAO by the Air Force. This data is discussed in the following chapter.

CHAPTER 2: DEFICIENCIES IN ACCEPTED AIRCRAFT

In our March 1971 staff study, we reported on our review of the first 15 operational C–5A aircraft accepted by the Air Force. Our review disclosed that the aircraft had been accepted with an average of 130 agreed-upon and 127 unresolved deficiencies per aircraft. The aircraft's major deficiencies in the landing gear, wing and avionics did not prevent the aircraft from performing its basic cargo mission but restricted performance of the aircraft's tactical mission. These deficiencies were attributed to incomplete development and testing.

Our current review of the condition of 15 aircraft accepted by the Air Force during February through September 1971 disclosed that the aircraft are still being accepted with a number of deficiencies. These aircraft were accepted with an average of 251 deficiencies per aircraft—some major and some minor.

Since our March 1971 staff study, the following aircraft components have been corrected.

Air Turbine Motors

Air turbine motors (ATM's) drive two pumps incorporated in the C–5A hydraulic system. These pumps provide auxiliary power for hydraulic subsystems which are primarily used for operation of systems while the aircraft is on the ground.

At the time of our last report, the operation of the ATM was prohibited pending its relocation to a more accessible area of the ship due to a fire in aircraft number 11. The unit has been moved to the area of the auxiliary power unit, a more accessible and safer location. Operating restrictions no longer are imposed on the use of the ATM.

Radar Altimeter

The C–5A is equipped with two low altitude radar altimeter systems intended to provide an accurate indication of airplane altitude above the ground. They provide the primary sensing signals to the all-weather landing system which automatically flares the aircraft—changes its attitude—during an automatic landing. They are also important when used in conjunction with the terrain-following mode of the multi-mode radar for low-level missions.

In last year's staff study, we reported that this component could not be used with the all-weather landing system or the terrain-following mode of the multi-mode radar because they did not possess the required accuracy below 100 feet. Air Force officials advised us that no problems are currently being encountered with this component.

Crash Data Position Indicator Recording System

The crash data position indicator recording system records data and crew member conversations which are used in location and investigation of a crash.

At the time of our last report, this system was undergoing reliability testing following modifications designed to correct air foil, corrosion, tape jamming and water seepage problems.

Air Force officials advised us that the modifications have corrected the problem areas and the component currently is fully operational.

Special congressional request

In the House of Representatives Appropriations Committee Report No. 92–666, dated November 11, 1971, the General Accounting Office was instructed:

". . . to make a thorough investigation of the defects in this aircraft and to assign a responsibility for the defects and establish the costs involved in correcting the deficiencies."

In view of the Committee's desire to have a report before additional funds are considered for this program, we are providing to the Congress without audit the following data given to GAO by the Air Force.

Responsibility

Since the contract was restructured in June 1971, the subject of responsibility for the cause or cost of the defects is no longer an open issue. Under the restructured contract the defective items are to be corrected by Lockheed on a cost basis without fee on the premise that the fixed loss established therein settled Lockheed's liability for these as well as other problems. We therefore did not attempt to determine the responsibility for the causes of the defects.

Estimated Cost to Correct Defects

The latest information available regarding the cost of correcting deficiencies is a SPO cost study on the update requirements for the C–5A performed in July 1971. This study concluded that the total program to correct the deficiencies would cost approximately $164 million excluding the wing and pylon problems which had not yet been discovered. This estimate was based on the following assumptions:

1. The changes would be incorporated at Lockheed and at San Antonio Air Material Area (SAAMA). The work done at Lockheed would not be fee bearing. The work at SAAMA would be done in conjunction with a Depot Level Maintenance program to recognize economies in aircraft downtime and processing costs. There would be approximately equal work at both locations.

2. The changes involved were only those requiring depot incorporation. They included a known category, i.e., those which had been approved or identified but not yet approved as of June 1971, and an unknown group; i.e., a projection of additional changes which would be approved through September 1973.

3. It was assumed that there would be no additional major structural failures in the test programs.

4. It was assumed that all changes would be incorporated by late 1974.

This cost estimate covered all of the costs associated with these changes except the engineering design necessary to define the corrective action, which is part of the basic contract cost. Examples of the costs included in the study are installation of the change, fabrication of retrofit kits, planning, material, and subcontractor costs. The July 1971 study concluded that the total program to update the C–5A would cost $164 million. This was made up of $90.5 million for those known changes identified through June 1971 and $73.5 million for additional unknown changes which might be identified by September 1973. The expenditures for these changes were projected to occur in the following time-frame.

	Millions
Fiscal year 1973 and prior	$96.6
Fiscal year 1974	52.5
Fiscal year 1975	14.9
Total	164.0

Since July 1971, events have occurred which will affect this estimate. The structural test failures, the pylon failure, the forming of an Independent Structural Review Team, the extension of the incorporation schedule to late 1975 and a different mix of incorporations between Lockheed and SAAMA are the most significant changes to the assumptions made in July 1971. A cost for these has not yet been determined.

A special cost study is now being undertaken by C–5A SPO personnel for the purpose of updating the July 1971 cost study. This effort was planned to be completed in late February 1972.

Deficiencies

As mentioned earlier in this staff study, our review of the condition of 15 recently accepted C–5A's (February through August 1971) disclosed that the aircraft were accepted with an average of 251 deficiencies per aircraft—some major and some minor.

To answer the House Appropriations Committee's request, we analyzed the Shortage and Variance Report (SHOVAR) dated No-

vember 24, 1971, on aircraft number 53. The SHOVAR is used by the Air Force to track deficiencies on the C–5A and is compiled at the time of delivery of a given aircraft. It represents a list of all items which are not on the aircraft but should be, and all items which do not meet contractual specifications. Prior to the restructure of the C–5A contract, this report was used to document the Air Force position on Lockheed's responsibility under the Correction of Deficiency clause; i.e., any item appearing on the list would be replaced or updated to specification under the contract cost-sharing arrangement or in the event of an overceiling condition the cost would be absorbed by Lockheed. Since the C–5A contract was restructured, these items are corrected by Lockheed on a cost basis without fee on the premise that the fixed loss established therein settled Lockheed's liability for these as well as other problems.

Our review of the SHOVAR for aircraft number 53 disclosed 196 deficiencies of which 47 were considered to be major defects based on the following criteria:

a. Any deficiency which precludes aircraft from fully meeting the specified mission capability for which it was procured.

b. Any deficiency which may endanger life or limb of C–5A air or ground crews or valuable property. There are no deficiencies in this category that currently result in a safety problem to the crew.

c. Any other deficiency for which the fix will increase the total estimated program cost over $1 million as agreed to by GAO and SPO officials.

The 149 minor deficiencies were not reviewed because of the low cost and lack of mission impact. However, costs for these changes are included in the July 1971 cost estimate of $164 million.

Of the major deficiencies, 14 negatively impact the C–5A's capability to perform its full mission. These deficiencies affect nine mission parameters (see Appendix II) as follows:

1. The Operations Annex (but not the basic Specific Operational Requirement) calls out a mission of 1 hour at 300 feet at between 300 and 350 knots. Aircraft which have not been updated cannot meet low level terrain following specifications for two reasons:

a. Static and fatigue test failures in the aft fuselage dictated beef-up of structure to withstand turbulence and high airspeed maneuvering loads. This applied to airspeeds above 250 knots.

b. The Multi-Mode Radar has been tested and proved at a nominal 1000 feet, with tolerances approximately 800 to 1100 feet. The requirement for an absolute 300 feet is currently under review for analysis of real worth to the mission. If the requirement is raised to about 1000 feet, the updating Multi-Mode Radar Engineering Change Proposals (ECP's) will correct all of the avionic deficiencies and permit safe terrain following.

2. The C–5A cannot currently meet maximum design payload requirements. Continuation of the 80 percent restriction limits the payload to 174,000 pounds. With the incorporation of the proposed Lift Distribution Control System, the payload limit will be increased to 185,000 pounds at 2.5 G's.

3. When the C–5 is landing on substandard runways, loose material is thrown up into the hydraulic and electrical lines running underneath the main landing gear. This has resulted in an inability to meet substandard runway requirements. A relocation of the hydraulic and electrical lines was made on test aircraft number 3 with satisfactory results. Implementation of the ECP for relocation of the lines is being deferred until the exact criteria for non-standard runway usage of the C–5A is clarified.

4. The minimum ceiling requirements of the C–5 is 250 feet. The C–5 is currently cleared to 300 feet. Tests are in progress on improved Attitude Heading Reference Units to provide confidence in lowering the minimum ceiling.

5. The turn around time requirement is directly related to the time necessary to kneel and unkneel the aircraft. The original allocation was 2 minutes each for kneel and unkneel, which left 11 minutes for unloading operations. In adverse conditions about 5 to 6 minutes were required for kneel or unkneel operations. Present consideration to go to hydraulic drives on the system reduces kneel and unkneel to approximately 3 minutes each and a requirements study to modify total time and kneeling operations times is underway.

6. The doppler radars currently do not fully meet the specification requirements of velocity and drift angle. ECPs are now being incorporated which will permit C–5's to meet specification requirements at the lowest and highest speeds attainable.

7. The Terminal Area Navigation problems have been resolved. Instructions for correction were issued January 27, 1972, and all aircraft have been updated. This correction involved tape changes to the Inertial Doppler Navigation Equipment computer which now permits the computer to properly accept data inputs from the various fixed navigational stations such as Tactical Air Communication and Navigation System (TACAN), loran, and terminal area navigation.

8. The Internal Doppler Navigation Equipment cannot meet vertical channel requirements in Terminal Area Operations. The corrective action discussed in 6 and 7 above also solve this problem.

9. The Aerial Delivery System cannot meet all aerial drop requirements. A group of changes has been developed to incorporate fixes for malfunctions found during category II drop tests.

The following sections discuss (1) those major deficiencies which affect the aircraft's mission, (2) those major deficiencies which do not affect the aircraft's mission, and (3) those minor deficiencies not affecting mission—those deficiencies identified in last year's staff study which have not been resolved.

Major deficiencies affecting mission

Landing Gear

The C–5A is equipped with a highly complex tricycle-type landing gear which was designed to operate on unimproved as well as conventional runways; take off and land in crosswinds by changing the position of the gear; and kneel in three modes to accommodate various types of cargo operations.

The landing gear system continues to be the most troublesome system on the aircraft. For the six month period ending August 31, 1971, there were 3,327 reported landing gear failures[1] in the C–5A fleet. A total of 82,673 maintenance man-hours were required, resulting in a maintenance man-hour per flight hour (MMH/FH) of 6.19. The meantime between failure (MTBF) was four hours.

Lockheed is still testing various subsystems of the landing gear system. There have been several major changes proposed for correction of the problems; some of the most important ones are concerned with the extension/retraction function of the gear and with specific areas such as the door lock, kneel door and relay logic.

A change has been proposed to change the driving power of the kneeling system from pneumatic to hydraulic. It is anticipated that this change will solve most of the recurring problems which have been experienced with the kneeling system.

Malfunctions in extension/retraction functions of the landing gear kept performance of this system below acceptable levels. Significant engineering changes were developed to solve these problems. Simplification of functions and substitution of relay logic circuitry in place of sophisticated electronic integrated circuits in the extension/retraction function shows major improvement in performance.

The original main landing gear kneeling pins would bend under certain kneeling conditions. The pins now have been redesigned and the new ones are expected to be less susceptible to bending.

The anti-rotation braking system has been modified. The modification consisted of the replacement of a rather sophisticated electronic braking system with a relatively simple wiring system tied directly into the landing gear handle. While it is slower than the electronic system, the modified system is expected to be more trouble free, easier to maintain, and much more reliable.

Air Force officials stated that the system for rotating the landing gear could not accomplish its task because of an undersized cylinder. Air Force personnel stated that this situation now has been corrected through the use of a larger cylinder.

The operation of the cross-wind landing system no longer is restricted. A new and different computer now is utilized and the system is used for take-offs and landings with essentially full capability.

Results of these improvements will not be felt in definite reliability improvement until the majority of the aircraft are retrofitted. As of the end of 1971, 22 aircraft were retrofitted with relay logic fixes and production incorporation was made on aircraft number 58 and up. Hydraulic kneeling work is still in the test stage and no aircraft have been modified. An extensive door lock redesign, to prevent inadvertent door gapping from structural deflections at higher airspeeds and altitudes and to provide longer life of the locking system will be effective in production on aircraft number 67. Retrofit is scheduled to start in March 1972.

Landings are restricted to hard surfaces; landing on unprepared surfaces, although still included in performance specifications, are not permitted because the aircraft has not been fully tested.

Wing Problems

The wing continues to be one of the major problem areas on the C–5A. Lockheed has two articles that test the fatigue strength of the wing. The test articles had incurred 21 failures as of October 1971, while completing only 15,000 and 30,000 hours respectively of the 120,000 test hours scheduled for each. The primary fatigue test article was down for repairs 285 days during fiscal year 1971. The wing fatigue tests are scheduled to be completed in September 1974, about 2½ years behind the original schedule.

Between March 15, 1971, and October 31, 1971, Lockheed proposed over $8 million in engineering changes to the wing. This amount excludes the complete redesign of an area specified as the 120 rear and mid beam joint, as recommended by the Air Force Special Study Group. The area in question incurred a major failure during fatigue testing in November 1970.

Air Force reports show that even after the necessary repairs are incorporated in the wings, in service repair probably will be required to attain 30,000 hours service life.

The static test article incurred a major wing failure in September 1971. The failure occurred during testing of the 150 percent design load limit requirement, which was the last scheduled major test for the static article.

Air Force officials stated that the failure occurred at about 126 percent of the design load limit. Subsequently, the Air Force and contractor studied the problem concerning the cracked wing, and the Air Force decided to incorporate a Lift Distribution Control System (LDCS) in all C–5A's. The Air Force estimated the cost associated with the de-

[1] Failures represent all types of mulfunctions reported in the landing gear by the Military Airlift Command.

velopment, testing and incorporation of LDCS at $3.0 million.

Pylon Problems

In September and October 1971, cracks were discovered in the pylons of delivered aircraft. Air Force officials stated that the cracks were the result of two different problems, one design and the other quality control.

The first problem was discovered when an engine and pylon separated from aircraft number 13 as it was preparing for take-off. Subsequent investigation disclosed a break in a mount within the pylon caused the engine to separate from the aircraft. Air Force officials stated that improper design caused the break and that all of the pylons will have to be rebuilt in the area where the break occurred.

Air Force officials stated that this area of the pylon had not been tested for fatigue weakness because it had passed the static tests with no problems.

The Air Force required an inspection of all C–5A pylons as a result of the above incident. During the subsequent inspections another break was found in an area of the pylon. This break occurred in a triangular shaped fitting of the pylon. Air Force officials stated that the break was caused by stress corrosion brought on by a missing shim. The officials attributed the missing shim to poor quality control at the subcontractor's plant. As a result of this break in the pylon, all C–5A's were grounded by the Air Force until inspections could be completed of the pylon area.

The Air Force advised us that a comprehensive program of providing safe pylons through fatigue life tracking of installed pylons and replacing pylons with beefed-up pylons is in progress under top priority actions.

Multi-Mode Radar

The multi-mode radar consisted of two separate and independent radars which are used to perform several different functions on modes. The modes are weather mapping, ground mapping, contour mapping, terrain following/terrain avoidance, beacon identification and radar approach for landing with and without ground-based aids.

At the time of our review, the most current C–5A operating limitations published by the Air Force listed the terrain following/terrain avoidance, contour mapping, and radar approach modes as being not operational on aircraft in the field.

Air Force officials stated that Lockheed has completed flight tests on MMR in a more up-to-date configuration and all modes are operational and meet specifications with the exception of the terrain-following mode. Updating the system started in January 1972 and after test of updated systems, production articles are scheduled to be retrofitted beginning in November 1972. Even with updated radar equipment, however, the terrain following mode is not expected to be fully operational at the 300 foot level required by the specifications. Presently, it is being operated at a minimum level of 1,000 feet.

Air Force officials stated that a design deficiency in the radar will probably require a complete update of the equipment. They also stated that early in the program they brought this design deficiency to Lockheed's attention but no corrective action was taken. Even though other modes of the MMR are operational and are operating within specifications, the overall reliability is considered by the Air Force to be poor.

The planned update of the MMR will incorporate a number of changes, not only to the terrain-following mode, but to other operations of the radar as well. The rough estimate of costs for the equipment update currently is $13 million.

The MMR equipment discussed here, and the radar altimeter, Inertial Doppler Navigation Equipment, and Station Keeping Equipment discussed elsewhere in this study, are components of the aircraft's radar system. For the C–5A force for the six month period ending August 31, 1971, there had been 749 failures recorded for the system; the MTBF rate was 18 hours.

A total of 23,760 hours was expended in maintenance man-hours, resulting in a MMH/FH of 1.78 hours.

As of February 1972, the Air Force provided an estimated completion date of October 1974 for updating the entire C–5A force.

Inertial Doppler Navigation Equipment

The inertial doppler navigation equipment (IDNE) consists of an inertial naviation and a doppler radar system which is capable of performing its navigational role without dependence on ground aids. It provides position information by sensing the motions of the airplane and computing the changes of positions. The system combines basic navigational capability with additional computer services for processing data from and to other airplane systems equipment to assist in guidance and control functions.

In our 1971 staff study, we reported that limitations had been placed on its use until completion of flight tests by Lockheed. Our current review revealed that on operational units, IDNE computer software has been and continues to be a problem. All flight testing is complete and the accuracy of the equipment has been verified. A number of changes have been proposed and approved with delivery of revised units starting in January 1972.

Air Force officials stated that the operational specifications for the ground tracking function of the IDNE system has been relaxed somewhat, but this relaxation, or restriction, will be lifted when all proposed changes are incorporated into the system. The officials stated that the overall accuracy of the system is good, but the reliability is less than desirable. A critical shortage of doppler spares resulted in 60 percent of the 174 missions flown in August and September 1971 without an operational doppler.

As of February 1972, the Air Force advised us that updating of two of the system's major deficiencies had been completed. Updating of the remaining four major deficiencies is expected to be completed by May 1975.

Attitude and Heading Reference Unit

The C–5A aircraft is equipped with two attitude and heading reference units (AHRU's) capable of furnishing both heading and attitude information to the horizontal situation indicator, the bearing-distance-heading indicator, and attitude director indicator (ADI). Pilots rely heavily on the ADI when flying in bad weather because it indicates the attitude of the aircraft in relation to the ground.

In our March 1971 staff study, we reported that a restriction had been placed on take-offs and landings when the ceiling is less than 500 feet and one mile visibility. This restriction was due to low system reliability and malfunctioning gyros and electronic circuits.

During our current review, Lockheed officials stated that flight tests of the AHRU have been completed and it is now functioning properly. Limited modification of AHRU's in the field has resulted in improved operation and reliability. However, until all ships undergo complete modification, use of the equipment is still restricted on landings and take-offs when the ceiling is less than 500 feet and visibility is less than one mile.

For aircraft equipped with modified units, the C–5A SPO has recommended that the ceiling and visibility be changed to 300 feet and ¾ mile respectively.

As of February 1972, the Air Force had not updated any aircraft and estimated complete update of the entire C–5A force would be completed in September 1972.

Aerial Delivery System (ADS)

This system is essentially qualified. The test program in 1971 at Pope AFB, North Carolina, demonstrated the capability of the system. A few minor corrections to equipment are necessary to fully meet specified performance. A correction to the end fitting of the anchor cable to prevent chafing and failure after repeated usage is the type of fix encountered in this system.

As of February 1972, the Air Force was unable to provide an estimate as to when updating was scheduled to be initiated and completed.

Major deficiencies not affecting mission

Automatic flight control system

The automatic flight control system (AFCS) consists of four subsystems which provide automatic throttle control, assistance in moving the aileron and elevator flight control cables, stability augmentation (yaw-lateral-pitch) and automatic flight path control (autopilot). Flight path control functions, utilized by the AFCS, are displayed to the pilot for monitoring.

Our 1971 review disclosed that this component's subsystems were not operational or in the final and optimum configuration. Our current review showed that although Lockheed officials stated that developmental testing of the flight control system is complete, Air Force officials stated only a portion of the several components making up the system are actually operational.

In the operational modes of the AFCS, two problems impairing the full use of these modes were discovered and resolved. The first problem was binding in the autopilot servo which, under certain conditions, resulted in servo seizure and applied loads that would exceed the 80% operating limits. A safety supplement was issued to preclude this situation from occurring. Field and production installation of the required fix have been accomplished and the problem has been eliminated. The second problem involved altitude fluctuating and disconnects. Corrective action involved modification of electronic circuitry in the pitch computer. Production incorporation begins with aircraft number 59 and retrofit starts approximately February 1972.

The autopilot modes which had not completed development test were completed in 1971. A firm configuration has been determined and final updated production hardware delivery will begin in November 1972. A full update of this system is not anticipated until about January 1974.

Minor deficiencies not affecting mission

Malfunction detection analysis and recording system

The malfunction detection analysis and recording system (MADAR) was designed to assist flight crews and maintenance personnel in the detection and isolation of malfunctions in the aircraft. It also furnishes trend data related to subsystem degradation for use in prediction of impending failures.

Our 1971 review disclosed that the MADAR was not considered reliable and its potential had not yet been achieved. Our current review indicated that the MADAR continues to perform poorly but current tests have shown some improvement in the reliability of this equipment. After modification the equipment MTBF rate in laboratory tests increased from 87 hours to about 100 hours. However, for the six month period May through October 1971, the MTBF rate for operational aircraft in the C–5A fleet averaged only about 23 hours per ship for the MADAR system. Additional changes will be incorporated in an on-site update program beginning after December 1971.

The specifications call for a 300-hour MTBF rate for the system. Even after the total equipment update is accomplished, the best rate expected by the Air Force is 150 to 200

hours. Despite this anticipated failure to meet specifications, the specifications have not been revised to reflect the lower MTBF.

Stallimeter Subsystem

The stallimeter is used to warn the pilot of an approaching stall condition of the aircraft.

Our March 1971 staff study reported that the component was unreliable and was not being used because of computer problems. Our current review disclosed that use of the stallimeter is still restricted on operational C–5A aircraft. Lockheed flight testing of this item is complete, and operation of the test version is satisfactory. However, since this item is a part of the AFCS, its use is limited due to the overall problems experienced by that major system.

Station Keeping Equipment

The station keeping equipment is intended to allow a large number of aircraft to maintain desired separation from each other while in formation. It operates as a simultaneous range tracking and 360-degree screen display system. Time-sharing methods are utilized on a single transmitting frequency and permit as many as 59 aircraft, within range of each other, to fly in a single formation.

In our March 1971 staff study, we reported that while this component was operable, its use was limited to visual flight use. Our current review disclosed that the system is still restricted to daylight visual flight conditions. A number of proposals have been made for changes to this system. After the changes have been incorporated, the Air Force expects the system to function normally, even though it is anticipated that operational specifications will not be met. For example, on the search mode, instead of the 20 miles called for in the specifications, the equipment will operate at only 14 miles. The system in use in the Air Force has not been operated or tested with a group of C–5A's because of the cost involved in such a test. Testing by Lockheed has been largely in a laboratory environment but the results indicate that the system's operation is satisfactory.

Aerial Refueling System

An aerial refueling system has been installed on the C–5 aircraft. Use by MAC has been prohibited pending incorporations of engineering changes. Changes to the aerial refueling system will be made as programmed and full operation of the system is expected by the Air Force following correction of the deficiencies. As of the close of our review, the Air Force was unable to provide a date for completion of the corrective action.

For illustrative purposes, the following minor deficiencies were selected for the purpose of illustrating the insignificance of a large number of the 196 deficiencies reported on aircraft number 53.

1. The interphone cord length is not sufficient to allow unrestricted movement of crew members in performance of their normal duties.

2. The aircraft's lavatory doorways have a 5⅜ inch high step. Proposed corrective action is to make sills removable or markedly reduce step height.

3. The two covers for the troop compartment auxiliary refuse containers are not self-supporting in the open position.

4. Currently approved refuse containers (one 60 gallon plus two auxiliary containers) do not provide adequate capacity. Proposed corrective action is the addition of a second 60 gallon container.

CHAPTER 3: SYSTEM ACQUISITION REPORT

System cost experience

Our field work consisted of a review of the cost data shown on the June 30, 1971, Selected Acquisition Report (SAR). Therefore, the following discussion pertains to data in that report. While the total estimated cost does not include a complete estimate to correct the aircraft's deficiencies, a portion thereof is included in the current estimate.

The total estimated program cost as of the June 30, 1971, SAR was $4,455.2 million (Development $1,029.2 million, Procurement $3,608.4 million, Construction $17.6 million less Lockheed's loss of $200 million)—an acquisition unit cost of approximately $55.0 million. The agreed to loss by Lockheed Corporation is $200 million—$100 million investment loss and $100 million to be repaid to the Government in the future according to the terms of the June 1971 reconstructed contract. The SAR also identified logistic support/additional procurement costs of $326.3 million for such items as modifications and replenishment spares.

The $4,781.5 million total cost estimate for 81 aircraft as of June 30, 1971, was approximately $1359.0 million and $187.2 million higher than the October 1964 and June 30, 1970, estimates respectively. The October 1964 planning estimate (which did not include an estimate for additional procurement costs) for the total program was $3,422.5 million for 120 aircraft or about $28 million each. The June 30, 1970, SAR showed estimated costs of $4,308.6 million for 81 aircraft or a unit acquisition cost of about $53.2 million. The June 30, 1970, SAR also included logistic support/additional procurement costs of $285.7 million.

The difference of approximately $18.2 million between the June 1970 and June 1971 estimates was primarily the result of the following: $75 million due to the agreed to change in the proposed production rate from three to two aircraft per month; $47.8 million due to final negotiation of the Lockheed loss; $25.5 million due to an increase in additional procurement costs; $21.9 million due to implementation of Scientific Advisory Board recommendations; the balance of $17.0 million is due primarily to other adjustments in such areas as estimating and test support and add-ons.

Beginning with the initial SAR (March 31, 1969), the total estimated cost included $410 million for economic inflation expected to be incurred during the development/production phase (1965–1973). The $410 million is in addition to amounts included for inflation in the original contract estimates (see Appendix I). SPO officials stated that the original planning estimate was in constant 1964 dollars with no allowance included for inflation.

Air Force officials stated that the matter of inflation has been difficult to deal with and all estimates pertaining to inflation are questionable. With respect to C–5A expenditures, it is noteworthy that Air Force officials also point out that actual and projected expenditures adjusted by the OSD published rates of inflation and converted to 1964 constant dollars show that inflation could account for $692 million of the increase in program cost over the estimate made in 1964.

Subsequent to the issuance of the June 30, 1971, SAR, a strike at one of the major subcontractor plants forced the closing of the C–5A production line on September 18, 1971, for three weeks. The additional procurement cost associated with this strike is estimated by the C–5A SPO to be $6.4 million.

Funds were appropriated in the amount of $3,927.8 million for Research, Development, Test and Evaluation (RDT&E), Procurement, and Military Construction during fiscal years 1964 through 1971. During this same period the Air Force programmed $4,011.2 million for RDT&E, Procurement and Military Construction. Figure I shows the amount of funds appropriated, obligated and expended together with the current program by fiscal year. Figures II and III respectively show the RDT&E and Procurement appropriated and current program by fiscal year.

Figures IV and V show that the Air Force cost estimates for the C–5 program have increased from the $3,422.5 million (excluding additional procurement costs) planning estimate of October 1964 to the June 30, 1971, total program estimate of $4,455.2 million. The June 30, 1971, estimate also includes $326.3 million for logistic support/additional procurement costs.

The conversion of the Lockheed contract from fixed price incentive to cost reimbursement resulted in the continuing flow of payments to the contractor without which the continuation of the program by Lockheed would have been impossible. The conversion also resulted in Lockheed accepting new Air Force intensified management participation and authority over the contractor's activities in the performance of the contract. Representative areas and probable controls include, but are not limited to:

Plant activities
Program plans and status
Personnel resources
Engineering activities and
Facility resources

As of December 31, 1971, the total estimated program cost was $4,439.9 million taking into account Lockheed's loss of $200 million. The reported logistic support/additional procurement costs as of December 31, 1971, were $388.1 million.

SYSTEM SCHEDULE EXPERIENCE

The SAR's show that from June 30, 1970, to June 30, 1971, the projected delivery of the last production aircraft slipped 7 months from July 1972 to February 1973. This slip was caused by the change in the scheduled production rate from three to two aircraft a month. As of June 30, 1971, delivery of the last aircraft (81st) was estimated to be about 22 months later than originally planned. The original planning and development estimates for the C–5A, as charted on Figure VI, provided for the 81st aircraft to be delivered in July 1971 and the 120th aircraft to be delivered in April 1972.

A strike at one of Lockheed's major subcontractor plants in September and October 1971 caused a shutdown of the C–5A production line. The Air Force estimates that the 10-week subcontractor strike caused a rescheduling of aircraft production and now the last aircraft is scheduled for delivery in May 1973—a slip of two additional months.

System performance experience

Operation of the aircraft was limited by the Air Force to 80 percent of design requirement, in accordance with normal procedures until completion of the 100 percent flight demonstration. These flights tests were originally due to be completed in November 1969. However, this limitation has continued in effect primarily due to major failures which occurred in the non-flying wing/fuselage test articles which have delayed the 100 percent flight demonstration. Other major technical problems have also been encountered in the landing gear and avionics which are discussed elsewhere in this staff study.

We noted that reporting of the specification compliance for landing distance in a support area was not based on actual hardware demonstration. The original specification for C–5A landing distance was 4,000 feet in a support area on an unprepared surface. However, difficulty was encountered in controlling test conditions in such an environment. Therefore, the specification was adjusted by the Air Force to an equivalent requirement for dry concrete runways—3,125—and tests were conducted and performance measured on that basis. That raises the question as to whether the requirement for landing and taking off from an unprepared surface is still a valid requirement.

Our review disclosed that for the 8-month period ending August 31, 1971, 12 aircraft (average) assigned to the Charleston Air Force Base, experienced a total of 36.34 maintenance man-hours per flight hour which is in excess of the specification rate of 17.65.

Our review also disclosed that for the 9-month period ending September 30, 1971, the average operationally ready rate for the same aircraft was approximately 47 percent as compared to the specification objectives of 75 percent.

The monthly maintenance man-hours and operationally ready rates for C–5A's at Charleston are shown on Figures VII and VIII respectively. Figures IX and X show the maintainability and reliability rates for the entire C–5A fleet during the 6-month period ending August 31, 1971.

Selected acquisition reporting

The SAR is intended to be an accurate presentation of the status of the weapon system being reported using common baselines, technical data, schedule, and cost information. In our previous staff studies to the Congress dated February 1970 and March 1971, we stated that we believed the SAR's usefulness for this system is severely limited without disclosure of complete mission profile data and the aircraft's technical problems. The data provided in the C–5A SAR is in accordance with the DOD Instruction.

The June 30, 1971, SAR for this program still does not reflect the major operational and technical characteristics, i.e., range at specific payloads, germane to a cargo-type aircraft. While a considerable amount of detailed information on the program may be provided to Congressional members periodically through briefings, we believe that information pertaining to the aircraft's logistic capability should be addressed in the SAR.

Although we do not agree with the selection of the performance characteristics stub items cited in the SAR, we believe that the SAR should reflect a clear and precise status of the system's capability to fulfill those performance characteristics. For example, the C–5A SAR does not include any data on system reliability, cost per ton mile, and productivity index based on speed, cargo carrying capability and utilization. We found further, that the reported performance was not actually accomplished in compliance with the specification performance (mission guarantees). The reported performance was based on a combination of actual flight test data and extrapolations thereof, in accordance with Air Force procedure, rather than actual hardware demonstration flights.

We believe that when reported performance is not based on actual hardware demonstration, the basis used should be clearly noted for each characteristic.

We also believe that the technical section of the SAR should disclose the impact of the aircraft's deficiencies (such as the landing gear and wing deficiencies and the 80 percent limitations) on its ability to perform its basic missions.

CHAPTER 4: TESTING

Introduction

The successful fielding of any weapon system requires an orderly, phased progression of test and evaluation. The three basic types of testing—engineering, acceptance and operational suitability—can provide management with the necessary vital information needed to ensure the successful evaluation and subsequent fielding of the system.

Incorporated in any comprehensive test program is the need to follow a sequential testing program. In this process, the following steps must be performed:

1. Formulate test objectives to satisfy the mission objectives of the weapon.
2. Develop test plans to accomplish the test objectives.
3. Implement testing based on test plans.
4. Evaluate test results and prepare test reports.
5. Use test results when making key management decisions.

The real pay-off in a testing program is the proper assessment of the risk and delivery of the test results to the decision-maker at decision points in the acquisition process.

The acquisition strategy employed by the AF at the time that the test plan was established called for concurrency of development and production. Therefore, engineering testing (static and fatigue) would be conducted during production. Acceptance and operational suitability testing could not be performed prior to full-scale production. Under this type of strategy test results and reports thereof could not possibly be made available to program managers prior to key decision points.

In addition, test schedules have slipped to the point where all 81 aircraft will be completed or in production assembly before completion of the testing program. The delays in identifying deficiencies through the testing program has resulted in the production of aircraft with faults such as structural defects, and inoperable and unreliable subsystems.

A discussion of objectives one through three follows.

Development of test objectives

The establishment of testing objectives early in the acquisition program is an important aspect of testing in that it provides the framework to measure a system's capability to meet its mission requirements.

The C–5A Specific Operational Requirement initially provided two missions. The basic mission was to carry 100,000 pounds for 5,500 nautical miles while the alternate mission was to carry 265,000 pounds for 2,500 nautical miles. After completion of the aircraft's parametric studies, the number of missions was increased to five which were included in the original Request for Proposal (RFP).

By September 1965, the five missions defined in the RFP were further defined into 15 mission profiles (see Appendix II) in the specifications as the basis for structural life design based upon anticipated usage.

Development of test plans and means of assuring they would accomplish test objectives

Lockheed, as the system contractor, was required to prepare and submit to the Air Force for approval plans and procedures by which it would demonstrate the capability of the C–5A to accomplish the operational requirements. The contractor's original test plans were dated April 1965 and revised September 9, 1965, prior to contract award on October 1, 1965.

As a means of assuring the contractor would accomplish the test objectives, the Request for Proposal required the contractor to establish and explain the standards, tests, associated analyses, and other means that would constitute adequate proof, on completion of the development phase, that an acceptable level of performance, including all military effectiveness factors, could be achieved by the system in operational use. The request for proposal also specified that the types of tests would include but not be limited to the following:

Wind tunnel
Static
Fatigue
Drop
Design and development
Integration
Qualification
Reliability and safety
Maintainability
Flight

Lockheed's test plan showed that many of the tests to be performed on the C–5A were based on those made on the C–141, and that the nucleus of the management personnel assigned had extensive experience in testing cargo-type aircraft.

One major deficiency in the contractor's test plans was an inadequate allowance for contingencies to provide for failures which experience on other aircraft had shown were bound to occur. The test schedules were predicated on minimal problems during testing. This was recognized early in the program, but it was questionable as to whether the test schedules and test periods were enforceable because of the disengagement concept stressed under the TPP concept.

As late as February 1970, the contractor's test schedules showed completion of required static tests by August 1970. At that time the aircraft was to be released for 100 percent flight demonstration, however, test schedules still did not adequately allow for unexpected delays and possible failures. Program status charts as of February 1971, showed the 100 percent flight demonstration release date as being about August 1971. A major test failure in September 1971 has further delayed the 100 percent flight demonstration. As of January 18, 1972, the scheduled period for that testing had been set for March 10 to April 14, 1972.

However, at the completion of this test period, three components will not have been completely tested because the respective update production hardware is not available for testing. The three components are as follows:

Automatic flight control system
Multimode radar
Flight director

Air Force officials stated that production hardware should be available during 1972 and testing should be completed in June 1972. In addition, the wing and pylons have not been fully tested due to recent problems experienced by these systems.

Air Force officials also stated no further testing will be made of the aircraft's support area landing and take off capabilities—although the tests had not been completed. Some prior support area landing tests had caused damage to the test aircraft. Therefore, the Air Force has suspended the conduct of this type of testing.

Air Force officials stated that the aircraft will not be restricted from using unprepared surfaces, but that the lack of full and complete quantitative data for flight operations in such circumstances will tend to discourage its use.

Tests not accomplished in the time frame prescribed in test plans

Test plans and schedules stressed early disclosure of operational and engineering deficiencies in order that changes could be incorporated before significant production build-up. However, there have been significant schedule slippages in the test program and the testing has not been completed as originally anticipated.

Our comparison of the test schedules in effect at the date of contract award, October 1965, with the most recent (December 1971) projected completion dates for these tests disclosed the following:

Tests	Original test completion date	Current test completion date	Months slippage
Aerodynamic model tests	Nov. 1967	Oct. 1968	1
Category I:			
Static tests	Mar. 1970	Mar. 1972	24
Fatigue tests	Feb. 1972	Oct. 1975	43
Flight tests	July 1970	Apr. 1972	21
Category II: Flight tests	do	do	21
Category III: Flight tests (user tests)	Nov. 1971	Mar. 1973	16

Under the original test and production schedules, the first 67 of the original 120 aircraft were to be placed in production prior to completion of Category I and II testing (excluding fatigue testing) and any additional aircraft were to have been placed in production assembly after completion of testing. However, since test completion dates have slipped from 12 to 43 months, all 81 C–5A's will be in production assembly and

about 55 will be completed by the time all tests (except fatigue) are completed. Thus, final test results will not be available before completion of production line aircraft, and resultant changes will have to be incorporated after production is completed.

As a result of testing delays, delivered aircraft are required to return to Lockheed for incorporation of engineering changes, as early as 3 months from the original acceptance date. Air Force officials stated that the updating of aircraft probably will continue for 3 to 5 years, with each aircraft requiring four or five updates. Air Force officials estimated the total cost of correcting those deficiencies, which are estimated to be identified through 1973, would be $164 million as discussed in Chapter 2 of this study. However, a total estimate to complete the update program has not been made.

APPENDIX I

ALLOWANCES FOR INFLATION IN PROGRAM ACQUISITION COST ESTIMATES

Planning estimate	Development estimate	Cost changes due to		Current estimate
		Quantity	Other	
$0[1]	$?[2]	$?[3]	$?[3]	$410,500,000.[4]
$0[1] percent.	?[2]	?[3]	? percent.[3]	9.8 percent.[5]

[1] Planning estimate was in constant 1964 dollars with no allowance included for inflation.

[2] Development estimate included amounts for inflation. However, the methods used to calculate the percentage and dollars were of a nature that the figures were not readily identifiable.

[3] Cost changes due to quantity or other changes have never been computed and, in our opinion, a reasonable assessment of these changes could not be made.

[4] The Air Force estimated inflation for 81 aircraft ($410,500,000) by reducing its estimate of inflation for 120 aircraft ($500,000,000) based on a percentage factor.

[5] Inflationary allowance percentage of current program acquisition cost estimate.

APPENDIX II. RÉSUMÉ OF AIRCRAFT'S 15 FATIGUE SPECTRUM MISSIONS

In order to provide the reader with an idea of some of the missions for this aircraft, the following fatigue spectrum missions (15) are discussed below together with the impact of the appropriate deficiencies. The 15 missions do not necessarily include all those missions which the aircraft may be required to meet—for example, wartime emergency requirement to carry a payload of up to 265,000 pounds.

Figures indicate areas of mission deficiencies [1]

1. Local training flights, None.
Range: 868 nautical miles.
Fuel Wt.: 128,000 lbs.
Cargo Wt.: None.
Speed: Traffic pattern to M 0.625.
Altitudes: 0 to 35,000 ft.
Runway: Standard.
Other: 10 touch and go landings, 2 full stops, no turn around (In remaining missions, assume 1 full stop landing unless otherwise specified).

2. Joint and Single Service Airborne Training; 1, 6, 7, 8, 9.
Range: 405 nautical miles.
Fuel Wt.: 85,000 lbs.
Cargo Wt.: 20,000 lbs., airdropped by air delivery system.
Speed: 0 to M 0.531.
Altitudes: 0 to 1,000 ft. (low level).
Runways: Standard.
Other: Requires computed approach to dropzone—Computed Air Release Point (CARP) and terrain following. One touch and go, one full stop landing.

3. Low level and Formation Training: 1, 6, 7, 8.
Range: 624 nautical miles.
Fuel Wt.: 98,000 lbs.
Cargo Wt.: 0.
Speed: 0 to M 0.531.
Altitudes: 0 to 1,000 ft. (low level).
Runways: Standard.
Other: CARP, Station Keeping Equipment and terrain following.

4. Route Familiarization, None.
Range: 2,352 nautical miles
Fuel Wt.: 207,700 lbs.
Cargo Wt.: 50,000 lbs.
Speed: 0 to M 0.767
Altitudes: 0 to 38,900 ft.
Runways: Standard
Other: Three low approaches, 5 touch and go, 1 full stop landing

5. Functional Flight Test, None.
Range: 344 nautical miles
Fuel Wt.: 52,500 lbs.
Cargo Wt.: 0
Speed: 0 to M 0.767
Altitudes: 0 to 44,800 ft.
Runways: Standard
Other: Speed and altitude maximums varied as to type of functional test being made

6. Long Range Logistics, None.
Range: 4,618 nautical miles
Fuel Wt.: 286,700 lbs.
Cargo Wt.: 90,000 lbs.
Speed: 0 to M 0.767
Altitudes: 0 to 38,500 ft.
Runways: Standard

7. Short Range Logistics, 2.
Range: 2,362 nautical miles
Fuel Wt.: 194,600 lbs.
Cargo Wt.: 190,000 lbs.
Speed: 0 to M 0.761
Altitudes: 0 to 34,100 ft.
Runways: Standard

8. Special Assignment Airlift Mission, 2. (Short Range)
Range: 924 nautical miles
Fuel Wt.: 96,800 lbs.
Cargo Wt.: 200,000 lbs.
Speed: 0 to M 0.762
Altitudes: 0 to 34,500 ft.
Runways: Standard

9. Special Assignment Airlift Mission, None. (Medium Range)
Range: 1,499 nautical miles
Fuel Wt.: 108,000 lbs.
Cargo Wt.: 100,000 lbs.
Speed: 0 to M 0.767
Altitudes: 0 to 39,600 ft.
Runways: Standard

10. Special Assignment Airlift Mission, None.
(Long Range)
Range: 3,431 nautical miles
Fuel Wt.: 288,100 lbs.
Cargo Wt.: 25,000 lbs.
Speed: 0 to M 0.767
Altitudes: 0 to 38,000 ft.
Runways: Standard

11. Special Assignment Airlift Mission, None.
(Long Range)
Range: 3,431 nautical miles
Fuel Wt.: 223,100 lbs.
Cargo Wt.: 90,000 lbs.
Speed: 0 to M 0.767
Altitudes: 0 to 38,000 ft.
Runways: Standard

12. Special Assignment Airlift Mission, None.
(Long Range)
Range: 3,431 nautical miles
Fuel Wt.: 213,100 lbs.
Cargo Wt.: 100,000 lbs.
Speed: 0 to M 0.767
Altitudes: 0 to 38,000 ft.
Runways: Standard

13. Joint Exercise (Overseas) consists of 1, 3, 4, 5, 6, 7, 8, 4 legs totaling 41.3 hours flying time
LEG 1—Deployment
Range: 4,912 nautical miles
Fuel Wt.: 282,600 lbs.
Cargo Wt.: 95,000 lbs.
Speed: 0 to M 0.767
Altitudes: 0 to 38,400 ft.
Runways: Take-off standard, landing substandard
Other: Short turn around required
LEG 2.—In-Theatre Support
Range: 2,788 nautical miles
Fuel Wt.: 73,700 lbs. at take-off, air fuel to 149,300 lbs.
Cargo Wt.: 95,000 lbs.
Speed: 0 to M 0.767
Altitudes: 0 to 39,800 ft. (low level 500 ft. approach 250 ft.)
Runways: Take-off and landing—substandard
Other: Low level cruise, terrain following, aerial refueling, rapid turn around
LEG 3.—In-Theatre Support (Recovery)
Range: 2,731 nautical miles
Fuel Wt.: 64,900 lbs. at take-off, air refuel to 107,300 lbs.
Cargo Wt.: 0
Speed: 0 to M 0.767
Altitudes: 0 to 45,300 ft. (low level, 48 min. at 500 ft.)
Runways: Take-off substandard, landing standard
Other: Terrain following
LEG 4.—Redeployment—Return to Continental United States (CONUS)
Range: 7,159 nautical miles
Fuel Wt.: 67,000 lbs. take-off, 2 air refueling to 251,400 lbs.
Cargo Wt.: 0
Speed: 0 to M 0.767
Altitudes: 0 to 44,800 ft.
Runways: Standard

14.—Joint exercise (CONUS), 1, 3, 5, 6, 7, 8
Range: 2,445 nautical miles
Fuel Wt.: 173,600 lbs.
Cargo Wt.: 95,000 lbs.
Speed: 0 to M 0.767
Altitudes: 0 to 2/3,900 (low level, 34 min. at 500 ft.)
Runways: Take-off standard, landing and 1 take-off substandard, final landing standard
Other: Rapid turn around, terrain following, Station Keeping Equipment

15.—Miscellaneous, None
Range: 628 nautical miles
Fuel Wt.: 80,000 lbs.
Cargo Wt.: 0
Speed: 0 to M 0.767
Altitudes: 0 to 43,800 ft.
Runways: Standard

APPENDIX II.—DESCRIPTION OF MISSION IMPACT OF MAJOR DEFICIENCIES

1. Cannot currently meet contour flying requirements.

2. Cannot currently meet maximum payload requirements. Limited to 174,000 lbs. With incorporation of LDCS, payload limit will be 190,000 lbs.

3. Cannot currently meet substandard runway requirements.

4. Cannot currently meet minimum altitude requirements. Cleared to 300 feet. Mission requires 250 feet.

5. Cannot currently meet 15 minute turn around time required.

6. Doppler cannot currently meet specification requirements in terminal areas.

7. IDNE cannot currently meet terminal navigation requirements.

8. IDNE cannot meet vertical channel requirements in terminal area operations.

9. Aerial delivery system cannot meet all aerial drop requirements.

Mach number is defined as the ratio of the speed of the aircraft to the speed of sound.

Mach 1 under standard conditions, at sea level, is 760 miles per hour.

The speed of sound changes with altitude so Mach 1 at 36,000 ft. is equivalent to 660 miles per hour.

[1] Description of mission deficiencies are found on page 5 of Appendix II.

EVALUATION OF WATER RESOURCE PROJECTS

Mr. PEARSON. Mr. President, the senate of the State of Kansas adopted on March 20 a resolution to memorialize the Water Resources Council, the Federal interagency body which has proposed far-reaching changes in the criteria for evaluating water resource projects.

At the request of the president of the Kansas Senate, I submit for the attention of the Senate the following document stating the concerns of that body for the substantial reduction of flood control and water supply benefits which would result if the proposed criteria are adopted as written. In particular, Mr. President, this document makes reference to the small watershed program authorized under Public Law 566, legislation adopted by Congress when Representative Clifford Hope of Kansas served as chairman of the House Agriculture Committee.

I would like to give my support to the request contained in this resolution. And I would like to call to the attention of the Senate the fact that small watersheds remain a key to the control of soil erosion and flooding of agricultural lands. The intent of Congress is that these watersheds should be constructed as a benefit to the agricultural sector of our economy, and their funding requirements should be weighed with this intent well in mind. This is the thrust of the resolution, and I commend it to the Senate.

I ask unanimous consent that it be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

HOUSE RESOLUTION NO. 1083

A Resolution memorializing the federal water resources council of the office of management and budget to maintain or decrease the federal interest rate used in the formula for computing cost-benefit ratios for water resource development projects

Whereas, The state of Kansas has been recognized as one of the leading states in watershed development since the inception of public law 566; and

Whereas, Water resource development under this program has proved to be highly beneficial in reducing flood damage, enhancing wildlife habitat, improving environmental quality, providing needed recreational facilities, abating stream and river pollution, and improving the economic stability of the state; and

Whereas, The state of Kansas is presently actively pursuing rural development through resource conservation and development projects; and

Whereas, Any substantial increase in the interest or discount rate as used in determining economic feasibility would make structural works of improvement difficult or impossible to justify: Now, therefore,

Be it resolved by the House of Representatives of the State of Kansas: That we hereby petition the federal water resources council of the office of management and budget to maintain or decrease the federal interest rate used in the formula for computing cost-benefit ratios for water resource development projects.

Be it further resolved: That planning assistance be continued or accelerated on all water resource development projects currently authorized for planning, and that no restrictions or time limits be established for completion of such planning operations; and

Be it further resolved: That the chief clerk of the house be directed to send enrolled copies of this resolution to the Federal Water Resources Council, 2120 L Street Northwest, Washington, D.C. and to each member of the Congressional delegation from the State of Kansas.

ADAM CLAYTON POWELL, JR.

Mr. BROOKE. Mr. President, it was with deep regret that I learned of the death of former Representative Adam Clayton Powell, Jr., of New York.

I believe that Adam Clayton Powell should be recognized for the positive impact he made upon the Nation.

For 26 years, Adam Clayton Powell, Jr., served in the Congress of the United States. In his prime he was the outstanding black political leader in the Nation. During the 1940's and into the 1950's his was one of the few voices heard from the black community in behalf of equal rights for all Americans. As a member, and later chairman of the House Education and Labor Committee, he fought for civil liberties, for education, and for job opportunities. He was a major contributor to the passage of the war on poverty legislation, to the adoption of manpower training programs and aid to colleges and libraries.

Adam Clayton Powell made a rich contribution to the welfare of the American people and the advancement of human rights. It is fitting that the Nation recognize these contributions and express our appreciation for them.

IDAHO SENATE URGES HUMAN RIGHTS FOR BASQUES AND SPANIARDS IN SPAIN

Mr. CHURCH. Mr. President, during the second regular session of the 41st Legislature of the State of Idaho, a Senate joint memorial was passed urging the Government of Spain to extend the principles of the universal declaration of human rights of man, as recognized by the United Nations, to all Basques and Spaniards and to allow general amnesty for all Basques and Spaniards now imprisoned or exiled for reasons of their political and social activities. I wholeheartedly support this statement, and am pleased to share it with the Senate. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the memorial was ordered to be printed in the RECORD, as follows:

SENATE JOINT MEMORIAL NO. 115

A joint memorial to the President of the United States, the Secretary of State of the United States, the President of the Senate and the Speaker of the House of Representatives of the United States in Congress assembled, the Senators and Representatives representing this State in Congress, the Governors of the fifty States, and the Basque Government in exile in France.

We, your Memorialists, the Senate and House of Representatives of the state of Idaho assembled in the Second Regular Session of the Forty-first Idaho Legislature, do hereby respectfully represent that:

Whereas, the history and traditions of this nation rest upon the principles of freedom from oppression and the rights of all citizens to life, liberty and the pursuit of happiness; and

Whereas, we believe that democracy and freedom, when denied in one country stand threatened everywhere; therefore, it is our responsibility to bring to the attention of the people of the United States, and, we hope, to the people of the entire world that these very freedoms of the Basque people are threatened under the Franco regime in Spain today; and

Whereas, the Basque people have a long and glorious history of personal accomplishment and a devotion to the preservation of their national heritage; and

Whereas, the sole aim of the Basques, since human time began, has been to bar the world's wars, tribal, racial, religious, imperialistic or civil, from the tiny green mountain land which was their own before history began; and

Whereas, no other country in the world holds the traditions of its forefathers so sacred as Euzkadi, as the Basques call their homeland; and

Whereas, the Basques have been denied the right to learn their own language, have been jailed, and have been denied their human rights by the Franco regime and are virtually threatened in their continued existence; and

Whereas, the state of Idaho is known as the North American center of the Basque population; and

Whereas, the Basques of North America have carried the traditions of their forefathers as honest and self-reliant peoples, possessing the basic elements of democracy, humanity, charity and mercy; and

Whereas, the Basques of North America feel first they are Americans, and as such they feel for America as the Basques of Euzkadi felt for their country, which is: Gu Amerikarentzat eta America, Jaungeikoarentzat, which means: We are for America, and America is for God.

Whereas, in World War II thousands of American lives were lost in a war which was precipitated from the Spanish Civil War, a war of genocide of the Basques, by the three dictators, Franco, Mussolini and Hitler; and

Whereas, the Basques, who once enjoyed the oldest democratic republic in Europe, fought for the allies in World War II; and

Whereas, over 2.4 billion dollars in aid has been given to Franco Spain for economic and military assistance since 1946 by the government of the United States.

Now, Therefore, Be It Resolved by the Legislature of the state of Idaho that we voice our strong belief that as a nation we should reward our friends and not our enemies, and we deplore any free and democratic nation providing assistance to a ruthless, totalitarian government, directly or indirectly.

Be It Further Resolved that we urge all steps be taken to cause the Spanish government to cease and desist the denial of the Universal Declaration of Human Rights of Man and insist that total general amnesty for all Basques and Spaniards now imprisoned or exiled for their political and social activities be extended by the Franco government.

Be It Further Resolved that if such steps are not carried out, the President of the United States, the Secretary of State, and the Congress of the United States take all necessary steps to withdraw all foreign aid or benefits to the Spanish dictatorship.

Be It Further Resolved that the Secretary of the Senate be, and he is hereby authorized and directed to forward copies of this Memorial to the President of the United States, the Secretary of State of the United States, the President of the Senate and the Speaker of the House of Representatives of Congress, the Senators and Representatives

representing the state of Idaho in the Congress of the United States, the Governors of the fifty states of the United States, and to the Basque government in exile in France.

SPECIALLY ADAPTED HOUSING FOR TOTALLY DISABLED VETERANS

Mr. TOWER. Mr. President, I am pleased to join with the Senator from South Carolina (Mr. THURMOND) as a cosponsor of S. 3343. This legislation would increase the maximum grant level payable to certain totally disabled veterans for specially adapted housing.

The grant program for specially adapted housing was created to assist totally disabled veterans obtain a suitable housing unit. Suitable housing, for these individuals, means a housing unit with special fixtures and facilities to accommodate the veteran's disabilities. Most of us bound up and down stairs, pausing occasionally to catch our breath. A totally disabled veterans finds stairs a physical impossibility. He needs ramps for his wheelchair. Most of us pass through a door without a thought as to whether or not we will fit. A disabled veteran, however, is all too keenly aware that there are many doors that his wheelchair will not fit through. These are but some of the architectural considerations that emphasize the need for specially adapted housing.

In fiscal year 1970, some 600 housing grants were awarded to totally disabled veterans. Many veterans, although eligible for the program, were not able to participate. When the entire Nation is facing a shortage of adequate housing, the handicapped veteran finds it even more difficult to find builders willing to construct a housing unit with special adaptations.

Furthermore, the housing industry, in order to alleviate the Nation's housing shortage, has increasingly utilized prefabricated units and fixtures. The needs of the disabled veteran vary from the standard, and custom homes are costly. Finally, the disabled veteran is acutely aware of the inflation of the land and housing markets.

The present maximum limit for grants to the veteran is $12,500 and the grant cannot be more than 50 percent of the total cost. Because the size of the grant is not adequate to meet the costs of specially adapted housing, the program has been severely restricted. By raising the maximum limit to $20,000, as S. 3343 would authorize, the grant program becomes a more realistic means of assisting the disabled veteran to obtain adapted housing. I urge the Senate Committee on Veterans' Affairs to give this legislation immediate consideration.

GENOCIDE: CLOSE AT HAND

Mr. PROXMIRE. Mr. President, my position in favor of ratification of the treaty for the prevention and punishment of genocide is well known. Since that treaty was penned nearly a quarter of a century ago, some critics feel that it has become an anachronism in the 1970's. In their view, genocide is a nightmare of the past, and with the defeat of Nazi Germany our fears should be assuaged.

I wish that this were true. All civilized men fervently hope that mankind has outgrown a violent adolescence and passed into a more mature and rationale period where dialog and reason prevail. But even the optimist must face reality. It does not take profound thought nor careful study to perceive that men throughout the world are skittering along the precipice of violence. A quick glance at press headlines for any day of the week brings bold announcements of bloodshed in Ireland, the Middle East, and the Asian subcontinent. In these struggles for religious and national survival, violence and brutality have become unwanted companions in the crusade.

This recognition is not the result of fatalism but, rather, realism. The wars that pitted Protestant against Catholic, Jew against Arab, Moslem against Hindu in the year 972 are no less real 1,000 years later. Ours is still a violent world. To ignore that fact, or to hide in fear of it, serves less than no purpose at all. Today, more than ever before, we must search for common ground to build a peaceful world community upon the foundation of international understanding. Creation of the United Nations was a beginning, but our news journals make clear that the task is far from completed. The ratification of the genocide treaty is an important building block in structuring world order.

RESIDENCY REQUIREMENTS FOR RECIPIENTS OF PUBLIC WELFARE

Mr. GOLDWATER. Mr. President, President Nixon has recently referred to the Nation's public welfare program as a mess and proposed legislation to do something about it.

Without going into detail on the administration's proposals I should like to point out that one of the large problems confronting the Nation's 50 States is the whole question of residency requirements for recipients of public welfare benefits. Recently, the Arizona State Legislature in a senate concurrent resolution urged Congress to adopt an amendment to the Constitution of the United States which would permit each State to establish its own residency requirements for public welfare assistance. Therefore, I ask unanimous consent that Arizona Senate Concurrent Resolution 1002 be printed in the RECORD.

There being no objection, the concurrent resolution was ordered to be printed in the RECORD, as follows:

SENATE CONCURRENT RESOLUTION 1002

A concurrent resolution urging an amendment to the Constitution of the United States permitting each State to establish residency requirements for public welfare assistance

Be it resolved by the Senate of the State of Arizona, the House of Representatives concurring:

Whereas, the Legislature of the State of Arizona many years ago enacted into law a residency requirement for receipt of public welfare benefits; and

Whereas, the Supreme Court of the United States has declared similar laws unconstitutional on the grounds in part that they violate the constitutional right of free travel; and

Whereas, there are presently many laws which condition entitlement upon residency, that is, the right to use the courts of this state, for example, divorce proceedings require residency; driver's licenses and other licenses, such as the practice of law, medicine, and other professions; voting rights are conditioned on residency, and yet the judiciary has not declared such residency requirements unconstitutional; and

Whereas, it would appear that in order to constitutionally establish a residency law for public welfare assistance, it is necessary that an amendment to the United States Constitution be enacted; and

Whereas, the Legislature of the State of Arizona believes it to be for the best interest of the people of the United States that there be an amendment to the Constitution of the United States permitting each of the states to enact a residency law for public welfare assistance; and

Whereas, the state of the economy in Arizona and elsewhere is one of severe stringency and the challenges facing state and local governments in these times of inflation and high unemployment are such as to sap the ability of governments at all levels to deal effectively with the myriad social problems which face our urban areas; and

Whereas, our great metropolitan areas are faced in particular with problems of housing shortages, rising numbers of those addicted to narcotics, rapid rises in crime rates, air and water pollution, costs of fire and police protection, overburdened schools and many others and the provision of essential public services has become increasingly more financially difficult; and

Whereas, the continual spiral upwards of welfare costs increases these problems both by increasing the demand for other essential services and by necessitating a diversion of limited funds from them; and

Whereas, the greatest public good and least public harm will come from the maintenance of the levels of public assistance rather than from the stretching of limited state and local funds of any state to cover persons who have not yet established dependence upon them, those who are the most recent arrivals in the state.

Therefore, be it resolved by the Legislature of the State of Arizona:

1. That the Congress of the United States of America is requested to propose an amendment to the Constitution of the United States permitting each state to enact a residency law relating to public welfare assistance.

2. That the Secretary of State of the State of Arizona is requested to transmit a copy of this resolution to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States and to each member of the Congress from the State of Arizona.

RETIREMENT OF WILTON E. HALL AS PUBLISHER OF THE ANDERSON, S.C., INDEPENDENT

Mr. TALMADGE. Mr. President, my good friend, Wilton E. Hall, of Anderson, S.C., recently retired as publisher of the Anderson Independent newspaper. This is a very fine newspaper, which has wide circulation throughout the northeast portion of the State of Georgia, and we regret very much Mr. Hall's retirement.

Mr. Hall received words of tribute from many friends and associates all over

the Nation commending him for his outstanding service to journalism over 52 years, and as the distinguished founder and publisher of the Anderson Independent for 47 years.

There was published in the Anderson Independent an excellent letter from the eminent clergyman, Dr. Norman Vincent Peale, saluting Wilton Hall. It is a well-deserved tribute for many years of faithful service to Mr. Hall's State and Nation.

I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DR. PEALE SAYS HALL HAS MADE FINE CONTRIBUTION

MR. EDITOR: As one who has worked for a number of years in cooperation with Mr. Wilton E. Hall and The Anderson Independent and Daily Mail, I was sorry to hear that Mr. Hall has sold these newspapers for health reasons.

This is a matter of great regret to me, as I have always felt that Mr. Hall was one of the most creative and dynamic newspaper publishers in our country. He is a man of extraordinarily high ideals and vision for the community and for our nation, and he has made a magnificent contribution to our society.

I hold Mr. Hall in affectionate regard as a friend, and it has been my pleasure over many years to have my messages published through his newspapers and carried over his radio stations. I am very grateful for the opportunity that he has given me to reach the people of your area with a message of faith and hope. These broadcasts will be continued on his stations (WAIM-TV and radio); also we will continue to be with you each week in the Sunday Independent.

Please extend my very best wishes to Mr. Hall and tell him that I pray that the Lord will continue to give him health and strength to carry on his great witness in ways other than through the publishing business.

We all wish for Mr. Hall improved health and all of God's blessings in the days that lie ahead.

Cordially yours,

NORMAN VINCENT PEALE.

NEW YORK, *February 17, 1972.*

NATIONAL HOUSING CONFERENCE ACCORDS AND RESOLUTIONS

Mr. MONDALE. Mr. President, for over 40 years the National Housing Conference has been a major force representing the public interest in the advancement of decent housing for all people and in the revitalization of our cities and rural areas. For many years I have worked with the leaders and members of the conference on housing and community development legislation. Their assistance has been invaluable.

This year I had the privilege of addressing the 41st annual meeting of the National Housing Conference. It is always a pleasure to speak before a group that is so well informed and so dedicated to the elimination of substandard housing.

One of the major accomplishments of the annual meeting was the adoption of the National Housing Conference resolutions. I know from personal experience the value of these resolutions and that is why I am asking that they be printed in the CONGRESSIONAL RECORD. The resolutions provide an excellent summary of existing housing and urban development programs, current funding levels and recommendations for changing and improving the programs. These recommendations have often inspired and contributed to the development of major new programs. This year is no exception. Many of NHC's resolutions have been incorporated into the Housing and Urban Development Act of 1972, which passed the Senate on March 2, 1972.

I also want to call attention to the recognition paid to the distinguished senior Senator from Louisiana (Mr. ELLENDER) by the National Housing Conference at its 41st annual banquet held here in Washington on March 6, 1972. NHC also recognized the many accomplishments of the chairman of the Housing Subcommittee of the House of Representatives Banking and Currency Committee at this banquet. These two fine legislators certainly deserved this honor for their many contributions in the area of housing and urban development legislation.

I ask unanimous consent that these accords be printed in the RECORD preceding the National Housing Conference resolutions.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE 1972 NATIONAL HOUSING CONFERENCE RESOLUTIONS ADOPTED BY THE MEMBERSHIP OF THE NATIONAL HOUSING CONFERENCE AT ITS ANNUAL MEETING, MARCH 5, 1972, WASHINGTON, D.C.

Nathaniel S. Keith, President.

David L. Krooth, Chairman, Legislative Policy and Resolutions Committee.

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SUMMARY OF MAJOR POLICIES AND PROGRAMS RECOMMENDED IN RESOLUTIONS OF NATIONAL HOUSING CONFERENCE

We present the following summary of some of the major policies and programs which we recommend. These recommendations are covered in greater detail in this report as recommendations under the appropriate chapter headings listed in the index.

Full funding and use of all authorizations

1. We urge the Administration to request appropriations for housing and related urban development programs for the Federal Fiscal Year 1973 beginning July 1, 1972 which will meet the demonstrated needs and backlog requirements of communities and the people. Such request should call for full funding and use of all authorizations, and should provide for sufficient HUD staff and administrative services. To this end, we call upon the Administration to release immediately the following funds already made available by Congress but continued to be impounded:

A. Release of $130 million for Public Housing Development for some 80,000 units.

B. Release of the balance of $370,000,000 of the $500,000,000 appropriated for Water and Sewer Facilities Grants. Only $130,000,000 has been released to date. (Table 8 of HUD Budget Summary.)

C. Release of balance of $40 million of the $90,000,000 made available for the Rehabilitation Loan Fund. Only $50,000,000 has been released to date. (Table 2 of HUD Budget Summary.)

D. Release of $5,000,000 for Special Planning and Assistance Grants. This item is still under discussion with the Office of Management and Budget.

E. Release of $1,000,000 of Section 106(a), Low and Moderate Income Sponsor Funds which is being withheld pending submission and approval of operating plans by OMB.

F. Release of $3.3 million for Section 237, Counseling Services which is also being withheld pending submission and approval of operating plans by OMB.

G. Release of $2.9 million of Section 516 funds for Farm Labor Housing Grants which are available from previous year's carryover.

2. Even though the Administration has recently released much of the funds originally impounded (except those listed above), the initial Budget actions taken in freezing or cutting HUD funds for various programs demonstrate the need to grant a higher priority in the allocation of national resources to the solution of the problem of housing and community development. In view of the current critical housing needs and the financial crises in the cities, NHC urges action by the Congress and the Administration to assure that the full amount of funds authorized by legislation or appropriations will be released promptly and spent for housing and community development programs. Therefore, NHC supports pending Congressional proposals which would require the President to spend appropriated funds for housing and urban renewal.

Housing program to meet all needs and achieve economic integration

3. NHC reaffirms its support for a uniform and flexible housing assistance formula to serve all families who cannot afford the cost of housing on the private market. NHC believes that such a consolidated program for assisted housing is necessary: to eliminate the gaps in coverage created by the separate income limits, construction and design standards, income definitions, and rent requirements; to reduce the administrative workload and encourage wide participation of housing sponsors and developers; and to promote a policy of economic integration in assisted housing which will eliminate the segregation of low income families in housing for the poor.

4. The housing assistance program should be based on a variable subsidy formula which would cover the total deficits representing the difference between (i) full operating costs and debt service and (ii) the ability-to-pay of each family living in the housing up to the maximum established charge.

5. There should be a uniform definition of income with deductions of the types previously allowable, along with a reasonable ratio between income and required housing payments.

6. As a matter of principle, NHC recommends that there be no income limits for admission to assisted housing. NHC believes that the most desirable and workable criteria for the determination of income eligibility for such federal housing assistance is the ability of a family in a local area to pay the total cost of well-designed—but not luxurious—housing developed in that area, under an appropriate income definition and a reasonable ratio between income and required housing payments. A family should receive housing assistance to the extent that it cannot afford the full cost of such housing.

7. If the Congress decides that it is necessary to include an income limit on legislative authorizations and funding for subsidies to assist housing, we recommend the following program relating to income limits (instead of the one described in the preceding paragraph). The following program also includes a subsidy formula which is necessary to achieve economic integration and fill present gaps and areas of unmet need.

a. The income limit for 80% of the dwelling units should be the median income in the area, with authority in the Secretary to exceed the median by the amount required in order to meet the housing needs of the locality based on its income and cost factors. There would be no income limit for 20% of the units in order to achieve economic integration and enable housing developments to serve a cross-section of income groups.

b. There would be a flexible subsidy formula which would eliminate gaps in our housing program and assure that there is sufficient subsidy available to meet the housing needs of people at different income levels.

In the terms of the ratio of income to housing payment, we recommend that no family be required to pay more than 25% of his income for housing payment. Schedules would be established by a sponsor or local housing agency, but ratios of housing charges to income in a project (or local program) should average at least 20%. The amount of subsidy would be the amount required to meet the housing expenses remaining after the occupant made his housing payments. The amount of subsidy allocated for an assisted housing development should be based upon making dwelling units available to a cross-section of income groups, as follows:

(i) Up to 20% for occupancy by families or persons whose incomes are much below the maximum income limits and who require subsidies at or above the amounts which have been available for rent supplements and public housing. Based on their locally established payment of income for housing, this group would be eligible for a subsidy in the amount required to meet the remaining amount of housing expenses. To the extent needed, this would cover the principal and interest payments on the mortgages and a part of the operating expenses.

(ii) Up to 20% for occupancy by families or persons who would not be subject to an income limit. We propose to provide a subsidy incentive for such families to live in an assisted housing development with families of lower incomes. For this group, there would be a subsidy of 2%. At today's market interest rate, these people would pay an effective interest rate of 5% plus the ½ of 1% FHA premium. People in this group would make the locally established housing payment up to a "maximum established charge" which would reflect the 2% subsidy.

(iii) The remainder for occupancy by families or persons who are at or below the median or higher income limit established by the Secretary and who require subsidies in the form of interest assistance. Based on the locally established payment of income for housing, this group would be eligible for a subsidy in the amount required to meet the remaining amount of housing expenses. To the extent needed, this could cover all of their interest and the FHA insurance premium. According to their varying needs, these people would pay a monthly charge ranging from 0% interest (with no FHA insurance premium) up to the maximum established charge which would reflect a 2% subsidy.

8. There would be a periodic reexamination of income only for occupants who are paying less than the maximum established charge. If their income increased, they would make housing payments on the larger income, but not more than the maximum established charge. With such a charge which reflects a 2% subsidy and an effective current interest rate of 5%, there would be an incentive for residents to remain in the housing community even though their incomes increase. As a matter of public policy, this is vitally important in order to achieve greater stability in housing communities and to maintain their economic integration. If people feel that they are permanent residents of a housing development, they will take better care of it.

9. By serving a broader segment of the market through economic integration, a housing development will be better able to achieve racial integration.

10. The past practice of committing maximum subsidies has resulted in unused contract authority because the commitment was based upon the maximum amount needed for everyone. The Senate Committee recognized the undesirability of pursuing this practice. Under our proposed program, the commitment of contract authority would be based on the estimated need based on serving a cross section of income groups. There

should be a national reserve of a reasonable amount of contract authority for commitment to meet over-runs in subsidies above the estimates. This reserve would be only a fraction of the amount of unused authority under the present system where all commitments anticipate a maximum subsidy for everyone.

11. Eligible sponsors should be broadened to include local housing authorities, regional or state agencies, in addition to those now eligible; also local housing authorities should be permitted to act as mortgagees, as is now done by an increasing number of state agencies.

12. NHC supports the principles and objectives of the Administration's proposals for simplification of the many federal housing programs, but only if the legislation includes the recommendations for a new flexible formula for subsidies, better income-to-rent ratios, achievement of economic integration, and all of the other amendments described in these resolutions.

13. If there is new legislation for the consolidation of housing programs and new formulas as to income limits, subsidies, cost limits and other matters, we emphasize the urgent need to continue operations and housing production under the existing laws. During the tooling-up period under the new legislation, and until the new programs become fully effective and operational, all existing programs should continue so that there will be no interruption in HUD operations in view of the need for a higher level of operation during the coming years.

14. We concur that the identity of low-rent public housing and Sections 235 and 236 be maintained (or their proposed substitutes in the Administration's Consolidation and Simplification Act) in accordance with the objectives established by Congress in the previous major housing and urban development acts, within the overall national housing goals established by those acts. We also point out that the expanding production capacity for low and moderate income housing—represented by local housing authorities, private turnkey developers, private developers of Section 235 and Section 236, cooperative groups and nonprofit corporations—is geared to the availability of specific national funding for each of these programs.

15. NHC encourages programs of home ownership. This includes cooperative ownership of multifamily housing which produces better communities, since the control and responsibility rests with people who have a stake and pride in their own housing development.

16. The program recommended in these resolutions would make housing available to families of all incomes. There would be no gaps or areas of unmet needs in our housing programs. Each family whose income is too low to obtain decent housing would receive the amount of assistance it needs to get such housing. We must reach the unserved income group below the level now eligible for public housing or rent supplements. Likewise, we must avoid a gap or area of unmet need above the level now eligible for moderate income private housing assisted with federal interest subsidies or below-market interest rates. To achieve these objectives we urge the adoption of this program.

17. NHC recommends, in view of the fact that HUD has just recently activated an experimental housing allowance program, that no further expansion of this program take place until we have had experience with this program and learn the results of the experiment, particularly concerning any adverse impact on stimulating new construction of housing to meet national goals.

Equal housing opportunity and freedom of choice

18. We should provide an opportunity for freedom of choice in our housing programs. The choice of individual or cooperative homeownership or rental housing and the choice of city, suburban, new town or country living must not be limited by race, color, religion or national origin. With housing in each development available for a cross-section of income groups and a broader market, we can provide freedom of choice to people of all incomes to select where they want to live.

19. Community discrimination against subsidized housing should be removed as it is a most serious constraint on the availability of building sites for low and moderate income housing. We recommend legislation which would prohibit States and local public bodies from discriminating against housing subsidized by the Federal Government, whether through legislative or administrative action. The legislation should authorize suits by interested parties, as well as the Attorney General, to enjoin such discriminating action. The legislation should be strengthened by providing for federal preemption of local zoning upon an appropriate finding by the Secretary of HUD, so as to require opponents rather than proponents to initiate legislation.

20. We disagree with the President's statement that government encouragement of racial integration in the suburbs is not in the national interest. We believe such encouragement *is* in the national interest. We urge the Administration to take affirmative action to assure the availability of decent housing for all Americans, regardless of race, color, religion or national origin.

21. The Federal Government should be authorized to undertake housing developments as a last resort where no other agency or developer is meeting the need in an area for low and moderate income housing.

22. In addition to NHC's strong opposition to community discrimination against housing for minority groups and low income citizens, NHC opposes community discrimination against all multifamily housing. No community should be allowed to exclude multifamily housing. As land and resources grow more scarce, multifamily housing, whether subsidized or unsubsidized, makes the most efficient use of our limited land and resources for housing. Current studies indicate that even among families who do not need subsidies, many prefer to live in large planned developments of townhouses which offer amenities and services that would otherwise be beyond their reach.

23. NHC endorses in principle the bill introduced by Senator Ribicoff which would require that any new industry moving into suburban communities must first show that adequate housing and equal opportunities exist in that new community before approval of such move is given.

Community development program

24. NHC supports S. 2333, the Community Development Assistance Act of 1971, as introduced by Senator Sparkman. This plan would consolidate five categorical grant programs into one block grant. In addition, it would require a declaration of goals and a performance report. There would be continuity of financing and funds.

25. In the Community Development Assistance proposal, prior declaration of the community development goals is required. Likewise, a specific acknowledgment of how Federal funds are to be spent and a yearly performance statement as a prerequisite for the grant are required.

26. The Community Development Assistance Act would provide for a $8.8 billion three year program starting July 1, 1971 while the Administration's Special Revenue Sharing Plan proposes an initial $2.1 billion program starting January 1, 1972. There would be a limitation in spending in the Sparkman supplemental bill of $2.5 billion the first year, $2.9 billion the second year and $3.4 billion the third year.

Urban growth and new communities

27. NHC urges the full utilization of the Urban Growth and New Communities Development Act (Title VII of the Housing and Urban Development Act of 1970) to help take care of the increased urban population, relieve city congestion and provide building sites at reasonable prices. There is an urgent need for new communities which are carefully planned with housing, shopping, industry, transportation, schools, hospitals, open spaces, recreational and cultural facilities. Adequate federal grants should be authorized and made available to public and nonprofit agencies to assist all necessary new community projects and programs. Such federal grants should be made for water and sewer facilities; waste disposal; hospitals and health centers and services; mass transportation; airport development; open space, parks and beautification; recreational and cultural facilities; libraries; public buildings and public works; neighborhood facilities; environmental protection; planning; technological advances; and other essential public services and facilities.

28. Federal grants should be made to municipalities, public and nonprofit agencies to cover impact costs of providing educational, health and other services which result from the location of housing developments in an area. The Federal grant should cover the additional costs involved which cannot be met from collections of full taxes or their equivalents on the project. We recommend payment of full taxes or their equivalents on public and other assisted housing.

General revenue sharing

29. NHC recommends against any use of the new General Revenue Sharing Plan to reduce Federal grant funds which are urgently needed—and should be increased—for existing programs including: urban renewal; model cities; mass transportation; water and sewer facilities; new communities; neighborhood facilities; open space, urban parks, and urban beautification; health; education; training; or other vital needs. In short, the General Revenue Sharing Plan should represent additional funds and there should be necessary increases and full funding for all existing Federal grant programs to meet housing and urban needs.

30. NHC favors the President's proposal for a $5 billion initial appropriation for the General Revenue Sharing Plan in order to meet the urgent needs of States and cities, many of which are facing financial crises. As to increases above $5 billion in later years for General Revenue Sharing, NHC recommends a formula in distributing these additional funds which would encourage and reward states and local governments that meet the national objective of providing housing for the low and moderate income groups.

Special revenue sharing and support of the Community Development Assistance Act of 1971—S. 2333

31. NHC opposes the Special Revenue Sharing proposal in that it does not require adequate control of Federal distribution of funds to local communities in order to promote national programs and objectives. In contrast, these incentives and objectives are assured under S. 2333 introduced by Senator Sparkman, on which hearings have been concluded by the Senate Banking and Currency Committee.

32. S. 2333 requires that the application for Federal assistance include a summary plan for community development outlining major goals and particular objectives. Moreover, that Bill requires an accounting of how the Federal funds are spent and a yearly performance statement, all of which will assure accomplishment of the national goals and programs covered by the Community Development Assistance Act. The authorizations in S. 2333 are more adequate than the amounts proposed under the Administra-

tion's bill. Also, S. 2333 contains a better yardstick to measure the Federal Government's assistance to community development and requires a community program to meet housing needs of low and moderate income families.

33. NHC believes that Federal grants should provide incentives to promote national programs and objectives relating to housing and community development. The adoption of the model cities program by almost 150 cities was largely attributable to the Federal program of planning grants and supplemental grants for model cities. Likewise, the participation of over 1200 cities in the urban renewal program is largely attributable to the Federal program of planning grants and program grants for urban renewal.

METROPOLITAN HOUSING AUTHORITIES

34. Three Panels comprised of members of the Housing Subcommittee of the House Banking and Currency Committee, proposed in H.R. 9688 a far reaching bill which would provide for state and metropolitan housing agencies, community development block grants and improvement of existing programs. In addition, the bill would require more emphasis on management, tenant relations, broader housing allowance tests, aid to state and metropolitan development agencies and an urban development bank.

35. Title V of H.R. 9688 provides housing block grants to state and metropolitan housing agencies and embodies far reaching proposals designed to stimulate the establishment of such agencies and to restructure the entire system of allocating Federal subsidies to assist in the development of private and public housing for low and moderate income families and individuals.

36. The National Housing Conference has long supported the principle of more effective state and metropolitan housing programs. We have supported this principle as a major means of relieving the pressures on central cities, lessening the segregation of low-income households predominantly in the deteriorated or blighted sections of central cities, stimulating the development of housing for low and moderate income families nearer to new employment centers and achieving greater economic integration in suburban housing development.

37. We have, however, serious concerns as to the basic allocation machinery proposed in Title V and particularly as to its impact on the momentum finally achieved in the production of housing for low and moderate income families under established programs and the evident need for continuing expansion in such production to meet critical shortages. We are concerned with the time factors involved in establishing and perfecting complex new machinery in States and metropolitan areas to make decisions as to the housing needs for low and moderate income families in each locality, to determine the types and general locations of housing to be assisted and the income groups to be served. In addition, NHC shares the view of the National League of Cities and the U.S. Conference of Mayors that the allocation machinery of Title V may well discriminate against the central cities. NHC agrees that Title V could put control of HUD subsidy programs into the hands of many suburban officials who are now using zoning land use controls and other devices to defeat the production of low and moderate income housing in the suburbs.

38. We agree with the assessment in the panel report that several years will be required for the formation of such agencies in many states and metropolitan areas. We are also impressed by the complex state and local political factors involved in reaching a consensus on these matters without prejudice to the continued momentum of housing production.

39. We would recommend that an affirmative plan be incorporated in Title V assuring the continued flow of Federal subsidy funds for low and moderate income housing under the established programs and through the established channels.

CHAPTER A. GENERAL STATEMENT OF PROBLEMS AND OBJECTIVES

1. We are faced with an anomalous situation. There has been an increase in the Federal Government's contribution to housing and an increase in assisted housing's proportion of housing production, but at the same time we have failed to meet the housing production goals prescribed by law. These Resolutions are addressed to identifying once again our continuing housing crisis, reviewing our efforts to ameliorate that crisis and suggesting improvements of existing programs. This Report recommends programs especially designed to:

a. Provide good homes for people of all incomes in wholesome living environments which are in keeping with our Nation's standards and aspirations;

b. Take action to revitalize our cities and rural areas and save them from blight and obsolescence; and

c. Expand social programs, services and job opportunities to improve the quality of American life.

2. America's cities are in a struggle for survival. The decay of decades and the failure to take action which will improve the quality of American life have taken their toll. While the percentage of inner-city people who are ill-housed and live in despair and disillusionment increases, the suburbs gain in affluence. The need for decent housing and community services continues to be at the heart of our urban crisis. We must take vigorous and immediate action toward achieving our goal of providing good homes and good neighborhoods for all who are ill-housed. It is not enough to build new housing or rehabilitate existing housing. We must also assure that the housing is in a suitable living environment. At the same time, there must be an expansion of educational and social programs and other community services for the people to eliminate the causes of inner-city decay and decadence.

3. We must avoid increases in interest rates and housing costs which exclude people from the housing market who need homes but cannot afford them. The situation reached crisis proportions by the increase in interest rates to 8½% on loans under the FHA and VA programs in January of 1971. During the past year, there have been improvements in the money market and reductions in interest rates. The present interest rate on FHA and VA mortgages is 7%. The prime rate of major banking institutions is now 4¾%.

4. NHC applauds the recent actions by the Administration in expanding the Tandem Program in order to support and continue the 7% FHA–VA interest rate. We urge that the Administration continue, from time to time, to make further reductions in this maximum interest rate as promptly as possible. With the measures recommended in this report to help achieve further reductions in interest rates, particularly in housing for those of middle and lower incomes, we hopefully look forward to the time when we can return to a maximum rate on FHA–VA mortgages of from 6% to 5% which we had for many years. As interest rates are reduced, it is necessary to take measures to minimize or eliminate discounts as recommended elsewhere in this report.

5. While the law approves an average national goal of 2,600,000 units annually during a 10-year period, NHC urges that the average national goal should be 3,000,000 units a year. The increase in the rates of housing production during 1971 demonstrates that this goal of 3,000,000 units a year is possible through a continued acceleration in our housing production. NHC agrees an average of 2,000,000 units should be built annually for those above the low and moderate income groups who normally do not need federal assistance. However, instead of an average of 600,000 units annually for low and moderate income housing, NHC recommends a goal of at least 1,000,000 units annually for these income groups—of which half would be for the low income group. Due to the continued high housing costs, many families need some form of housing assistance even though they could have afforded housing without such assistance in the past when interest rates were lower. Accordingly, this report recommends several measures which are required now to enable such families to obtain adequate housing at monthly charges which they can afford.

6. In these times when there are so many competing demands for the use of federal funds and national resources, it is most significant that Congress in the 1968 Act declared that these programs should have the highest priority. This Congressional determination is so important that we quote it in full as a necessary introduction to these recommendations:

"The Congress declares that in the administration of those housing programs authorized by this Act which are designed to assist families with incomes so low that they could not otherwise decently house themselves, and of other Government programs designed to assist in the provision of housing for such families, *the highest priority and emphasis should be given to meeting the housing needs of those families for which the national goal has not become a reality;* and in the carrying out of such programs there should be the fullest practicable utilization of the resources and capabilities of private enterprise and of individual self-help techniques." (Emphasis added.)

For those families for whom the national housing goal has not become a reality, their housing needs should be met by providing them the opportunity to live in housing developments where economic integration is being achieved under the program recommended elsewhere in this report.

7. This declaration by the Congress recognized the need for a drastic realignment of past priorities in our federal budget and expenditures, since these housing programs were given a lower priority than other less urgent programs. Now that Congress has declared that these programs should be given the highest priority, there is a federal commitment to take all action necessary to achieve the goal of providing decent housing for families with incomes so low that they could not otherwise decently house themselves. To translate this highest priority into reality takes firm and courageous action—both by Congress and the President. NHC urges that action be taken to carry out this mandate.

Outline and explanation of succeeding chapters of report

8. In succeeding chapters of this report, we discuss legislation and necessary amendments, appropriations and administrative actions. First, we summarize the existing legislation under each program and the authorizations in legislation and appropriation acts; second, we present our recommendations for legislative amendments and additional authorizations in legislation and appropriations; and third, we present our recommendations for administrative actions.

Sometimes the same subject matter is covered twice under different headings and in different chapters. Thus, even though some subject matter is covered in Chapter E relating to the Administration's Housing Bill and our proposed amendments thereto, we felt it necessary to cover the same subjects separately with respect to each of the existing legislative programs, such as: public housing; interest assistance under Section 235 and 236; rent supplements; and urban renewal.

We cannot forecast whether Congress will

accept the Administration's recommendation to consolidate a number of programs as proposed in the Administration's bill. Therefore, in order to make this report meaningful and helpful in the legislative process, it is necessary for us to separately identify our recommendations:

a. As we have done in Chapter E if the Congress accepts the Administration's proposal to consolidate and simplify programs; and

b. As we have done in the succeeding Chapters F and EE if the Congress does not accept the Administration's proposal to consolidate and simplify programs.

CHAPTER B. ACTIONS NECESSARY TO ACHIEVE OUR GOALS

1. *Third Annual Presidential Report.* The Housing and Urban Development Act of 1968 requires an annual Presidential Report to Congress prior to February 15, of each year on progress toward meeting housing goals. Each year, the Report is filed later in the year. NHC recommends that the Report be filed on time in future years. Some of the highlights of the Report included:

a. HUD predicted that total loan amounts on one to four family homes will increase from $35.3 billion in 1970 to $44 billion in 1971 and to $47 billion in 1972. For multifamily properties, the total activity was $7.3 billion in 1970, $10.9 billion in 1971 and $11.7 billion predicted in 1972.

b. For new construction, HUD predicts long-term mortgage requirements will be $17.5 billion in 1971 for 1–4 family homes, and $20.5 billion in 1972; for multifamily HUD predicts the requirement is $6 billion in 1971 and $7.8 billion for 1972.

While the Report contained much informative data concerning the amount of money and materials available for housing, NHC believes that the Report failed to propose solutions for some of the basic problems which must be resolved if our national goals are to be achieved.

First, the assurance of adequate financing, at reasonable cost for the necessary expansion of total housing production, particularly for the production of low and moderate income housing;

Second, the provision of adequate sites at reasonable prices to accommodate this unprecedented production growth of housing on a well-planned and economic basis; and

Third, the adoption of the additional measures recommended in this report.

NHC again deplores President Nixon's decision to include *all* mobile homes in production which is counted toward meeting our housing goals. As stated in Chapter CC on Mobile Homes, NHC believes that the only mobile homes that should be counted toward our housing goals are those determined by HUD to meet all design, construction and durability standards so that they become eligible for long-term mortgage financing of 30 years on homes and 40 years on multifamily housing.

2. NHC believes that the President's Annual Report on Housing Goals should be enlarged to report the progress that has been made each year towards achieving equal opportunity and fair housing goals. Not only is HUD charged with housing production, but it is also accountable for equal opportunity and fair housing policies. Therefore, it is appropriate that the President's Annual Report state the progress toward achieving this important goal.

3. *Full Funding and Increases for All Programs.* The first imperative for meeting our housing goals is full funding and full use of all authorizations contained in the housing laws. We urge that President Nixon request full funding and advance authority for the interest assistance programs under Sections 235 and 236 and Rent Supplement Program for Fiscal Year 1973. NHC applauds Congress for its quick action on HUD appropriation requests for Fiscal Year 1972. For the first time in many years, HUD appropriations were made soon after the beginning of the Fiscal Year. In these unprecedented times of housing shortages, NHC strongly urges supplemental appropriations of all monies authorized for all programs but not yet appropriated. However, full funding of existing authorizations will not result in producing the intended volume of housing because of increases in housing costs. We recommend that the assistance authorization for all housing programs be increased: (a) to offset the advances in housing costs; (b) to achieve not only the goals established by law, but NHC's higher production goals; and (c) to make up for deficiencies in past production.

4. *Programs to Assure Adequate Financing for Major Increases in Housing Production.* The record of the past two decades makes it clear that the flow of funds for residential mortgage financing has been and continues to be determined by federal monetary and fiscal policies. The principal sources of funds for residential financing are derived from net consumer savings which are deposited in the institutions which make long-term mortgage investments at a fixed rate of return. This flow of savings under existing institutional arrangements is subject to sharp fluctuations based on competitive rates of return on other investment outlets. The total annual mortgage financing requirements involved in meeting the housing production goals by 1978 will be approximately $53 billion at current price levels, but this understates the actual prospective requirements. Even on the assumption of continued growth in gross national product and in consumer savings, this indicated expansion of more than twice the present new-housing finance requirements indicates that a broadened base for residential financing investment must be developed. The studies of this problem made by the National Housing Conference have led to the following recommendations in order to step up housing production to a rate necessary to meet our needs and goals including the housing required for those of low and moderate incomes:

a. *Full Use of Emergency Home Finance Act of 1970.* We urge the full use of all authorizations in the Emergency Home Finance Act of 1970. This includes the $250 million authorization for an appropriation of subsidies to reduce interest rates on advances made by the Federal Home Loan Banks to their members. We also urge that once these funds are appropriated, they remain available until expended. Our recommendation also includes, for each of the fiscal years 1973 and 1974, a $105 million authorization of contracts for subsidies under the new section 243 program which is intended to reduce interest rates for home ownership by moderate income families; however, the law should be amended to provide for a subsidy which would reduce the interest rate by 2% under the current FHA–VA interest rate of 7%.

b. *Reduction in FHA–VA Interest Rate.* We urge the Administration to take the lead in making cuts in the current FHA–VA interest rate of 7% as promptly as possible. We further urge the use and liberalization of the authorizations in the Emergency Home Finance Act of 1970, in order to achieve the *lower* interest rates which are necessary to serve those who cannot afford a 7% rate.

c. *Purchase of Mortgages on Moderate Income Housing.* NHC applauds the extension of GNMA purchase under the Tandem Plans 21 and 22 to many unsubsidized programs. Several months ago, GNMA began this program to purchase most FHA unsubsidized multifamily mortgages at a price of 96. This covered the following programs: Sections 207, 213, 220 and 221(d)(4). Recently, GNMA added Sections 221(d)(3), 234, 232, 222, 235 (existing housing) 223, 231, 233, and 237 to the original program.

Under this program, GNMA will commit to buy mortgages up to a ceiling of $22,000 per unit, except that the limit is $24,500 for four bedrooms or more. The price is 96% of value for new construction and 95% on existing mortgages. In addition, GNMA also established a program for GNMA purchase of Section 221(d)(3) market rate mortgages having 10% or more rent supplement assistance. The price of such mortgages will be 97—1 point higher than the price where no rent supplement assistance is involved—but we recommend a par price on these.

NHC also urges that the new programs be modified to provide par purchases for nonprofit and cooperative mortgages under the Section 221(d)(3) market rate program. This program provides 100% mortgages at market rates for moderately designed projects. Four points are too many for nonprofits and cooperatives to absorb.

NHC endorses the original Tandem Program No. 17, under which GNMA purchases at par Section 236 motrgages and market-rate rent supplement mortgages under Section 221(d)(3) for nonprofit and cooperative mortgators. NHC urges that this invaluable program be continued.

d. *Construction Financing.* GNMA and FNMA should continue and extend their participation in construction financing on moderate income housing. NHC applauds the action of FNMA in taking a 95% participation in the construction financing, with another mortgage institution taking the remaining 5% participation and handling the processing involved in construction loans; such FNMA participations are available in cases where either FNMA or GNMA issues a take-out commitment. This program for FNMA participation in construction assistance should be extended to cover all projects eligible by law for special assistance, instead of being limited in projects involving mortgages under Section 236 and Section 221(d)(3) rent supplements.

NHC also applauds the policy of the Federal Home Loan Bank Board in making special advances available to member savings and loan associations for both construction and permanent financing to produce housing for low and moderate income families.

e. *Assurance of Continued FNMA and GNMA Participation in Low and Moderate Income Housing.* We urge that FNMA and GNMA be provided with whatever additional authorizations are needed to continue their indispensable programs in providing a market for Federally-insured or guaranteed mortgages. FNMA and GNMA have done outstanding jobs in providing the financing for mortgages under Section 236 and rent supplements.

If the Administration takes the lead in making future reductions in interest rates as we recommend, the price may fall below par as it did after recent decreases in interest rates. Fortunately, we have the Tandem Program to assure par purchases of these mortgages by GNMA when FNMA does not take them at par, as described above.

f. *Full Implementation of the Housing Assistance and Interest Control Act.* NHC applauds the passage of the Housing Assistance and Interest Control Act of 1969. This Act increases from $1 billion to $4 billion the authority of the Federal Home Loan Bank System to borrow from the Treasury. The Act requires the Secretary of the Treasury to use the authority, when alternative means cannot effectively be employed, to permit members of the Home Loan Bank System to continue to supply reasonable amounts of funds to the mortgage market whenever the ability to supply such funds is substantially impaired during periods of monetary strin-

gency and rapidly rising interest rates. The Act contains the following provisions:

(1) Regulation Q authority is given to the Federal Reserve Board and the Federal Home Loan Bank Board to establish flexible interest rate ceilings. We recommend the full use of this authority.

(2) The President is given authority to establish credit controls both on a voluntary and mandatory basis. We endorse the full use of this authority as a means of channeling additional funds into housing production.

g. *Investment of Governmental Trust Funds in Mortgages for Low and Moderate Income Housing.* We suggest legislation requiring governmental trust funds to invest a portion of their loanable funds to finance housing, particularly for low and moderate income families. These investments would include mortgages insured by FHA or VA or bonds guaranteed by GNMA or HUD under the 1968 Housing Act. The GNMA guaranteed bonds relieve the investors of the burdens or costs of servicing the pooled-insured mortgages securing the bonds and assure a full recovery of the funds invested. Among the public trust funds to be so invested would be Social Security Trust Funds and Veterans Administration Funds which are available for investment. NHC supports legislation authorizing the use of VA funds for investment in VA-guaranteed mortgages.

h. *Investment of Private Financial Institutions in Mortgages for Low and Moderate Income Housing.* Private financial institutions should also be induced to invest a portion of their loanable funds in mortgages insured by FHA or VA or bonds guaranteed by GNMA or HUD to finance housing or new communities, with emphasis on projects which serve moderate and lower income persons and families. This would include private pension funds, insurance company funds and funds of financial institutions which benefit from federal support or assistance. These institutions should be induced to make such investments. In the case of institutions which obtain federal support or assistance, it would be appropriate to enact legislation imposing as a condition to such federal support and assistance, the requirement that the institutions invest a certain proportion of their funds in new housing. This requirement can be imposed in a manner which would not work a hardship on the foregoing funds because the housing securities would yield an attractive return and assure a full recovery. Therefore, NHC again endorses Chairman Patman's effort to establish a Development Bank funded by pension fund contributions to make mortgage loans available for housing at reasonable interest rates.

i. *Investments by Universities to Up-Grade and Improve the General Area of Their Location.* Major institutions such as universities should be induced to invest portions of their endowment or other funds to improve the general area in which they are located. These institutions should recognize their responsibility to assist in upgrading the housing and environment of such areas in order to develop sound and attractive local communities.

j. *Mandatory Purchase by the Federal Reserve System of Securities Guaranteed by FHLBB, FNMA and GNMA.* We endorse any legislative attempt to require the Federal Reserve System to purchase securities guaranteed by the Federal Home Loan Bank Board, FNMA or GNMA and utilized for new residential mortgage financing. This would be an addition to the Federal Reserve's present authority to make purchases on the open market. Since Federal Reserve's purchase of obligations would be directly from FNMA, GNMA and the Federal Home Loan Bank Board, this would assure that the funds would be channeled directly into the mortgage market when needed during periods when we have monetary stringency and rising interest rates. These obligations would include securities issued against the pool of mortgages, debentures or other obligations.

NHC is encouraged that the Federal Reserve System did make three direct purchases involving the Federal Home Loan Bank Board, FNMA and GNMA guaranteed securities during 1971. We now urge the Federal Reserve System expand this program and establish adequate levels of such purchases.

k. *Continued support for a National Development Bank.* NHC applauds the introduction of identical bills by Chairman John Sparkman and Chairman Wright Patman (S. 580 and H.R. 3550) to establish a $20 billion "National Development Bank" to finance public works and to provide loans for businesses and industries and for low and moderate income housing projects. Interest charges on the Development Bank's loans would be tied to the Federal Reserve System's discount rate. The Bank would be capitalized by an appropriation of $1 billion and could borrow up to twenty times the amount of capital or $20 billion.

l. *Continued Support for Home Owners Mortgage Loan Corporation.* We continue to support H.R. 4176, introduced by Chairman Barrett and Congresswoman Sullivan. This bill would create a Home Owners Mortgage Loan Corporation (HOMLC) which would administer a revolving fund captialized at $10 billion through appropriations of $2 billion a year for 5 years. It would make 30-year direct loans with a maximum of $24,000 bearing interest at not more than 6½%. We recommend a reduction in that interest rate to 5%. Those eligible for loans would be:

(1) "Credit worthy" moderate income families unable to obtain mortgages at reasonable rates of interest; and

(2) Families with incomes not exceeding $12,000, except that HOMLC would have power to vary the income limit.

Existing FHA insuring offices would process loan applications and existing lending institutions would service the mortgages for no more than ½ of 1%. This bill—and other housing legislation with income limits—should be amended to provide for appropriate deductions in determining family incomes.

m. Mortgage-Backed Securities—GNMA. NHC applauds the fact that more than billions of dollars of mortgage-backed securities have been sold during the operation of this GNMA program to attract new sources of investment capital into housing by GNMA guaranteeing privately-issued securities on home mortgage pools. NHC applauds GNMA for developing guidelines to permit the pooling of multi-family mortgages as backing for the securities and for developing procedures to "pass-through" construction interest to the investors. Initially only single-family FHA and VA mortgages had been accepted for pooling and investors received no interest until the project was completed.

n. *Immediate Action to Utilize All Existing Legislation.* We urge immediate administrative action and implementation to utilize *all* existing legislation—as described above—in order to assure an adequate flow of funds into residential mortgage financing and to reduce interest rates and eliminate discounts on such financing. The Administration should take such measures as are necessary to shelter housing from the impact of restraints or economic forces which preclude an adequate flow of funds into residential financing at reasonable interest rates. These actions are required to implement the national housing policy and goals authorized by law.

o. *Site Availability in Metropolitan and Other Areas.* We agree with the analysis in the President's Second Annual Report on National Housing Goals that community discrimination against subsidized housing is one of the most serious constraints on the availability of building sites for low- and moderate-income housing. We believe that there has been little or no improvement since that Report. We continue to support the Second Report's recommendation of legislation which would prohibit States and local public bodies from discriminating against housing subsidized by the Federal Government, whether through legislative or administrative action. We regret that the Administration did not implement this recommendation. We urge that the Administration propose and the Congress enact legislation which would achieve this objective. Sponsors of subsidized housing need the assurance that the Federal Government's resources and power will clear away the constraints which are imposed on their proposed projects simply because they are intended for low- and moderate-income families. They are usually unable to pay for protracted litigation which is now the only way to overcome this problem. NHC strongly endorses the recommendation of the National Committee Against Discrimination in Housing adopted December 8, 1970.

After the submission of the Administration's proposed consolidation bill in 1970, Secretary Romney recommended a further provision which would have prohibited discrimination against subsidized housing through local land use and development controls in areas that lie in the path of urban development. The legislation would have authorized suits by interested parties, as well as the Attorney General, to enjoin such exclusion where such local action was inconsistent with local plans. Subsequently HUD withdrew this proposal and began work on Project Selection Criteria. While HUD's Project Selection Criteria would require "spreading" of assisted programs throughout areas without such programs, these areas frequently have excessive land costs, restrictive zoning practices or lack adequate water and sewer facilities to serve additional housing. Accordingly, we question whether the program will achieve its purpose in many areas.

We believe the original Romney proposal should be resubmitted, strengthened and enacted. It should be strengthened by providing for federal pre-emption of local zoning upon an appropriate finding by the Secretary so as to require opponents rather than proponents to initiate litigation. It should be applied to all local areas that do not take affirmative action to resolve their housing problems. Moreover, it should not be dependent on local plans—which may be silent with respect to local housing needs—in order for the legislation to be effective.

In addition to NHC's objections concerning Secretary Romney's announcement about drastic cuts in the overall HUD staff, NHC is opposed to any reduction in the staff charged with administering equal opportunity requests and procedures. We recommend that the current level of employees administering this program be set as the absolute minimum and that no reductions be made below that level.

The National Housing Conference agrees in principle with the adoption by HUD of a model lease and grievance procedure stating minimum standards to protect the mutual rights and obligations of housing authorities and tenants. We believe that the manner in which the Department adopted these standards, after extensive consultation with the National Tenants Organization and the National Association of Housing and Redevelopment Officials, represents a method of policy-making which should be emulated by the Department in the future. Minimum standards for management-tenant relations in public housing are an appropriate subject for national policy, with due recognition for the responsibilities of local housing authorities and resident groups—who may exercise creative local leadership to negotiate their mutual rights and obligations in an established framework.

In addition to the actions recommended

above, NHC reaffirms its prior recommendation that HUD be given authority to withhold all HUD funds from those communities which do not provide housing on a nondiscriminatory basis.

p. *Measures to Insure Full Utilization and Preservation of Existing Housing Stock.* Throughout this Report, we cite the importance of preserving existing housing resources. To this end, NHC recommends that programs be carried out to improve basic community facilities and tenant services that are needed to insure neighborhood preservation along with comprehensive programs of rehabilitation. It is equally important to avoid building additional housing of the types which are now experiencing grave difficulties. Under our proposals for economic integration, we would discourage construction of new subsidized housing projects which would exclusively serve low income families as a means of avoiding further large concentrations and segregation of low income families.

CHAPTER C. EMERGENCY HOME FINANCE ACT OF 1970

1. *Purpose.* Because of the severe housing shortage and sharp drop in housing starts in 1969 and the continued low level during early 1970, Congress passed the Emergency Home Finance Act of 1970 as an immediate response to the crisis. The Act was primarily aimed at relieving the middle income home and cooperative buyer.

2. *Authorizations in the Emergency Home Finance Act of 1970.*

a. *Subsidies to reduce interest rates (Housing Opportunity Assistance Program).* A $250 million appropriation of subsidies is authorized to reduce interest rates on advances by Federal Home Loan Banks to members for their use in purchasing housing mortgages, primarily on new housing but also on existing housing. The Board will allocate funds and regulate their use.

b. *Federal Home Loan Mortgage Corporation.* The Federal Home Loan Mortgage Corporation ("FHLMC") was created with power to purchase and make commitments to purchase residential mortgages from any Federal Home Loan Bank, the Federal Savings and Loan Insurance Corporation, any member of a Federal Home Loan Bank, or any other financial institution whose deposits or accounts are insured by an agency of the United States. The Corporation can purchase eligible conventional mortgages and single-family and multi-family mortgages insured by FHA. The Corporation is authorized to issue notes, debentures, bonds, or other obligations and mortgage-backed securities guaranteed by GNMA.

c. *FNMA Conventional Mortgage Market.* FNMA was authorized to establish a conventional secondary mortgage market. Mortgages are limited to a 75% loan to value ratio, unless (1) seller keeps a 10% participation, or (2) the excess is privately insured, or (3) seller agrees to rebuy or replace the mortgage on default, as FNMA may require. A House provision barring financing when this might inhibit HUD assisted programs was replaced by language to the same effect in the conference committee report.

d. *Home Ownership for Middle Income Families—Section 243.* The Act established a new Section 243 to provide interest reduction payments on behalf of middle-income purchasers of homes or memberships in Section 213 cooperatives. Interests subsidy payments will be on mortgages on which the mortgagor makes monthly payments towards principal and interest equal to an amount which would be required if the mortgage bore an effective interest rate of 7 per centum which the mortgagor could pay by applying at least 20 per centum of his income towards homeownership expenses. Monthly homeownership expenses include the monthly payment for principal, interest, mortgage insurance premium, insurance, and taxes due under the mortgage.

The aggregate amount of contracts to make payments cannot exceed amounts approved in appropriation acts and contracts for such payments are authorized for $105,000,000 during the period prior to July 1, 1971, which amount is increased by an additional $105,000,000 for additional contracts prior to July 1, 1972.

e. *Increased Special Assistance.* GNMA Special Assistance Funds were increased from $2 billion to $2.75 billion, plus $750 million of additional authority which is transferred from program 14 which involved mortgages on new homes. This total increase of $1.5 billion is available for *any* tandem plan use.

f. *Program 14 For New Homes.* The par purchase requirement was removed for the funds left in Program 14, thus opening that program for wider use in the purchase of mortgages on single-family homes. The program's mortgage ceiling was increased to Section 235 levels.

g. *GNMA Purchase of 236 Mortgages.* GNMA may buy Section 236 multifamily mortgages above its $22,000 unit limit ($24,500 for 4 bedrooms or more) where projects have the benefit of a local tax abatement program.*

3. *Authorization in Appropriation Act.* Of the $250 million authorized under Title 1 to reduce interest charges for members of the Federal Home Loan Bank System, $85 million was included in the appropriation act authorization for fiscal year 1971 and $62.5 million was included in the appropriation act authorization for fiscal year 1972.

While $210 million of contracts were authorized for the first two years under the new Section 243 program, there has been no request to embody this authorization in any appropriation acts. No regulations have been issued.

4. *Recommendations.*

a. *Legislative Amendments.* NHC recommends an amendment to Section 243 which would provide for the use of the subsidy in order to achieve an effective interest rate of 5% instead of 7% for those people who need this larger subsidy to meet their remaining housing expenses after spending 20% of their income for home ownership expenses, utilities and maintenance. To provide an incentive which would help achieve economic integration, the amendment should provide a preference for people who will buy in a subdivision or housing development serving moderate and lower income families who receive the benefit of larger interest assistance or other subsidies. This program is needed for FHA-insured mortgages since the $250 million FHL Bank program reduces interest rates only on conventional loans made through saving and loan associations.

b. *Additional Authorizations in Appropriation Acts.* After adoption of our proposed amendment to provide 243 subsidies to reduce the effective interest rate from the current 7% to 5%, NHC urges the passage of a supplemental appropriation act which would include the $105 million contract authorization for Section 243 for fiscal year 1973 and an authorization of $105 million of additional contracts for fiscal year 1974—with funds to continue available until used. NHC also urges the appropriation of the $125 million balance of the subsidy authorization to reduce interest rates on advances by the FHL Bank to its members for use in purchasing housing mortgages.

c. *Administrative Actions.*

(i) Even though the current FHA–VA interest rate is 7%, NHC urges HUD to establish rules and regulations pursuant to Section 243. This program should be ready for immediate implementation if needed; also if our proposed amendment is adopted to achieve an effective interest rate of 5%. NHC urges that the Secretary set no income limit for eligibility for assistance under Section 243.

(ii) NHC urges that the Federal Home Loan Bank Board modify its rules so its members can purchase a larger percentage of mortgages on multi-family housing. Such housing has become increasingly important in meeting the needs of the middle-income group.

(iii) While regulations have been issued to implement the FHL Bank's Housing Opportunity Assistance Program ("HOAP") of subsidies which reduce housing costs by $20 monthly for five years, these regulations restrict the program to single-family houses. NHC urges that the FHL Bank Board promptly adopt the pending regulations which would make such assistance available to families living in cooperatives.

(iv) Under the current "HOAP" regulations, the income limits are 150% of the regular Section 235 limits. The income limits should be at least 150% above the median income in the area. The regular Section 235 income limits are too restrictive; also, they are tied to local public housing limits which have a wider variation from place to place than median incomes.

CHAPTER D. HOUSING AND URBAN DEVELOPMENT LEGISLATION, 1971

While no omnibus housing bill was passed in 1971, housing and urban development legislation of a limited nature was enacted. The following are the provisions contained in SJ Res. 176:

1. Flood Insurance—Church Properties. Sections 1305(a) and 1306(b)(1)(c) of the Housing and Urban Development Act of 1968 were amended to include church properties under the National Flood Insurance Program.

2. Temporary Waiver of Mortgage Limitations—GNMA. Section 302(b)(1) of the National Housing Act was amended to permit the Secretary to waive GNMA mortgage limitations up to 150% of the present limits until June 30, 1972. This would raise the limits to $33,000 per unit and $35,000 for units with four or more bedrooms.

3. Water Sewer Planning Requirements. Section 702(c) of the Housing and Urban Development Act of 1965 was amended to extend it until June 30, 1972, the period in which communities may complete planning requirements for water and sewer grants.

4. State Taxation of National Banks. The Bill would delay for one year, to January 1, 1973, the termination of interim provisions governing state authority to tax national banks.

5. New Communities—Supplemental Grant Assistance. Section 718(a) of the Housing and Urban Development Act of 1970 was amended to include private nonprofit organizations as eligible recipients of supplemental grants to assist construction of public facilities in new communities.

6. Public Housing Rent Reductions. Section 2 of the United States Housing Act of 1937 was amended to prohibit the reduction of welfare assistance payments to public housing residents benefiting from required reductions in rents resulting from the 25 percent rent-income limitation.

7. Authorizations for Comprehensive Planning and Open Space Programs. Sections 701(b) of the Housing Act of 1954 and 708 of the Housing Act of 1961 were amended to increase authorization for comprehensive planning program by $50 million and for open space program by $100 million.

8. Small Business Investment Companies. Section 303(b) of the Small Business Investment Act of 1958 was amended to clarify SBA authority to guarantee debentures is-

* See Chapter D for amendment permitting the Secretary to increase this limit to $33,000 until June 30, 1972.

sued by small business investment companies.

CHAPTER E. ADMINISTRATION'S PROPOSED HOUSING CONSOLIDATION AND SIMPLIFICATION BILL; AND SENATE BILL S. 3248, INTRODUCED BY SENATOR SPARKMAN AND PASSED BY THE SENATE ON MARCH 2, 1972

I. Introductory statement

In the succeeding chapters we will discuss existing housing programs as authorized by different sections of the National Housing Act. The multiplicity of statutory section numbers evidences the variety of programs which were enacted in past years. It is evident from the history of the federal housing programs that no comprehensive plan or design was employed in the development of these programs and that each legislative program was enacted to meet a particular need that appeared urgent at a particular time. Consequently, there are gaps and areas of unmet housing needs due to the deficiencies in our housing legislation.

Last year the Administration proposed legislation to consolidate and simplify existing programs. This legislation was widely studied but was not enacted. This year the Administration has proposed another similar housing bill.

NHC, as in the case of the proposed Housing and Urban Development Act of 1970, again supports in principle the objectives of the proposed Housing Consolidation and Simplification Act of 1971 (Administration's Bill). As before, this Bill contains many worthwhile provisions for simplification of the many Federal housing programs and for uniformity in basic provisions. While the Conference believes that this Bill represents a significant improvement over last year's Bill and includes many of the amendments suggested to HUD by NHC, we believe that the Bill could produce some inequities and, inadvertently, present road blocks to the effective implementation of our housing programs.

The Senate Committee on Banking, Housing, and Urban Affairs reported an omnibus Housing Bill on February 28, 1972 (Senate Committee Bill) which was introduced by Senator Sparkman as S. 3248. Chapters 1 and 2 of this Bill generally follow the Administration's proposed Housing Consolidation and Simplification Act with a number of amendments which are described below. On March 2, 1972, S. 3248 was passed by the Senate with some amendments (the Senate Enacted Bill) by a vote of 80 to 1.

The Housing Subcommittee of the House Banking and Currency Committee will begin Executive markup sessions on housing and urban development legislation early in March. The House Subcommittee is expected to consider the Administration's Bill, the Subcommittee Panels' Bill and the Senate Enacted Bill.

Below, we first summarize each major provision in the Administration's Bill relating to housing consolidation and simplification and then we describe what the Senate Committee Bill provides as compared with the Administration's Bill. After these summaries, we list some of the major amendments which are necessary to remove undesirable features and otherwise improve the Administration's Bill. Finally, we identify the extent to which these matters have been included in the Senate Committee Bill. To the extent that the Senate Enacted Bill does not contain our legislative proposals, we continue to recommend our proposals for inclusion in the Senate Enacted Bill so that, as finally passed, the law will conform to our recommendations.

II. General purpose and summary

1. *Purpose and Goals:* According to Secretary Romney, the Administration's proposed bill is "an effort to deal with the overall housing picture" and seeks to achieve the following goals:

(a) To consolidate existing HUD programs for low, moderate, and middle income families.

(b) To eliminate unnecessary bureaucratic requirements and establish uniform criteria for subsidized housing programs.

(c) To base eligibility limits and construction requirements on income and cost factors prevalent in the community.

The *Senate Enacted Bill* continues these purposes and goals.

2. *Consolidation and Simplification:* The Administration states that its housing proposals would (a) consolidate authorities throughout existing law into a number of broad programs, (b) eliminate duplicate authorities, and (c) improve existing operations and subsidy programs. The number of existing FHA programs is reduced from approximately 50 to 8. Replacing some 40 existing authorities dealing with home, cooperative and rental housing are one new program to cover all unassisted home mortgages and one new program to cover all subsidized home mortgages; and one program each for the unsubsidized and subsidized rental and cooperative projects.

The *Senate Enacted Bill* provides for the above described consolidation and simplification but added several amendments that the Committee felt were necessary to retain provisions in existing law which were found necessary as a result of past experience. The Committee Bill recognizes that there are real distinctions between some existing programs which result from their essential differences and which need to be continued.

3. *Senate Committee's General Explanation of its Bill:* The Senate Committee Report gives the following brief explanatory statements to the Senate Bill:

The Committee on Banking, Housing and Urban Affairs, having considered the same, reports favorably a committee bill (S. 3248) to consolidate, simplify and improve laws relative to housing and housing assistance, to provide Federal assistance to local governments in support of community development activities, and for other purposes, and recommends that the bill do pass.

Introduction

The Committee bill reported herewith is an omnibus bill of 7 chapters covering a broad range of Federal housing and urban development programs. Although the main thrust of the proposed legislation is to consolidate and simplify existing housing programs it contains authority for the development of several new programs, the most important of which is a new and far-reaching block grant community development program.

The consolidation provisions of the bill involve a complete overhaul of legislation involving the FHA mortgage insurance program and the low-rent public housing program. The former program goes back to 1934 when the National Housing Act authorized the Federal government insurance of mortgages, and the latter goes back to the Housing Act of 1937 which provided the authority for the low-rent public housing program. The basis for the consolidation provision in the committee bill is the Administration-sponsored "Housing Consolidation and Simplification Act of 1971"—S. 2049. The committee bill made several changes in S. 2049 particularly with reference to the FHA-insured interest subsidy program of benefit to lower income families and the elderly.

III. Major Substantive Changes and NHC Recommendations on Private Housing Programs; Also on Matters Applicable to Both Private and Public Housing Programs

(a) *Senate Committee's General Explanation on Provisions Relating to Mortgage Financing:* The Senate Committee Report gives the following general explanation on the provisions of the Senate Bill relating to mortgage financing:

The bill would recast the mortgage insurance programs contained in the National Housing Act into a completely new statutory framework—the Revised National Housing Act. The new authorization would reflect the experience gained over the past three decades with the mortgage insurance operations and would provide a statutory framework appropriate to the present orientation of these operations.

This consolidation and revision of the mortgage insurance programs was first submitted as part of the Administration's 1970 legislative program. Extensive hearings on the program were conducted by the Committee but because of the magnitude of the proposal and the need to evaluate carefully its impact, the Committee deferred action on the proposal. The Administration then resubmitted its proposal in 1971 with numerous changes reflecting many of the legitimate concerns raised during the Committee's hearings. Additional hearings were held during 1971.

The proposed Revised National Housing Act would consolidate the array of existing insurance programs into eight basic authorities, with relatively simple and flexible terms. Some obsolete and overlapping provisions of existing law would be eliminated and the many provisions now scattered throughout the National Housing Act relating to similar subject matters would be brought together under appropriate headings. The Committee feels that the consolidation will facilitate (1) public understanding and utilization of the mortgage insurance programs, (2) effective, prompt, and flexible administration of these programs by the Department of Housing and Urban Development, and (3) Congressional evaluation of the programs and decisions with respect to statutory amendments.

(b) *Financing Off-Site Components:* The Secretary would be authorized to insure advances of mortgage funds during construction or rehabilitation to cover the cost of materials and components which are assembled or stored away from the construction site. This extension of insurance authority is expected to facilitate the financing of Operation Breakthrough type projects which require substantial off-site assembly of component units.

The *Senate Enacted Bill* would modify this Section by requiring that adequate security be provided for materials assembled away from the construction site and that title to such components must pass to the purchaser before insured advances could be made.

(c) *Flexible Maximum Mortgage Amounts:* The various statutory dollar limitations on maximum mortgage amounts would be replaced by a uniform formula applicable to all home and multifamily mortgages. The Secretary would determine the development cost of a prototype unit of modest design in each housing market area. The maximum insurable mortgage amount for an assisted dwelling unit could not exceed 110 per cent of the development cost in each housing market area. For unassisted housing the maximum insurable mortgage could not exceed 200 per cent of the development cost of the prototype unit. For a multifamily project the maximum insurable mortgage amount would be equal to the maximum insurable ortgage amount of each individual unit multipled by the number of units in the project.

The Senate Bill would modify the above provision by providing that the maximum insurable mortgage amount for an assisted dwelling unit could not exceed 120% of the development cost in each housing market area. It would retain the provision for unassisted housing that the maximum insurable mortgage could not exceed 200% of the development cost of the prototype unit.

(d) *Interest Rates:* The Secretary would have permanent authority to prescribe maximum interest rates for insured mortgages and loans based on his determination of the needs of the mortgage or loan market. These rates could differ for each of the different types of mortgages or loans which would be insured under the various sections of the Act and could further differ to take into account differences between mortgages or loans within each provision. In addition, under an experimental dual interest rate system, the Secretary could insure mortgages under such sections as he deemed appropriate of the Revised National Housing Act at whatever interest rate was negotiated by the mortgagor and mortgagee, provided no discounts were collected. This authority would expire on July 1, 1973, and would provide an alternative to the interest rate administratively established by the Secretary.

The *Senate Enacted Bill* would delete the provision which allows interest rates to differ for each of the different types of mortgages or loans which would be insured under the various sections of the Act. Likewise, the provision was deleted which allowed the Secretary to vary the interest rates between mortgages or loans within each provision. The *Senate Enacted Bill* includes the experimental dual interest rate provision.

(e) *Minimum Down Payment:* The minimum down payment for unassisted home mortgages would be an amount equal to closing costs. The minimum down payment for all assisted mortgages would be $200.

The *Senate Enacted Bill* would require—for all unassisted home mortgages—the minimum downpayment to be at least an amount equivalent to closing costs (exclusive of prepaid expenses) or 3% of the Secretary's estimate of the cost of acquisition, whichever is greater.

The *Senate Enacted Bill* would likewise require a minimum downpayment of $200 for all assisted home mortgages.

(f) *Builders Warranty:* Builders of homes approved prior to construction would continue to be required to warrant homes against substantial deviations from approved plans. In addition, builders of homes which are not approved prior to construction would be required to give homeowners a one year warranty against all structural defects.

The *Senate Enacted Bill* would not change these provisions.

(g) *Cost Certification:* The existing requirements for cost certification would be substantially simplified. The Secretary would be given authority to exempt residential multifamily projects designed for occupancy by less than 12 families or insured for less than $250,000 from the cost certification process.

The *Senate Enacted Bill* would retain most provisions of existing law regarding cost certification. The Committee felt that these provisions have been successful and effective for many years and that they should be continued to avoid uncertainties regarding the manner in which cost certification is handled.

(h) *Uniform Treatment of Major Components of Subsidized Housing Programs:*

(i) *Eligibility Limits*—The income limits would be standardized. Eligible families would be required to have incomes which do not exceed the median incomes for the area as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary could establish income ceilings higher or lower than the median in any area where a variation was necessary because of prevailing levels of construction costs, unusually high or low family incomes, or other factors.

The *Senate Enacted Bill* sets 90 percent of the median as the standardized income. It retains the provision in the Administration's Bill authorizing the Secretary to adjust the limit higher or lower as necessary.

(ii) *Construction Cost Limits*—Specific statutory dollar limitations on the amount of the maximum insurable mortgage amount would be removed. The development cost of a prototype unit priced out in each housing market area would be the new basic criteria for maximum mortgage amount for both single family homes and multi-family units. Development cost would be equal to construction costs plus an amount attributable to land costs.

The *Senate Enacted Bill* provides substantially the same construction cost limits.

(iii) *Definition of Income*—For purposes of eligibility and the determination of the subsidy amount under the private programs, income would be defined to include income from all sources of all family members except that the Secretary would have authority to exclude income earned by minors and non-recurring income. For the purpose of determining the amount of the subsidy, $300 per minor could be excluded from income for each minor. For public housing receiving operating subsidies or under the new Homeownership Section similar definitions to the private programs would be used. However, under the regular Public Housing Program, income would be defined to exclude nonrecurring income and income of full-time students and to deduct $300 for each dependent and for each secondary wage earner, 5 percent of gross family income or 10 percent in the case of the elderly, and extraordinary medical expenses. This section is substantially the same as the present definition for the regular Public Housing Program which was included in the 1970 Housing Act.

The *Senate Enacted Bill* provides for complete uniformity in the definition of income for all subsidy programs whether private or public. The Bill would require that, in defining income, the Secretary shall consider income from all sources from each family member residing in the household with the following deductions:

(A) Income for any family member below the age of eighteen, nonrecurring income, as determined by the Secretary and the income of full-time students living with their parents;

(B) An amount equal to the sum of (i) $300 for each dependent, (ii) $300 for each secondary wage earner, (iii) five percentum of the family's gross income (ten percentum in the case of elderly families) and (iv) those medical expenses of the family properly considered extraordinary shall be deducted; and,

(C) Such further deductions as the Secretary determines in recognition of unusual circumstances.

(iv) *The Rent to Income Ratio*—All participants in the subsidized programs would be required to contribute 20 percent of their income to mortgage payments under the homeownership program and 25 per cent of income for rental and occupancy charges on multifamily housing for rental or cooperative operations. There would be a "basic rental" for each unit in an assisted rental or cooperative project determined on the basis of operating the project with the benefit of the assistance payments. The occupant would pay the basic rental or charge for his unit or such greater amount, not exceeding the fair market charge for such unit (the rental or charge without subsidy), as represents 25 per centum of his income.

The *Senate Enacted Bill* does not modify the above described rent-to-income ratios, except that an operating subsidy would be authorized on multi-family projects under 502 experiencing increases in operating costs as explained under subparagraph (j) below. In such cases, when an operating subsidy is paid in later years if operating expenses increase, the Bill (as clarified by the Senate Committee Report) provides that families: (A) in the low-income group, who receive deeper subsidies (comparable to rent supplements), would not pay more than 25 percent of their income for rent and (B) other families would not pay more than 30 percent of their income for rent.

(i) *The Subsidized Homeownership Program:* The assistance payment on behalf of any homeowner could not exceed the lesser of (i) the balance of the monthly payment for principal, interest, taxes, insurance, and mortgage insurance premium due under the mortgage remaining unpaid after applying 20 per centum of the mortgagor's income, or (ii) the difference between the monthly payment for principal, interest, and mortgage insurance premium due under the mortgage and the monthly payment for principal and interest due under a 1% mortgage. However, the amount of this difference could be increased by up to one-fourth in cases (not exceeding 20 percent of the total amount of contract funds authorized by appropriation Acts) where the Secretary determined an increase was necessary to further the purposes of the section.

The *Senate Enacted Bill* would provide substantially the same formula.

The *Senate Enacted Bill* would add a new subsection to 402 which would provide that not less than 10 percent of that program would be available for use with respect to dwellings which require substantial rehabilitation.

(j) *The Subsidized Rental or Cooperative Program:* The assistance payment on behalf of a project owner could not exceed the difference between the monthly payment for principal, interest and mortgage insurance premium (or other comparable charges approved by the Secretary) on a market rate mortgage and the monthly payment for principal and interest that would be due on a mortgage at 1%. With respect to up to 20 percent of the dwelling units in any project, the Secretary could contract to make assistance payments to a project owner on behalf of tenants or cooperative members whose incomes are too low to afford the basic rentals. These payments, with respect to any unit, could not exceed the lesser of (i) the amount required to reduce the basic rental or occupancy charge to an amount equal to 25 percent of the family's income or (ii) the maximum payment which would be made with respect to the dwelling unit under the rent supplement program.

The *Senate Enacted Bill* is substantially different and provides the following new formula:

(A) As to 20 percent of the units in a subsidized multi-family project under 502, a deeper subsidy would be available which would pay the difference between the basic rent and 25 percent of a family's income. (The family would have to pay the cost of utilities as a minimum unless the Secretary determines that this requirement would result in undue hardship in an area because of its unusually high utility costs). At least half of this 20 percent are to have incomes of 50 percent or less of the median income in the area where the housing is located—these are called very low-income families. Likewise, the Secretary could decrease the deep subsidy coverage to 10 percent of the units if the project would not be viable with a deep subsidy coverage of 20 percent of the units. The Secretary could increase the deep subsidy to 40 percent of the units when needed—and up to 60 percent in projects for the elderly.

(B) During the rent-up period, the project's rent would be predicated on everyone paying at least 25 percent of the family's income. If paying the basic rent would require more than 25 percent of a family's income, it is possible that such a family could pay a higher percentage of its income for the housing *if* the Secretary did not provide additional assistance (deeper subsidy) to cover all the units to be occupied by such families.

(C) If the project were faced with increased operating costs which required that people had to pay more than 30 percent of

their income, then a new HUD operating subsidy would become available to meet those increased costs rather than increasing rents to over 30 percent of a family's income or 25 percent in the case of families occupying units covered by the deeper subsidy. This is a compromise from the Brooke-Mondale Amendments which would have authorized HUD to pay an operating subsidy whenever expenses increased so that no one would have to pay more than 25 percent of his income for housing. For each 502 project, the Senate Committee Bill provides that there is to be established an initial operating expense level at the time the Secretary determines that the property is "fully" occupied after allowing for customary vacancy rates. At any time subsequent to the establishment of this initial operating expense level, the Secretary may contract to make additional assistance payments to meet increases in operating expenses above the initial level. These contracts may be amended periodically to provide for appropriate adjustments. The additional assistance payments are to be made if the Secretary finds that the operating-expense increases are reasonable and comparable to cost increases affecting other rental projects in the community. The additional assistance payments will be in an amount not to exceed either (i) the amount by which the sum of the cost of utilities, maintenance and local property taxes exceeds the initial operating expense level or (ii) the amount required to maintain the basic rentals of any units at levels not in excess of 30 percentum of the income of tenants occuping such units, except with respect to tenants occupying dwelling units on which the Secretary has contracted to make deeper subsidy payments who would not be required to pay a rental of more than 25 percent of their income.

B. *Recommendations:* NHC supports the principles and objectives of the Administration's proposals for simplification of the many federal housing programs, but only if the legislation includes the recommendations for a new flexible formula for subsidies, better income-to-rent ratios, achievement of economic integration, and all of the other amendments described in these resolutions. However, last year's bill would have produced inequities and presented serious roadblocks to the effective functioning of these programs. While many of these objectionable features were eliminated from this year's bill, there are still some provisions that would produce inequities and inadvertently block effective implementation of our housing programs. Therefore, we are listing below some of the features which we recommend be removed from this year's Bill. This includes amendments to the proposed Administration bill and other new legislation which are necessary: (a) to eliminate gaps and deficiencies in our existing legislation; (b) to assure the availability of housing to meet the needs of people at all income levels with monthly charges that they can afford; and (c) to achieve economic integration of assisted housing with a freedom of choice for people of all incomes to select where they want to live.

(1) *Rent Increases for Existing Tenants:* The most controversial part of last year's Bill was the effort to impose new requirements on existing projects resulting in substantial increases in rents or tenant contributions for present occupants under several programs. The Bill now requires rent increases for families now living in those public housing projects which will be assisted with annual contributions for operating subsidies. There would be a minimum rental payment of 20% of income (with a maximum of 25%) from families living in such projects. Many such families have been paying less pursuant to the income-to-rent ratios established by local housing authorities under previous legislation. The Administration proposes to make such rent increases effective in two increments—one-half after the first year's review of family income and the other one-half after the second year's review of family income.

People living in public housing projects already built should not be required to pay higher rents than those established under earlier laws and regulations; otherwise, there will be serious hardships for them. Such rent increase for these people will adversely affect their cost of living and reduce the amount they have for necessary food, clothing, and other living requirements. Therefore, NHC opposes any attempt to increase rents of *existing* tenants in public housing projects.

The *Senate Enacted Bill* would continue the same plans for rent increases for existing tenants as the Administration's Bill. This is more fully explained under Part IV of this Chapter.

(2) *Determination of Income and Eligible Deductions:* The Administration's Bill retains the allowable deductions for assisted private housing, namely, $300 for each minor child. In the 1970 Housing Act, Congress reaffirmed and codified for the regular public housing the type of deductions that had been typically available in such (a) an amount equal to $300 for each dependent and $300 for each secondary wage earner; (b) 5% of gross family income or 10% in the case of the elderly; (c) nonrecurring income and income of full time students; (d) medical expenses of the family which are extraordinary; and (e) such further deductions as the Secretary allows in recognition of unusual circumstances.

We recommend that these same criteria be adopted for assisted private housing programs—and for public housing receiving operating subsidies or under the new Homeownership Section—so that there are uniform criteria for both private and public housing receiving subsidy assistance. It is necessary to have fair standards of this character for determining deductions in computing family income in order to avoid an unreasonable and unfair burden on low income families who pay too much for housing. Such a burden will result unless there are exclusions from income which result in a realistic determination of the amount of income actually available to the family for its housing and other living expenses.

The *Senate Enacted Bill* adopts the NHC recommendations in their entirety.

(3) *Percentage of Income Required Under Assisted Housing Programs:* The Administration's Bill would retain the provisions requiring that 20 percent be spent for housing under the homeownership program (Section 235, which would become Section 402). In the case of the homeownership program, the housing expenses should be broadened to include utility costs, repairs and maintenance. This would establish a uniform criterion as to all housing which is assisted by interest subsidies. In the case of the assisted multi-family program, we recommend that locally etablished rent-to-income schedules be established and that no family be required to pay more than 25 percent of its income for housing. The housing-payment-to-income ratios in a local project (or local program) must average at least 20 percent.

In the case of multi-family housing, there should be both a minimum percentage of income paid for housing (up to the maximum established charge) and a maximum percentage of family income to be spent for housing. The establishment of a maximum would apply the same criterion to assisted private housing that has been adopted in the Housing and Urban Development Act of 1970 for public housing, known as the Brooke Amendment. This provides that tenants in public housing are not to pay more than 25 percent of their income for housing and that adequate subsidies are to be provided to achieve this objective. We recommend that a like percentage be established as a maximum in privately assisted housing. This is a sound principle which should be uniformly applied to all housing receiving subsidy assistance. It avoids the undue hardship that has resulted under existing programs where some families are paying too high a proportion of income for housing expense.

The *Senate Enacted Bill* would continue the same housing-payment-to-income ratios as the Administration's Bill.

As to the maximum percentage of income to be spent for housing, the *Senate Enacted Bill* would adopt the NHC recommendations in part as explained under subparagraph (1) above.

(4) *Realistic Income Limits:* As a matter of principle we would recommend that there be no income limits for admission to assisted housing but that each family or person be required to pay a locally established ratio of income for total housing expense. If, as a pragmatic matter, it is necessary to include an income limit in order to obtain legislative authorizations and funding for subsidies to assist housing, we recommend a formula for income limits which will eliminate gaps in our present housing programs. The present maximum income limits leave areas of unmet needs for the income limits are unrealistic. They fail to reach many who cannot afford adequate housing without the aid of some subsidy. We recommend the following program relating to realistic income limits and the achievement of economic integration:

(a) There would be an income limit, for 80% of the dwelling units, which would be both realistic and simple. It would be the median income in the area, with authority in the Secretary to exceed the median by the amount required in order to meet the housing needs of the locality based on its income and cost factors.

(b) There would be no income limit for 20% of the units, in order to achieve economic integration and enable the housing developments to serve a cross-section of income groups.

(c) Instead of the present subsidy formulae which result in gaps and areas of unmet need and which preclude achieving economic integration, we recommend the subsidy formula described in the next paragraph.

The *Senate Enacted Bill* would eliminate many of the gaps which currently exist in the subsidy program and which would be continued under the Administration's Bill. However, under the Senate Committee Bill, a gap would still exist as no interest assistance can be paid for any family with an income above 90% of the median, even though 25% of its income did not equal the market rent. Such families cannot afford housing at an unsubsidized rent, so their housing needs would not be met under the Senate Committee Bill.

(5) *Adequate and Flexible Subsidy Formula to Meet All Needs and Achieve Economic Integration.* There would be a flexible subsidy formula which would eliminate gaps in our housing program and assure that there is sufficient subsidy available to meet the housing needs of people at different income levels. Also, it would achieve economic integration. The amount of subsidy would be the amount required to meet the housing expenses remaining after the occupant pays a local established proportion of his income for the housing. The amount of subsidy allocated for an assisted housing development should be based upon making dwelling units available to a cross section of income groups, as follows:

(a) Up to 20% for occupancy by families or persons whose incomes are much the maximum income limits and who require subsidies at or above the amounts which have been available for rent supplements and public housing. Based on their locally established

rent-to-income payments for housing, this group would be eligible for a subsidy in the amount required to meet the remaining amount of housing expenses. To the extent needed, this would cover the principal and interest payments on the mortgage and a part of the operating expenses.

(b) Up to 20% for occupancy by families or persons whose incomes are above the maximum income limit. We propose a subsidy incentive for such families to live in an assisted housing development with families of lower incomes. For this group, there would be a subsidy of 2%. At today's market interest rate, these people would pay an effective interest rate of 5%, plus the ½ of 1% FHA premium. People in this group would make the locally established housing payment up to a "maximum established charge" which would reflect the subsidy of 2%.

(c) The remainder for occupancy by families or persons who are at or below the median or high income limit established by the Secretary and who require subsidies in the form of interest assistance. Based on the locally established rent-to-income payment for housing, this group would be eligible for a subsidy in the amount required to meet the remaining amount of housing expenses. To the extent needed, this would cover all of their interest and the FHA insurance premium. According to their varying needs, these people would pay a monthly charge ranging from 0% interest (with no FHA insurance premium) up to the maximum established charge which would reflect a 2% subsidy.

There would be a periodic re-examination of income only for occupants who are paying less than the maximum established charge. If their income increased, they would make housing payments on the larger income but not more than the maximum established charge. With such a charge which reflects a 2% subsidy and an effective current interest rate of 5%, there would be an incentive for residents to remain in the housing community even though their incomes increased. As a matter of public policy, this is vitally important in order to achieve greater stability in housing communities and to maintain their economic integration. If people feel that they are permanent residents of a housing development, they will take better care of it.

The foregoing program would achieve economic integration and more wholesome housing communities. In each housing development or subdivision there would be a cross-section of families at different income levels because income limits would not apply to those who are not receiving assistance. This would avoid the past undesirable condition where families were segregated within narrow income segment. In such cases there was a predominance of lower income and excessively depressed people living in a housing development which was stigmatized and isolated from the community. Through the achievement of a balanced population in a community—including middle income people with those of moderate and low incomes—we can achieve more wholesome and stable communities. By serving a broader segment of the market through economic integration a housing development will be better able to achieve racial integration. Middle and moderate income families will help to provide leadership and status for the community. With housing in each development available for a cross-section of income groups and a broader market, we can offer freedom of choice to people of all incomes to select where they want to live.

In prescribing requirements with respect to tenant eligibility and rents under 502, the *Senate Enacted Bill* specifically provides that the Secretary shall seek to assure, insofar as practical, that in each assisted project, there is a reasonable range in the income limits of tenants. (Section 502(e)). The following provisions are included in that Bill to implement this economic integration objective:

(a) The *Senate Enacted Bill* makes it clear that the Secretary is authorized to insure a mortgage under Section 502 which is to be occupied *primarily* by those who are tenants of low-income at the time of initial occupancy (Section 502(i)). This clearly recognizes the eligibility for occupancy of people above the income limits applicable to those who are to receive assistance. This will help to achieve the NHC objective that 20 percent of the units should be occupied by people above the income limits applicable to those who receive assistance.

(b) The *Senate Enacted Bill* authorizes interest assistance in an amount sufficient to reduce the basic rental charge to the level that would be applicable under a mortgage with an interest rate of 1% per annum. This is the income group which would occupy 60 percent of the units under the economic integration program NHC recommends.

(c) With respect to 20 percent of the units in any project, the *Senate Enacted Bill* authorizes the Secretary to contract to make additional assistance payments for tenants whose incomes are too low for them to afford the basic rentals with 25 percent of their incomes. This additional assistance payment would be the amount required to reduce the rental payment by such tenants to 25 percent of their income (in no case is their rental payment to be reduced below an amount equal to the utility cost attributable to the unit occupied by such tenants).

(Note: The existing rent supplement program requires that tenants pay at least 30% of the basic rental charge regardless of their income. Therefore, NHC is pleased that the Senate enacted bill would lower this requirement to the cost of utilities unless the Secretary determines that the cost of utilities would result in undue hardship because of unusually high utility costs.)

However, the Secretary has authority to either reduce or increase the requirement that 20 percent of the units be occupied by such lower income families if he determines that such action is feasible to achieve the economic viability of the project and the economic integration objective stated in the Bill. There is a further proviso that no less than one half of the units with respect to which such additional assistance payments are made shall be occupied by very low income tenants—they are defined as those whose incomes do not exceed 50 percent of the median income for the area.

(6) *Contract Commitments and Reserves for Subsidy.* The federal government should make an overall dollar commitment of contract authority for subsidy which would take into account the anticipated need based on a project with a cross-section of income groups ranging from the low to those who pay the maximum established charge. By serving a broader segment of the market, housing developments should be programmed with subsidies to serve the anticipated income distribution within a housing development. In most cases, the actual dollar amount of subsidies to be committed to a particular project may be less than the amounts committed under present programs. The past practice of committing maximum subsidies has resulted in unused contract authority because the commitment was based upon the maximum amount needed for everyone. Last year, the Senate Committee recognized the undesirability of pursuing this practice. Under the proposed program, the commitment of contract authority would be based on the estimated need based on serving a cross section of income groups. There should be a national reserve of a reasonable amount of contract authority for commitment to meet over-runs in subsidies above the estimates. This reserve would be only a fraction of the amount of unused authority under the present system where all commitments anticipate a maximum subsidy for everyone.

The *Senate Enacted Bill* does not adopt this NHC recommendation. However, it does provide for an operating subsidy if needed to meet future increases in the operating expenses of multifamily housing assisted under Section 502.

(7) *Realistic Mortgage and Construction Limits.* We recommend the elimination of dollar limits on mortgages and construction costs, by establishing a flexible formula for the Secretary to determine such limits based on cost factors prevalent in the community. The 1970 Housing Act provided this amendment in the public housing program. It provided that prototype costs should be determined by the Secretary on the basis of his estimate of construction and equipment costs of new dwelling units in the area. The law provided that the prototype costs should take into account the extra durability required for economical maintenance of housing and the provision of amenities designed to guarantee safe and healthy family life and neighborhood environment. Further, it provided that in developing such prototypes, emphasis should be given to encouraging good design as an essential component of such housing and to provide housing which will be of such quality as to reflect the architectural standards of the neighborhood and community. We recommend this program for private and public housing but with the mortgage amount to be increased to 125% (instead of the 110% proposed by the Administration) of dwelling construction costs on assisted housing—or 200% of dwelling construction costs for unassisted housing—plus nondwelling construction items and the full market price for sites which are zoned and suitable for such housing.

The *Senate Enacted Bill* would provide a satisfactory definition of the required prototype quality. While NHC recommended an increase from the 110% of prototype limits (which is the limit in the Administration's Bill) to 125%, the Senate Enacted Bill provides for an increase in the mortgage amount to 120 percent of the prototype for assisted housing.

(8) *Orderly Transition To New Programs.* With the consolidation of housing programs and new formulas as to income limits, subsidies, cost limits and other matters, we emphasize the urgent need to continue operations and housing production under the existing laws. During the tooling up period under the new legislation, and until the new programs become fully effective and operational, all existing programs should continue so that there will be no interruption in HUD operations in view of the need for a higher level of production during the coming years. The *Senate Enacted Bill* adopts this NHC recommendation. It provides that the revised National Housing Act shall be effective in whole or in part at such times as the Secretary shall prescribe. Moreover, the Secretary is to establish procedures for the orderly transfer of mortgage insurance operations from the authority of the present National Housing Act to the Revised National Housing Act, in order to assure continuity of program activity and provide an opportunity for necessary administrative or legislative revisions.

(9) *Disposition of Low Rent Public Housing and Secretary-Held Projects to Its Residents.* We support the proposed legislation authorizing the disposition of low-rent public housing for ownership by the residents and other low-income families. An amendment is necessary to provide for necessary repairs and improvements in public housing before its disposition. Low income families should not take over housing which needs such repairs and improvements to make it suitable for their ownership. Supplemental loans should be available to provide for this additional work, together with prepaid expenses and the costs involved in achieving homeownership by low income families; also, supplemental annual contributions should

be authorized to cover the debt service on such supplemental loans from the Secretary or others. Without the recommended changes, the proposed provisions in the Act would not achieve the contemplated objective of cooperative and other homeownership by residents of public housing and other low income families.

We recommend a clarifying amendment to continue the annual contributions and the outstanding local authority bonds—which generally bear very low interest rates—upon disposition of public housing for cooperative ownership in order to permit the achievement of monthly charges which the low income residents can afford. The proposed legislation should be amended to provide that the interest rate on the purchase money mortgage of the cooperative should be the rate on the public housing agency's bonds on the project which will continue to be outstanding, with a continued pledge of the Federal annual contributions to maintain the low-income character of the project—including a program to encourage its economic integration. With low income families and fixed annual contributions, it is not feasible for the cooperative purchaser of public housing to pay the higher interest rate which would be applicable under the formula in the Administration's Bill. In sales to nonprofit cooperatives, the mortgage should be in a principal sum equal to the unpaid balance on the public housing agency's principal debt on the project, together with the amount of the supplemental loan for necessary repairs and improvements, prepaid expenses and costs involved in achieving cooperative ownership. Also, supplemental annual contributions should be authorized to cover the debt service on such supplemental loans.

The *Senate Enacted Bill* provides for disposition of public housing projects to residents in accordance with the NHC recommendations as described above. The Bill does not, however, provide for disposition of Secretary-held property to cooperative ownership by its residents.

An additional amendment similar to the amendment described above for disposition of public housing projects is needed to continue the Secretary's authority to dispose of Secretary-held projects for cooperative ownership. There has been an increasing number of rental projects acquired by the Secretary as a result of defaults. Experience shows that these projects, when properly rehabilitated, can be made successful under cooperative ownership, since the residents then have a stake in the community which they own. The Secretary's most recent disposition of a project for cooperative ownership involved a formula and procedure similar to what we are recommending, namely that the cooperative would give a purchase money mortgage to the Secretary in a principal amount equal to the appraised value of the property, as rehabilitated, for continued use as a cooperative (as defined in the *Senate Enacted Bill*) plus the costs involved in achieving cooperative ownership and the amount of prepaid expenses.

(10) *Necessary Continuance of Existing Laws and Equal Treatment for Cooperatives.* There are several amendments required to retain provisions in existing laws which were found necessary as a result of past experience. There are real distinctions between programs, which result from their essential differences and needs. Where existing laws recognize the need for special provisions adapted to the special requirements of a program, these provisions should be continued. The following examples are cited in the field of cooperatives:

(a) The proposed legislation should clarify the two types of cooperatives which have always existed under the cooperative program: namely, one which is a management-type project where permanent occupancy is restricted to members of the cooperative; and the second which is a sales-type cooperative where the individual units are to be sold to purchasers eligible for mortgage insurance and assistance. However, in the latter case, certain special safeguards should be provided, including the requirement for consumer-oriented sponsorship of the cooperative and for community facilities which the cooperative would continue to provide for the owners of the individual dwelling units.

(b) The provisions of existing law should be retained which allow a project to be initiated by an investor-sponsor for sale to a cooperative pursuant to a dual commitment which provides for a 90% mortgage to the investor-sponsor and the higher allowable mortgage to the cooperative upon its acquisition of title. The Secretary should impose such requirements on investor-sponsors as are necessary to assure that the consumer interest is protected.

(c) Likewise, in the proposed legislation, it is necessary to assure that there is at least equal treatment for cooperative homeownership as compared with individual ownership. Thus, in the case of single family homes there can be 100% mortgages when the amount does not exceed $20,000.00 per unit. The same privilege should be accorded to cooperatives when the average housing cost does not exceed $20,000.00 per unit. As to the replacement cost in excess of $20,000.00, the mortgage amount would be limited to 97 per centum of such excess. This amendment would continue to meet the recognized need for these percentages on cooperative mortgages and would retain similar long-standing provisions of existing law.

In addition to the above, an amendment is needed to assure that unsubsidized projects built under Section 501, with mortgage limits that conform to the lower amounts applicable to subsidized projects, will have 100% mortgages. This will allow the continuation of the Section 221(d)(3) market rate program.

(d) For more than 10 years—and again in the 1969 Act—Congress has recognized that while the normal formula of appraised value is appropriate on existing properties operated as profit-making rental projects, it is entirely inappropriate and unworkable for existing projects which are to be owned and operated on a nonprofit basis. In the case of a profit making rental project, it is feasible to have an appraisal formula which includes a capitalization of net income. However, there is no net income on a nonprofit or cooperative ownership project where the charges reflect the nonprofit objective. Congress recognized this and other differences in the factors involved in nonprofit projects and cooperatives, so it prescribed a workable appraisal formula for existing projects being acquired for cooperative or other nonprofit ownership. This formula has been tried and tested, and it should be retained.

(e) The 1968 Housing and Urban Development Act included cooperatives under *both* Sections 236 for rental and cooperative housing *and* Section 235 for homeownership for lower income families; also, Section 213 covers both management-type and sales-type cooperatives. However, in last year's Administration bill, cooperatives were limited to the management-type. It is important for cooperatives to continue to have statutory authorizations which cover both types of cooperative programs. In the case of condominiums, a project would obtain mortgage insurance under Section 501, with purchasers of the housing obtaining mortgage insurance and assistance under Sections 401 and 402. We recommend the same program for sales-type cooperatives where the individual dwellings sold to purchasers would get mortgage insurance under Section 401 when unassisted and under 402 when assisted, based upon individual mortgages which do not exceed the unpaid balance of the blanket mortgage applicable to the individual dwelling.

(f) In the 1968 Housing Act, Congress specifically recognized the desirability of permitting the conversion of assisted rental projects to resident owned cooperatives. Thus, Sections 221(j) and 236(j)(3) permit such a conversion. In further recognition of this concept, Congress provided in the Tax Reform Act of 1969 (Section 1039 of the Code) for deferral of gain upon the sale by a limited distribution project financed under Sections 221(d)(3) or 236 to a cooperative or other nonprofit corporation. Because many owners of Sections 221(d)(3) and 236 projects have been expecting to sell their rental projects to cooperative or other nonprofit corporations, provisions must be made to continue these existing laws providing for such sales.

The *Senate Enacted Bill* adopts the above NHC recommendations with some modifications and omissions.

(11) *Necessity of Retaining Profit and Risk Allowances (BSPRA).* While the proposed Bill provides BSPRA for Section 502 projects, it should be amended to continue this profit and risk allowance (BSPRA) of 10% of estimated project costs. Since 1956, the housing laws have directed that FHA include such an allowance in its estimate of replacement cost on certain multi-family projects. This policy is necessary to attract developers of multi-family housing; also to achieve the objectives of the National Housing Partnerships.

There is a proviso in existing legislation that HUD could adopt a regulation prescribing a lesser percentage if it determined and certified that this 10% allowance was unreasonable. However, no such determination has been made during the past 14 years. Moreover, Congress has five times re-enacted and extended the 1956 provisions to cover other multifamily housing programs where the mortgage amounts are based on replacement cost. Thus, there has been a continuing Congressional recognition of the need for such a uniform allowance in these multi-family housing programs. This profit and risk allowance should be retained.

It is especially important that cooperatives and other non-profit mortgagors receive BSPRA as this is necessary to avoid discouraging or discriminating against the construction of cooperative and other non-profit projects. In the case of the consumer cooperatives where there is no identity of interest with the developers, the proposed profit and risk allowance in the replacement cost becomes a part of the lump-sum construction price or payment to the sponsor and covers risks imposed on the developer and sponsor to protect the purchasing-cooperative members, including protection against any increase that occurs in development costs after members have purchased their units.

The *Senate Enacted Bill* adopts the above NHC recommendation with some modification.

(12) *Cost Certification and Industralized Housing.* An amendment is necessary in the cost certification provisions to cover cases where factory-manufactured houses or major housing components are furnished by a subcontractor or supplier having an identity of interest with the mortgagor or builder. In such cases, it is not feasible to have a certification covering the costs involved in the factory production of such houses or housing components. Accordingly, the cost certification should provide for an allowance representing the Secretary's estimate—at the time of the issuance of the commitment—of the value of such manufactured housing or major housing components. We recommend such an amendment, which will help achieve the objectives of Operation Breakthrough.

The *Senate Enacted Bill* would provide for such an allowance as recommended by NHC.

We also recommend amendments to retain provisions of existing law regarding cost

certification. There have been successful experience and effective administration under these provisions for many years. It is necessary to continue these provisions and avoid uncertainties regarding the manner in which cost certification is handled. We are opposed to repealing well-established statutory rules and granting broad administrative discretion which will create doubts and uncertainties that could adversely affect housing production.

The *Senate Enacted Bill* would retain provisions in existing law regarding cost certification as recommended by NHC, with some modifications.

(13) *Continuity of Programs Under State and Federal Laws.*—Many state laws provide for higher ratio loans by banks and financial institutions when a mortgage is insured by FHA under the National Housing Act. We recommend an amendment which would assure that loans insured under the proposed Act would be regarded as loans insured by FHA under the National Housing Act so they will continue to be eligible for the higher ratio loan under state law.

The Tax Reform Act of 1969 provides certain tax incentives relating to the construction and sale of limited-distribution projects under Section 221(d)(3) and 236. We recommend an amendment which would assure that comparable projects under the proposed Act would be eligible for these tax incentives.

We recommend another amendment which would make other changes in federal statutory references which identify FHA programs by numbers which will no longer be a part of the proposed Act.

The *Senate Enacted Bill* does not specifically provide for the above three NHC recommendations.

(14) *Amendment to Avoid Over-Utilization of Contract Authority for Assistance Under Section 502.* The House and Senate Committees have previously questioned the manner in which HUD determines the amount to be charged against contract authority for assisted projects because this has resulted in an over-utilization of contract authority and, therefore, a decrease in the number of families that can be assisted. With a program like the one in the Senate Committee Bill to provide necessary additional assistance to cover future increases in taxes or other operating expenses, this problem becomes more critical, as it is desirable to avoid a set-aside of contract authority for this purpose—which would reduce the number of units to be assisted.

NHC recommends an amendment which would accomplish both of these objectives. At the time of the establishment of the initial expense level and the range in income levels of tenants, the Secretary would be authorized to reduce the amount contracted for assistance payments to what was needed to assure the economic viability of the project. However, the contract would provide that when additional assistance payments are needed for the project subsequently—due to an increase in operating expenses or a change in the income levels of tenants—the Secretary may amend the contract to provide for the additional assistance payments. These amendments to contracts would be made from the amounts of contract authority released through the reductions in contract authority after the initial expense level and tenant income range are established.

All reductions in contract authority would be set aside in a national reserve for later use on amendatory contracts when needed on any projects to cover increased operating expenses or reduced income due to a change in the income levels of tenants. Tenants, project owners and mortgagees would not suffer from the proposed reduction in the amount contracted for assistance payments, because these reductions in the outstanding contract commitments would be set aside to insure that the assistance funds would be returned later for future use if needed.

(15) *Housing For Elderly.* There are special provisions in the *Senate Enacted Bill* relating to assistance payments on units occupied by the elderly including the following:

(A) Not less than 15% nor more than 25% of the total amount of contracts for assistance payments authorized to be made after June 30, 1973, shall be available for use only with respect to projects which are planned in whole or in part for occupancy by the elderly.

(B) of the amount stated in the preceding clause (A), not less than 30% (which may be reduced by the Secretary to 15% if necessary to assure the viability of the elderly housing program) shall be available for use only with respect to integrated projects. As applied to an elderly project, this term means a project in which not less than 10% nor more than 50% of the dwellings are planned for occupancy by the elderly. (Section 502 (h)(2)).

(C) Additional assistance payments (deeper subsidy) may be made with respect to no more than 60% of the units in any project in which all or substantially all of the dwellings are occupied by the elderly.

(D) There is to be an Assistant Secretary for Housing for the Elderly who will be responsible for administering assistance in behalf of the elderly. (This amendment was adopted by the Senate).

NHC supports these additional provisions to improve housing for the elderly. However, NHC questions the need for the mandatory requirement in clause (B). While we agree that law should permit buildings for the elderly to be located in the same neighborhood with younger people, we question the wisdom of intermingling the elderly in the same building with families who have young children.

NHC recommends the same definition of the "elderly" in the assisted private housing as the *Senate Enacted Bill* provides for public housing namely, families whose heads (or their spouses) or whose sole members are at least fifty years of age.

(16) *Counseling and Tenant Services.* The Senate Committee Report explains the provisions on counseling and tenant services as follows:

Counseling

The Committee provides that homeownership counseling and tenant services will be funded only from Section 106 (of the 1968 Act) appropriations. In the past some of these programs have been funded under other sections of the National Housing Act, but now it appears that all of the funding will come from this one section. Because of increased reliance on this program and the increased activity and emphasis on counseling and tenant services, it is necessary to sharply increase the amount of money for the 106 program. The Committee has accordingly increased the authorization from $5 million to $60 million by fiscal 1974.

There is no intention of limiting the use of such funds to homeownership counseling or tenant services functions, and the Department is expected to continue to use this authority to stimulate housing production in the areas of greatest need and to stimulate creation and continued viability of self-help groups capable of producing housing.

The *Senate Enacted Bill* adopts NHC recommendations. We are gratified that the Committee has increased the authorization to $60 Million for fiscal 1974 and broadened the scope of counseling and tenant services in order to cover all assisted programs.

IV. A. *Major substantive changes and NHC recommendations on public housing programs*

(a) The Administration's Bill contained the following provisions:

(i) *Flexible Development Costs*—The 1970 Housing Act provided a flexible development cost formula to determine maximum costs of public housing, which would be continued.

The *Senate Enacted Bill* would provide for similar flexible development costs.

(ii) *Federal Annual Contributions*—There would be a separation between the authorization to provide annual contributions for debt service requirements and the authorization to provide an operating subsidy. The maximum annual contributions for debt service requirements would be the annual amount of principal and interest payable on obligations issued by a public housing agency to finance the development or acquisition of the project involved. The present maximum limit on the rate of annual contributions for both debt service and operating subsidy requirements—the going Federal rate plus two percent times the capital cost of the project involved—would be eliminated. Also eliminated would be the authorization to pay an additional annual subsidy of up to $120 per dwelling unit occupied by an elderly or handicapped family, a displaced family, a very large family, or a family of unusually low income. The Administration states that these special category subsidies are no longer required in view of the new operating subsidy provisions.

There would be a separate authorization for the Secretary to make annual contributions to public housing agencies for the operation of low-income housing projects (including low income housing in private accommodations which would include an operating subsidy). The contribution payable annually under this section could not exceed amounts which the Secretary determines are required (a) to assure the low income character of the projects involved and (b) to achieve adequate operating services. The Secretary would be authorized to embody the provisions for annual contributions for operating subsidy in a contract guaranteeing their payments.

The *Senate Enacted Bill* contains substantially the same annual contributions provisions.

The *Senate Enacted Bill* added a provision which would allow public housing projects to pay the equivalent of full property taxes. Full property tax payments for existing projects would be phased over a ten year period. HUD has the right to reduce the payment of the equivalent of a full local property tax if it is considered unreasonably high.

The *Senate Enacted Bill* would increase the maximum authorization of contracts for operating subsidies (as described above) from $200,000,000 per annum as provided by the Administration's Bill to $335,000,000 per annum. These amounts are included in the total authorization for annual contribution contracts.

(iii) *Tenant Contributions*—The bill would establish rental requirements for families occupying dwelling units in a low income housing project assisted with operating subsidies. Subject to the existing law requirement that a family's rental charge could not exceed one-fourth of income, the family would be required to pay a rental of not less than one-fifth of the family's income, but not to exceed a fair market rental charge determined on the basis of operating the project with payments of principal and interest which the public housing agency is obligated to pay on the capital cost of the project. In the case of low-income housing in private accommodations, the fair market rental charge would be the rental which the owner receives for the dwelling unit plus the cost of utilities and necessary services not included in such rental. As to other tenants in public housing, they would not be required to pay more than 25% of their income under the Brooke Amendment.

The *Senate Enacted Bill* would provide substantially the same rental requirements.

(iv) *The Public Housing Homeownership Program:* Individual families or an association formed by them for their benefit would

be permitted to purchase newly developed housing as well as existing projects. A conveyance of the property to the prospective homeowner would be made as soon as a mortgage with the public housing agency had been arranged. The maximum subsidy would be the same as the debt service subsidy that is provided for public housing rental projects which are not aided by an operating subsidy—the amount of principal and interest paid by the public housing agencies on the mortgaged property. The purchaser's contribution toward homeownership would be based on the same income formula as rental housing and would have to be sufficient to cover utilities, taxes and insurance.

The *Senate Enacted Bill* would provide substantially the same public housing homeownership program, but adopts NHC's recommendations relating to the disposition of projects to cooperatives as described in subparagraph 9 of our recommendations under Part III of this Chapter.

(b) The Senate Bill contains the provisions on Public Housing described below. Under each provision, we state the extent to which NHC recommendations have been adopted and our further recommendations.

The Senate Committee Report explains the provisions on public housing in the Senate Enacted Bill as follows:

Introduction

Chapter II of the bill would amend the United States Housing Act of 1937 to make needed improvements in the public housing program. The bill would modify the subsidy provisions so as to establish separate statutory limitations on the annual subsidy amounts which may be paid for capital and operating costs. The bill would also create a workable homeownership program for low-income families who reside in public housing or are eligible for such housing. The legislation also includes a number of other changes designed to make the public housing program more effective and would authorize additional funds for fiscal years 1973 and 1974.

Income limits and rents would continue as under existing law to be fixed by the public housing agency pursuant to State law, except as otherwise provided in the case of public housing agencies which contract to receive operating subsidies under section 9 of the revised Act. The rent fixed by a public housing agency could not exceed one-fourth of the low-income family's income, as under existing law. Income would be defined on the basis of a uniform definition of income applicable to all housing programs. In order to assure that all families with gross incomes pay at least some rent, the minimum rent would be at least equal to the cost of utilities for the dwelling unit. Occupancy would be limited to families who at time of entry are low income families. However, occupancy should, to the maximum extent possible, include a cross-section of families having incomes within the low-income range. At least 20 percent of all new housing development would be occupied by very low income families, as defined by the Secretary. The new occupancy requirements will provide an opportunity for public housing agencies to regain a cross-section of low income occupancy within their housing developments which prevailed in the early history of the program, but which is gradually being lost particularly in the largest communities. While it is expected that public housing will continue to give particular attention and priority to very low income families, the Committee expects that in the long run we would have more housing developments which are not occupied solely by the very poor, but by a cross section of lower income households, representing a variety of household types. Experience has demonstrated that a cross-section of occupany is an essential ingredient in creating economically viable housing as well as a sound social environment.

It is recognized by the Committee that existing public housing in many of our largest cities has become a concentration of very poor families and often predominately of families receiving public assistance. The provisions of this Act make it possible to develop new public housing with a cross section of low income families. At the same time, it is clear that steps must also be taken to alter the occupancy in existing public housing to achieve a similar cross-section of occupancy. It is the intent of the Committee that the Secretary of HUD take appropriate steps to assist public housing agencies to achieve this cross-section of occupancy in existing public housing within a reasonable time period.

Public Housing Subsidy Structure

The subsidy structure for the public housing program would be revised so as to provide a more effective statutory framework for the new operating subsidy authorizations enacted by Congress in 1969 and 1970. The Committee bill proposes to separate the debt service and operating subsidy authorizations and to establish separate statutory limitations applicable to each category of assistance. Existing law provides for a single statutory limitation for both debt service and operating subsidy, with a maximum limit on annual contributions based on the going Federal rate plus two percent times the capital cost of the project involved. Operating subsidy is therefore available to a project only to the extent, and only in amounts, that the debt service requirements of a project are less than the statutory maximum. This means that the amount available for operating subsidy is dependent upon the financing terms for development of a project—the locality which happens to finance the development of its projects at a time when more favorable terms are available becomes eligible for the greater operating subsidy. This is undesirable from the standpoint of achieving uniformity and equity in operating subsidy treatment and could result in the distortion of financing procedures.

Under the Committee's proposal, the limitation on the maximum amount of annual contributions for debt service is the amount needed for this purpose—*i.e.*, the annual amount of principal and interest payable on obligations issued by a public housing agency to finance the project involved. Consistent with the amendments enacted in the 1970 Act, the maximum amount of annual contributions for operating subsidy would be the annual amount needed to assure the low-income character of the project and to achieve and maintain adequate operating and maintenance services and reserves. With this change, the present authorization to pay an additional annual subsidy of up to $120 per dwelling unit occupied by a special category family would no longer be required and would be eliminated.

To assure that operating subsidy funds are allocated fairly and equitably, the bill would require any locality which receives such funds to establish minimum rental requirements. Action on this matter was deferred in connection with the 1970 legislation to permit further consideration as to what the income contribution ratio should be. The Committee took into consideration the prevailing practices in the public housing program, resulting from the strong local autonomy in the establishment of rental schedules, of varying rent-to-income ratios depending on local conditions and family characteristics. Accordingly, the bill provides for a certain minimum rental income calculated not on an individual unit basis but on the basis of the total number of units under a public agency's administration. The total rentals collected for all units would be required to be at least equal to 20 percent of the total incomes of all families in these units. The particular rent for each unit could be determined by the local agency subject only to the maximum rent of one-fourth of family incomes and the minimum rent of the cost of utilities.

Under the bill, any increases in rentals would be implemented in two stages: after the legislation has been operative for one year, one-half of the total amount of the required increase would be imposed when the first biennial review of income takes place; the full rental charge would be effective as of the next review of family income.

Localities which do not receive operating subsidy funds would not be subject to this income contribution requirement and would continue to fix their own rents, subject to HUD's approval. All localities would continue to be subject to the requirement that rents may not exceed 25 percent of family income—or be less than the cost of utilities.

The *Senate Enacted Bill* has adopted most of NHC's recommendations concerning the public housing formula, including the following:

1. To separate the debt service and operating subsidy authorizations and establish separate limitations applicable to each.

2. To eliminate the present maximum limit on annual contributions based on the going Federal rate plus two percent times the capital cost of the project. Instead.

(a) the limitation on the maximum amount of annual contributions for debt service is the amount needed to pay the principal and interest on the obligations issued by a public agency to finance the project involved; and

(b) the limitation on the annual contributions for operating subsidy is the annual amount needed to achieve and maintain adequate operating and maintenance services and reserves.

3. To improve the provisions in last year's Bill—which required any locality that received operating subsidies to establish minimum rental requirements—that NHC felt were overly burdensome. This has been corrected in this year's Bill to take into account the prevailing practices in the public housing program resulting from local autonomy in the establishment of rental schedules and varying rent-to-income ratios depending on local conditions. The Senate Committee Bill now provides for a minimum rental calculation which is not based on each individual unit, but is based on the total number of units under a public agency's administration. The total rentals collected from all the units are required to be at least equal to 20 percent of the total income of all the families in those units. The local agency can determine the particular rent for each unit, subject to the requirement that there is to be a maximum rent of 25 percent of family income and a minimum rent representing the cost of the utilities. (Unless the requirement to pay the utilities cost would result in undue hardship in an area because of its unusually high utility costs.) Note: Under current law, it is possible for some families to pay nothing.

4. To provide—as to localities which do not receive operating subsidies—that they would not be subject to the income-contribution requirement described in the preceding paragraph. In such cases, the local public agencies could continue to fix their own rents subject to HUD's approval. However, these localities would continue to be subject to the requirement that rents may not exceed 25 percent of family income or be less than the cost of utilities. (Unless the requirement to pay the utilities cost would result in undue hardship in an area because of its unusually high utility costs).

NHC recommends an amendment to the *Senate Enacted Bill* which would carry out the recommendation in the Senate Committee Report:

"That in the future public assistance authorities would provide that in those cases

where 25 percent of a public assistance tenant's income does not cover operating costs of a public housing unit, that payments to cover such a difference can be made by a public welfare agency directly to a local housing authority."

We believe that this matter is of such major importance that it ought to be included as part of the law, in order to induce public welfare agencies to take the necessary measure to implement the program. Accordingly, the Senate Enacted Bill should be amended specifically to provide that in those cases where 25 percent of a public assistance tenant's income does not cover operating costs, the public welfare agency will make a payment directly to the public housing agency to cover the difference between the amount paid by the tenant and the operating costs of the housing unit involved.

The *Senate Enacted Bill* did not accept NHC's recommendation that there be no increases in rental of tenants now living in public housing. Instead, it provides that in cases where a public agency receives operating subsidies and is required to meet the new income-contribution requirement (described in 3 above), the increases in rental would be implemented in two stages: one-half at the time when the first biennial review of income takes place after the passage of the new law; and the second one-half when the next review of family income takes place.

Income limits for eligibility

As under existing law, income limits for admission to public housing would be fixed by public housing agencies, subject to HUD approval. However, the proposed bill would delete the existing requirement that a public housing family must move if its income increases beyond the income limits for continued occupancy established by a public housing agency. This requirement has proved to be undesirable from the standpoint of achieving an economic mix of families in housing developments and has contributed to family insecurity and instability. * * * The new law would remove the 20 percent gap requirement which, under existing law, requires that there be a 20 percent gap between upper rental limits for admission into a project and the lowest rentals for standard private housing in this area.

This provision of the *Senate Enacted Bill* adopts NHC's recommendation and helps to contribute to NHC's objective to achieve more economic integration in public housing. This Senate Committee Bill provision adopts the NHC recommendation to eliminate the 20% gap.

Authorization

Authorizations would be increased by $300 million on July 1, 1972 and by $300 million on July 1, 1973.

The authorization for annual contributions provided for fiscal year 1973 includes an additional $150 million, as requested by the Administration, and an additional $150 million in new contract authority for operating subsidies. An annual ceiling of 335 million dollars has been set on contributions for operations of public housing agencies. Within this total figure, contributions may be provided by the Secretary of HUD to enable local public housing agencies to achieve and maintain adequate operating and maintenance services and reserve funds, while maintaining the low-income character of their development, as provided in the 1969 and 1970 Housing and Urban Development Acts. This latter authorization covers several matters. First, the "welfare rent amendment" of the 1971 Housing Emergency Act has resulted in income losses for public housing agencies of about $60 million, not anticipated in earlier authorizations. In addition, this present Act consolidates all previous contributions for operations, including special subsidies for elderly, large and very low income families, into one authorization. The new authorization of contract authority for fiscal year 1974 of $300 million is intended for new contracts for public housing.

It is recognized that the reduction of rents for families in public housing receiving public assistance to 25 percent of their incomes, as required by the 1971 Emergency Housing Act, means that additional housing subsidies will be utilized to offset inadequate welfare subsistence budgets provided in many States. There is continuing inequity in many respects relating to the way in which housing assistance relates to welfare assistance. It is the opinion of the Committee that housing subsidy should only have to be utilized to cover the capital cost of public housing development for families receiving public assistance; and that public welfare assistance should cover the operating expenses for a housing unit. Therefore, it is the hope of the Committee that in the future public assistance authorities would provide that in those cases where 25 percent of a public assistance tenant's income does not cover operating costs of a public housing unit, that payments to cover, such a difference can be made by a public welfare agency directly to a local housing authority.

These provisions of the *Senate Enacted Bill* adopt the following recommendations:

1. To increase to $335 million the annual ceiling set on contributions for operating subsidies for public housing.

2. To provide sufficient operating subsidies within this total figure to achieve and maintain adequate operating and maintenance subsidies and reserve funds, while maintaining the low rent character of public housing developments. The effect of this is to consolidate all previous contributions for operating subsidies including various special subsidies.

3. To include specific authorizations for an increase in the contract authority for annual contributions. The $300 million increase on July 1, 1972 (for fiscal 1973) includes $150 million which is intended for new contracts for public housing and $150 million for subsidies for new contracts for public housing. The new $300 million authorization for fiscal 1974 is all intended for new contracts for public housing. NHC continues to recommend that the authorization for fiscal 1973 should be $50 million more than the amount in the Senate Committee Bill and $100 million more for fiscal 1974.

Cost Limits for Public Housing Dwelling Units

The Housing and Urban Development Act of 1970 established flexible cost ceilings for public housing dwelling units, replacing the statutory dollar limits on construction costs per room. Under existing law, dwelling unit construction costs for the public housing program, excluding the cost of land, site improvements, and nondwelling facilities, cannot exceed by more than 10 percent the appropriate prototype construction cost in the same housing cost area, as determined by the Secretary, taking several factors into account. These procedures have worked well and the Committee has retained them.

Where low-income housing is provided in private accommodations under the leasing program, certain changes are necessary to make this program workable in some areas of the country. The Senate Enacted Bill contains the provision that such accommodations must not cost more than housing projects assisted under other public housing programs. In some areas the allowable costs are too low when determined on the basis of 110 percent of prototype construction costs plus the amount HUD allows for land, site improvements and non-dwelling facilities. Yet, in those same areas, the costs would be adequate if computed under the prototype formula applicable to assisted private housing under Section 502. In such cases, NHC recommends that new public housing provided in private accommodations should be permitted at costs comparable to those for assisted private housing.

It should be noted that the public housing limitation differs from the prototype mortgage limit applicable to assisted private housing because that formula is based upon 120% of prototype costs but it includes land, site improvements and nondwelling facilities. These are excluded from the public housing formula which is based on 110% of the prototype for only the construction costs.

Homeownership for Low-Income Families

The proposed public housing homeownership program would permit public housing tenants and low-income families eligible for public housing, including cooperative or nonprofit associations formed by or for the benefit of such tenants or families, to purchase low-income housing. With the aid of this new program, an individual family would be able to own its own home or a dwelling unit within a multifamily structure. An eligible cooperative or nonprofit entity could own entire projects. Newly developed or acquired housing, as well as existing authority-owned or leased housing now operated as rental units could be purchased. This would replace the program authorized by the Congress in 1965 under section 15(9) of the U.S. Housing Act which has not been workable because the required monthly payments are beyond the financial means of families of low income—in order to purchase public housing units the purchaser's payment must be sufficient to cover principal and interest, in addition to utilities, taxes, insurance, and maintenance.

The proposed homeownership legislation would provide subsidy assistance up to the full amount of the principal and interest payable by the local housing agency on the debt it has incurred in constructing or acquiring the property. The purchasing family would be required to contribute 20 percent of its income to "monthly homeownership expenses" (monthly amounts for principal and interest, insurance, taxes, and utilities), but in no case could the purchaser's income contribution be less than the full cost of operating the unit—the cost of insurance, taxes, and utilities. The program provides for the conveyance of the property as soon as the low-income family undertakes the obligation to purchase the property by executing a mortgage to the local housing authority. Thus, the family would enjoy all the benefits of homeownership immediately.

The potential for a successful public housing ownership program has been demonstrated under several homebuyers' programs developed through administrative action—such as Turnkey III. These programs have served and will continue to serve a valuable function for families which do not have sufficient income to bear the minimum homeownership expenses required under the proposed new program. The proposed new program would facilitate the objectives of these homebuyer programs by permitting the low-income family to acquire full homeownership status at a much earlier date.

The Committee recognizes that the provision providing that full real estate taxes be paid in public housing could adversely affect the ability of some low income families to become home purchasers under the Turnkey III program. It is the intent of the Committee that the Secretary use his resources to insure that no families previously eligible to participate in this program will be denied such participation because of the new full tax payment requirement.

* * * * *

Section 10 provides that in the case of sale of a project to a nonprofit cooperative which restricts occupancy to members, the mortgage may be in a principal amount equal to the sum of the unpaid balance of the housing agency's outstanding obligations, including obligations pursuant to the

modernization program, and the prepaid expenses and costs involved in achieving cooperative ownership. After the sale of the project the annual contributions paid to the housing agency would continue to be used to assist in maintaining the low-income character of the project.

The *Senate Enacted Bill* adopts the NHC recommendations concerning the achievement of homeownership on public housing including cooperative ownership.

Definition of "elderly family"

The definition of "elderly family" would be modified to make eligible for public housing a single person who is at least 50 years of age. Under existing law, such persons must be at least 62 years of age to be eligible for public housing. * * * "Elderly families" means those whose heads or their spouses or whose sole members are at least 50 years of age, under a disability or handicapped."

NHC supports the foregoing amendments in the *Senate Enacted Bill.*

Financing provisions

Several amendments are proposed to facilitate the financing of project capital costs by permitting local housing agencies to issue obligations which are more acceptable to private investors. To permit bond issues with flexible maturity schedules, the bill would delete the present requirement that annual contributions be fixed in uniform amounts and paid over a fixed period of years. The bill would also provide for the issuance of obligations with balloon payments at the end of the term, by authorizing a combined pledge of both the Federal annual contributions and loan commitments. The National Bank Act would be amended so as to permit investment in such obligations.

NHC supports the foregoing amendments in the *Senate Enacted Bill.*

Full Property Taxes

The bill would provide for full tax payments to local communities for public housing projects placed under annual contribution contract after the effective date of this Act, providing uniformity in this respect between public housing and other federally-assisted housing programs. Such full tax payments also reflect the increased burden on local community services related to assisted housing, particularly the costs related to schools. A major purpose of the full tax provision to make it possible for new public housing to have access to a broader range of site locations, by assuring that a locality accepting such housing will not suffer a tax disadvantage. The section also authorizes the gradual increase in tax payments with respect to existing public housing projects, so that full tax payments will be achieved at the end of a 20 year period.

Recent changes involving reductions in tax payments to localities since such payments are based on 10 percent of shelter rents in public housing. This section is also designed to correct these inequities in current tax payments by public housing.

The foregoing provisions in the *Senate Enacted Bill* adopt the NHC recomendation for the payment of the equivalent of full taxes for public housing propects placed under annual contribution contract after the effective date of the new law. This will eliminate a discrimination that has existed against conventional public housing as compared with other Federally-assisted housing programs. As to existing public housing projects, the *Senate Enacted Bill* would authorize a gradual increase in tax payments so that the equivalent of full taxes will be achieved at the end of a twenty year period.

Leased Housing

The existing law requires that at least 30% of funds for public housing be reserved for leased units.

Between 1969 and the date when this provision became effective (June 30, 1971), the number of leased housing units placed under annual contributions contracts became a smaller and smaller percentage of the total number of units placed under these contracts. In 1969, this percentage was 36.8%; in 1970, 13.3%; in the first half of 1971, 11.4%. The percentage has been approximately 40% since the requirement became effective; nevertheless, the demand for leased housing still greatly exceeds the supply.

The Committee finds that leased housing has distinct advantages over the large public housing complex. With leased housing, the units remain on the tax rolls and pay their proper share for the support of schools and community services. Most importantly, leased housing eliminates the social and psychological stigma of coming from the "project". Leased housing is generally dispersed throughout the community. The children are not known as residents of public housing and the economic and social differences are less obvious to the public.

The 30% requirement has been changed to apply to units rather than annual contributions to ease the burden of administering the requirement.

With respect to new construction under the leased housing program, authorized in the 1970 Act, the Committee has received alarming reports of shoddy construction and exorbitant profits. The Committee expects HUD to immediately institute tighter inspection and appraisal procedures.

NHC supports the foregoing provisions in the *Senate Enacted Bill.* They adopt the NHC recommendation to modify the 30% requirement so that it does not apply to the total annual contribution funds available for public housing—which includes the operating subsidies. Instead, the requirement has been clarified so it will apply only to the number of public housing units.

Training in Housing Management

The Committee strongly supports the initiation of housing management programs designed to provide training in managerial techniques and to promote social responsiveness on the part of housing management staffs to the values of tenants of both public housing and Federally-assisted housing projects. In this connection, the Committee wishes to commend the recent actions on the part of the Secretary of HUD to encourage basic improvement in public housing management operations, including steps to develop a comprehensive public housing system which would provide increased tenant services.

The Committee is also aware of a recommendation presently under consideration by the Secretary of HUD to establish a Center for Housing Management with an Institute for Housing Management Training as a key component. The Committee endorses this type of approach as one potential method for meeting the national need for well-trained management personnel in assisted housing programs and encourages the development and implementation of training programs on a nationwide basis.

NHC supports the foregoing provisions in the *Senate Enacted Bill.*

Child-Care Facilities

Existing law provides Federal subsidy assistance for the provision and maintenance of child-care facilities in connection with the development and operation of low-rent public housing.

The Committee is concerned that child-care facilities have not been provided on a wider scale, and thus urges that HUD give immediate increased emphasis to such services. In this regard it is further recommended that the Secretary of HUD align his efforts with those of the Director of the Office of Economic Opportunity, the Secretary of HEW, and the Secretary of Labor to insure coordination within the Federal government in providing for adequate child-care programs and facilities.

This provision of the *Senate Enacted Bill* helps to carry out the NHC recommendation that adequate tenant and social services be included in public housing projects.

B. Other NHC recommendations

Repeal of Local Approval Requirement in Leasing Program. NHC recommends that the proposed Public Housing Program under Section 8 be amended to delete the requirement of local approval of each leasing project. This housing is located in private accommodations and pays full taxes. It should not be treated differently from other assisted housing programs.

The *Senate Enacted Bill* would not provide for a repeal of the local approval requirements for the leasing program.

Full Utilization of the Brooke Amendment. The Brooke Amendment in the housing and Urban Development Act of 1969 provides that the rent in public housing projects may not exceed 25% of the family's income; also, it authorizes additional assistance payments through annual contributions in order to achieve this objective and serve persons of very low income. To fully implement and extend the purposes of this legislation, the 1970 Housing Act (a) clarifies the use of annual contributions to pay the excess of operating and maintenance expenses over rental income and (b) increases the contract authority for annual contributions to enable the Brooke Amendment to be fully effectuated. We urge the release and full use of this contract authority for the purposes intended.

V. Provisions on urban renewal in Senate enacted bill and NHC recommendations on them

The Senate Committee Report Explains the Provisions on Urban Renewal:

Urban Renewal

The bill would amend Title I of the Housing Act of 1949 in order to assist certain small communities whose population has declined during the past decade in carrying out renewal projects. This section would specifically permit a small number of cities whose population has declined to below 50,000 (according to the most recent Bureau of Census date), after signing contracts to carry out urban renewal activities under a two-thirds federal—one-third local share arrangement, to convert remaining projects at any time prior to payment of the final grant, to a three-fourths federal—one-fourth local share program, as presently communities of under 50,000 by section 103 of the Housing Act of 1919. In adopting this provision the Committee recommends that such conversion only be permitted when there has been a significant—at least five percent—decline in population.

The bill would amend Section 103(b) of the Housing Act of 1949 to increase authorization for Urban Renewal Programs by $950 million for FY 1973 and by $300 million in FY 1974. In approving these additional authorizations the Committee took note of the fact that the Community Development Program provided for under this bill would replace the urban renewal program beginning in FY 1974. Urban renewal projects already in execution would be continued until completed. The Committee specifically provided for increased authorization under Title I in order to permit completion of projects already in execution through amendments to the existing contracts.

The Senate Enacted Bill provides specific increases in authorization for Urban Renewal of $650 million on July 1, 1972 (for fiscal 1973) and $300 million on July 1, 1973 (for fiscal 1974). These reduced amounts for urban Renewal authorizations are intended to cover the transitional period since there is a separate authorization for the Community Development Assistance Program prior to July 1, 1974 (for fiscal 1974) into which the Urban Renewal Program would be merged. It would be noted that the President has re-

quested a billion dollar appropriation for Urban Renweal for fiscal 1973. NHC recommends an authorization of $3.5 billion in Urban Renewal Grants for fiscal 1973 in order to overcome the backlog of unfunded Urban Renewal applications and to restore momentum to this critically needed Urban Program.

VI. Provisions on model cities and NHC recommendations

The Senate Committee Report explains the provisions on Model Cities as follows:

Model Cities Program

The bill would amend the model cities statute so as to delete an unnecessary provision which places a special limitation on the amount of grants which may be made to a city demonstration agency. Under this provision the grant made for approved model cities activities is subject to an additional ceiling based on the aggregate amount of non-Federal contributions required for Federally assisted projects carried out as part of the local model cities program. The original purpose of this provision, to provide an incentive to cities to concentrate Federal resources in selected neighborhoods of great need, is accomplished under basic policies applicable to the model cities program. The special limitation serves no useful purpose and its deletion would eliminate burdensome administrative requirements at the Federal and local levels.

The bill would also provide an additional authorization of $400 million for model cities grants for fiscal year 1974 in order to complete the current five-year programs.

NHC supports this provision of the *Senate Enacted Bill.* We are gratified that the adoption of the Community Development Assistance Program will not cause any interruption in the completion of the current five-year programs for Model Cities. NHC continues to recommend a $1.5 Billion additional authorization for Model Cities instead of the lower amount contained in the Senate Committee Bill.

With respect to the Community Development Assistance Act Bill, the Report states that "The Model Cities Program was not included in the consolidation because it was enacted as a five year demonstration which has not yet been completed."

VII. Program levels

Instead of the provisions of the Administration's Bill of open authorizations for all housing, urban renewal and model city programs, we recommend an additional authorization for each program for a five year period at the following levels:

(a) *Public Housing Program:*

On July 1, 1972 (for fiscal 1973) an additional authorization of $350 million.

On July 1, 1973 (for fiscal 1974) an additional authorization of $400 million.

On July 1, 1974 (for fiscal 1975) an additional authorization of $450 million.

On July 1, 1975 (for fiscal 1976) an additional authorization of $500 million.

On July 1, 1976 (for fiscal 1977) an additional authorization of $500 million.

Unlike the Administration's Bill, the *Senate Enacted Bill* provides the following specific increases in authorizations for the public housing program:

On July 1, 1972 (for fiscal 1973) an additional authorization of $300,000,000. Note: An unused authorization of $130,000,000 of annual contribution contract authority which will carry over from previous fiscal years will be available.

On July 1, 1973 (for fiscal 1974) an additional authorization of $300,000,000.

There are no additional authorizations for fiscal 1975, 1976, and 1977.

(b) *Public Housing Program Set-Asides For Modernization and For Operating Subsidies:* For annual contributions for improvements in existing projects, an increase in the set-aside of contract authorization to an aggregate of not more than $100 Million.

For annual contributions for operating subsidies in existing projects, an increase in the set-aside of contract authorization to an aggregate of not more than $335 Million.

These are set-aside authorizations out of the total contract authorization for annual contributions for public housing.

The *Senate Committee Bill* adopted the foregoing recommendations concerning the aggregate amounts of contract authorization which would be available for moderization and operating subsidies respectively.

(c) *Urban Renewal:*

On July 1, 1972 (for fiscal 1973) an additional authorization of $3.25 billion.

On July 1, 1973 (for fiscal 1974) an additional authorization of $3.5 billion.

On July 1, 1974 (for fiscal 1975) an additional authorization of $4.0 billion.

On July 1, 1975 (for fiscal 1976) an additional authorization of $4.5 billion.

On July 1, 1976 (for fiscal 1977) an additional authorization of $4.5 billion.

Unlike the Administration's Bill, the *Senate Enacted Bill* provides the following specific increases in authorizations for Urban Renewal:

On July 1, 1972 (for fiscal 1973) an additional authorization of $650 million.

On July 1, 1973 (for fiscal 1974) an additional authorization of $650 million.

These reduced amounts for the Urban Renewal authorization are intended to cover the transitional period since there is a separate authorization for the Community Development Assistance Program prior to July 1, 1974 (for fiscal 1974) into which the Urban Renewal Program would be merged. Note: The President has requested $1 Billion for Urban Renewal for fiscal 1973.

(d) *Model Cities:*

On July 1, 1972 (for fiscal 1973) on additional authorization of $1.5 billion.

On July 1, 1973 (for fiscal 1974) an additional authorization of $1.5 billion.

On July 1, 1974 (for fiscal 1975) an additional authorization of $1.5 billion.

On July 1, 1975 (for fiscal 1976) an additional authorization of $1.7 billion.

On July 1, 1976 (for fiscal 1977) an additional authorization of $1.7 billion.

Unlike the Administration's Bill, the *Senate Enacted Bill* provides the following specific increase in authorization for Model Cities:

On July 1, 1973 (for fiscal 1974) an additional authorization of $400 Million.

There is no additional authorization for Model Cities on July 1, 1972 (for fiscal 1973), but the President's Budget Message requested an appropriation of $515 Million for fiscal 1973.

(e) *Home Ownership Program Under Section 402:*

On July 1, 1972 (for fiscal 1973) an additional authorization of $250 million.

On July 1, 1973 (for fiscal 1974) an additional authorization of $300 million.

On July 1, 1974 (for fiscal 1975) an additional authorization of $325 million.

On July 1, 1975 (for fiscal 1976) an additional authorization of $350 million.

On July 1, 1976 (for fiscal 1977) an additional authorization of $350 million.

Unlike the Administration's Bill, the *Senate Enacted Bill* provides the following specific increases in authorizations for the home ownership program under Section 402:

On July 1, 1972 (for fiscal 1973) an additional authorization of $115,000,000. Note: There is an unused authorization of $55 Million of contract authority which will carry over from previous fiscal years.

On July 1, 1973 (for fiscal 1974) an additional authorization of $170,000,000. There are no additional authorizations for fiscal 1975, 1976, 1977.

(f) *Rental and Cooperative Housing Program Under Section 502:*

On July 1, 1972 (for fiscal 1973) an additional authorization of $350 million.

On July 1, 1973 (for fiscal 1974) an additional authorization of $400 million.

On July 1, 1974 (for fiscal 1975) an additional authorization of $450 million.

On July 1, 1975 (for fiscal 1976) an additional authorization of $500 million.

On July 1, 1976 (for fiscal 1977) an additional authorization of $500 million.

Unlike the Administration's Bill, the *Senate Enacted Bill* provides the following specific increases in authorizations for the rental and cooperative housing program under Section 502:

On July 1, 1972 (for fiscal 1973) an additional authorization of $225,000,000. Note: There are unused authorizations of contract authority of $98 Million for rent supplements and $25 Million for interest assistance under Section 236. These will carry over from previous fiscal years.

On July 1, 1973 (for fiscal 1974) an additional authorization of $300,000,000.

(f) *Interest Assistance For Projects Assisted By State Agencies:* In addition to the foregoing authorizations in (e) and (f), NHC recommends a separate and additional authorization of $50 million for each of the five fiscal years beginning with 1972 to provide interest assistance for projects financed or assisted by state agencies. The *Senate Enacted Bill* does not adopt this NHC recommendation.

VIII. Program objectives and conclusion

(a) *Program Objectives:* The program recommended in these resolutions would make housing available to families of all incomes and achieve economic integration. There would be no gaps or areas of unmet needs in our housing programs. Each family whose income is too low to obtain decent housing would receive the amount of assistance it needs to get such housing. We must reach the unserved income group below the level now eligible for public housing or rent supplements. Likewise, we must avoid a gap or area of unmet need above the level not eligible for moderate income private housing assisted with federal interest subsidies or below-market interest rates. To achieve these objectives we urge the adoption of the foregoing amendments.

(b) *Conclusion:* NHC supports and urges enactment of the *Senate Enacted Bill* which embodies programs that will greatly assist in meeting the housing and urban needs of the country. Among its major new features is a program to help achieve economic integration in Federally-assisted housing developments. The Senate Committee Bill includes many necessary amendments to the Administration's Bill in consolidating, simplifying and improving laws relative to housing and housing assistance.

NHC is gratified that the Senate Committee Bill includes many of the legislative proposals recommended by us. We appreciate the support of the Administration on a number of these amendments. These include some of the major amendments which this chapter describes as necessary to remove undesirable features and otherwise improve the Administration's Bill. In this chapter we have identified the extent to which these matters have been included in the Senate Committee Bill.

To the extent that the Senate Committee Bill does not contain all of our legislative proposals, we continue to recommend our proposals for inclusion in that Bill so that it will fully conform to our recommendations. Moreover, we recommend all of our legislative proposals to the House Banking & Currency Committee and its Housing Subcommittee and to the Congress and the Administration.

CHAPTER F. ADMINISTRATION'S PROPOSED DEPARTMENT OF COMMUNITY DEVELOPMENT AND PROPOSED REVENUE-SHARING PROGRAMS—OTHER PENDING BILLS

1. *New Department of Community Development:* In his State of the Union Message, the President proposed "a sweeping reorganization of the Executive Branch" which included a proposed Department of Community Development, described as:

"A department concerned with the community—rural communities and urban—and with all that it takes to make a community function as a community."

In the past, we have always supported the consolidation within one department of all the functions that relate to housing, urban development, model cities, new communities, planning, and other programs relating to communities.

The Department of Community Development (DCD) proposed by H.R. 6962 would consist of existing HUD programs and would also draw major programs from the Agriculture, Commerce and Transportation Departments and several agencies. Included in the proposed DCD would be all programs of HUD (except for college housing); Department of Transportation programs for highway construction and mass transit, and safety grant programs dealing with highway design and construction; Department of Agriculture programs of rural electrification, public facilities and housing (including Farmers Home Administration); programs of the Department of Commerce Economic Development Administration for financial and planning assistance for public works and development facilities (except business development) and that Department's Regional Action Planning Commisison; and the Office of Economic Opportunity programs of Community Action and "special impact."

Secretary Romney, in his testimony before the House Subcommittee stated:

"A single Federal department would thus administer the major Federal programs of assistance for the physical and institutional development of our communities. That is, a single Federal department would administer assistance for the planning and building of houses and supporting public facilities and highways; for strengthening State and local governmental processes; and for involving all interested public and private organizations and citizens in this endeavor.

"By bringing together programs concerned with community development, the new Department would move beyond fragmented Federal program administration. Equally important, it could move toward a community-oriented approach to problems. For the first time, there would be a Federal department having the ability to respond—in a coordinated manner—to local comprehensive community improvement programs. This means participation in articulating goals, setting priorities, and devising the best ways and means of improving not only the physical but also the economic and social environment of all our communities from the smallest village to the largest metropolis."

DCD would have three major general purpose administrations:

First, the Urban and Rural Development Administration would have the programs designed to assist the physical and institutional development of urban and rural communities, including the present HUD programs relating to new communities and community planning. This Administration would also include the Community Action and "special impact" programs of OEO; HUD's Urban Renewal, Model Cities, Open Space and Neighborhood Facilities Programs; the Water and Sewer programs of HUD, the Farmer's Home Administration and Economic Development Administration; the Public Facilities Programs of EDA and the Economic Rural Commissions and the Rural Electrification Program of the Department of Agriculture.

Second, the Community Transportation Administration would be built around Federal Highway Administration and the Urban Mass Transportation Administration.

Third, the Housing Administration would be built around housing production and management functions now in HUD and the rural housing programs of the Farmers Home Administration.

The new Department would also include the Federal Insurance Administration as it now exists in HUD.

Recommendations: NHC supports the proposed new Department of Community Development subject to the following changes and amendments in the proposal as submitted:

(a) We oppose the transfer to the new Department of the Rural Electrification Program, and the Farmer's Home and other rural housing programs.

(b) We oppose the transfer away from the new Department of the college housing programs.

2. *General Revenue Sharing:* NHC recommends against any use of the new General Revenue Sharing Plan to reduce Federal grant funds which are urgently needed—and should be increased—for existing programs including: urban renewal; model cities; mass transportation; water and sewer facilities; new communities; neighborhood facilities; open space; urban parks and urban beautification; health; education; training; or other vital needs. In short, the General Revenue Sharing Plan should represent *additional* funds and there should be necessary increases and full funding for all existing Federal grant programs to meet housing and urban needs.

As stated by the President in the State of the Union Message, his proposals include "a plan of revenue sharing historic in scope and bold in concept." Under this proposal the Congress would:

" . . . make a $16 billion investment in renewing state and local government. $5 billion of this will be in new and unrestricted funds, to be used as the state and localities see fit."

NHC favors the President's proposal for a $5 billion initial appropriation for the General Revenue Sharing Plan in order to meet the urgent needs of States and cities, many of which are facing financial crises. As to the Federal Government's assuming additional burdens and costs of the welfare system, we believe that this is a matter that should be separately considered on its own merits.

Under the proposed General Revenue Sharing, there will be increases in later years in the annual appropriation for the Program. With respect to annual increments above $5 billion for General Revenue Sharing, NHC recommends a formula in distributing these additional funds which would encourage and reward state and local governments that meet the national objectives of providing housing for the low and moderate income groups. Thus, if the local government issued certificates of occupancy for such housing funded by any federal, state or local subsidy program, that government should be entitled to an additional distribution under the General Revenue Sharing Plan as to the annual appropriation in excess of $5 billion. This will in no way restrict the use of the funds by the States and localities, but will merely affect the amount they will receive under the distribution formula.

3. *Special Revenue Sharing*—Community Development Assistance Bill, Chapter III, S. 3248 Introduced By Senator Sparkman And Passed by the Senate on March 2, 1972.

(a) *President's Recommendations.* In the State of the Union Message, the President proposed that Congress make a $5 billion annual investment in general revenue sharing as part of a total $16 billion investment in renewing state and local government. He then stated:

"The other $11 billion will be provided by allocating $1 billion of new funds and converting one-third of the money going to the present narrow-purpose aid programs into federal revenue sharing funds for six broad purposes—urban development, rural development, education, transportation, job training and law enforcement—but with the states and localities making their own local decisions on how it should be spent within each category. . . . The revenue sharing proposals will include the safeguards against discrimination that accompany all other federal funds allocated to the States."

In his Special Message to the Congress on March 5, the President recommended his Special Revenue Sharing proposal for Urban Community Development. We quote from his message some of the main features of the program:

"I recommend that four categorical grant programs now administered by the Department of Housing and Urban Development be consolidated into a single fund. The size of this fund in the first full year of operation would be $2 billion. Cities would be able to spend their money as they see fit, provided only that they used it for community development purposes.

"The four elements which would be combined to form this new fund would be the current programs for urban renewal, Model Cities, water and sewer grants, and loans for the rehabilitation of existing structures. The urban renewal program now contains several sub-categories the funds of which will become part of the new fund, including so-called "conventional" urban renewal, the Neighborhood Development Program, assistance for concentrated local code enforcement, interim assistance for blighted neighborhoods, demolition grants and rehabilitation grants. I am proposing that this new program begin or January 1, 1972. In its second year of operation, I would add to this fund by including the money which the Office of Economic Opportunity now spends on some of the elements of its Community Action Programs."

(b) *NHC's Recommendation on Special Revenue Sharing Plan and Support of The Community Development Assistance Bill of 1972 (Chapter III of the Senate Enacted Bill).* NHC believes that Federal grants should provide incentives to promote national programs and objectives relating to housing and community development. The adoption of the model cities program by almost 150 cities was largely attributable to the Federal program of planning grants and supplemental grants for model cities. Likewise, the participation of over 1,200 cities in the urban renewal program is largely attributable to the Federal program of planning grants and program grants for urban renewal.

We do not recommend the Administration's Special Revenue Plan in the form proposed in H.R. 8853, Community Development Bill of 1971. We believe the Administration's Community Development Bill fails to provide adequate incentives which assure the achievement of national goals and programs contemplated by the purposes of the categorical grants which would be consolidated. In contrast, these incentives and objectives are assured under the Community Development Assistance Bill of 1972—Chapter III of the Senate Enacted Bill, S. 3248 introduced by Senator Sparkman and passed by the Senate on March 2, 1972. The *Senate Enacted Bill* requires that the application for Federal assistance include a summary plan for community development outlining major goals and particular objectives. Moreover, that Bill requires an accounting of how the Federal funds are spent and a yearly performance

statement, all of which will assure accomplishment of the national goals and programs covered by the Community Development Assistance. Accordingly, we support Chapter III of the Senate Committee Bill which embodies a special revenue plan of the type which NHC has previously recommended. Chapter III of the Senate Enacted Bill is entitled the Community Development Assistance Act of 1972. As such, the Bill primarily embraces Senator Sparkman's earlier Community Development Bill, S. 2333, as modified by the Committee. The Bill also includes certain provisions of the Administration's Community Development Bill.

(c) Senate Committee's Central Explanation of Chapter III, Relating to Community Development Assistance: The Senate Committee Report gives the following general explanation of the provisions of the Senate Bill relating to Community Development Assistance:

The most significant feature of the bill is the new block grant program to provide Federal assistance to localities for community development. This is brought about by consolidating and simplifying 5 major categorical urban development grant programs and replacing them with a single, more comprehensive, flexible and soundly-financed community development block grant program. The new program finally approved by the committee is basically the product of S. 2333, the Community Development Assistance Act of 1971 introduced by Senator Sparkman and the Administration's Urban Community Development Special Revenue Sharing bill, S. 1618. The committee adopted the block grant approach primarily to insure the priority use of Federal funds to eliminate slums and blight and to upgrade and make the nation's cities more livable, attractive and viable places in which to live. One of the most important provisions of the committee bill is the development of a 2-year Federal funding cycle at an assured and adequate level so that localities are always working with a known level of Federal grants for the next year as well as the current year subject only to meeting of minimum Federal performance standards.

In approving alternative provisions to the Administration-supported special revenue sharing proposals, the committee followed the Administration's plan calling for an overhaul and consolidation of existing urban renewal and related programs, but disagreed with the proposed plan for distributing Federal funds automatically to the nation's cities without proper regard to the use of such funds in carrying out the purpose of the program. The committee bill outlines specific objectives of the program and contains procedures to insure that the Federal funds are used to meet these objectives to the maximum extent feasible. This is done through four requirements.

(1) a pre-application needs analysis; (2) an application outlining the proposed use of funds, including a strategy and commitment on the part of the locality to meet its housing needs to eliminate its slums and blight, and to meet social needs of residents affected by community development activities; (3) a certification that the locality has met certain requirements with respect to planning and community participation; and (4) an annual performance statement. Continued federal funding would be contingent upon satisfactory compliance of these requirements.

The only exception to the application process would be for smaller cities of under 25,000 population which would be applying for Federal assistance for a single activity, other than an urban renewal activity, such as the financing of water and sewer facilities or open spaces. The committee believes such an exception should be used sparingly, on an interim basis. Eventually all localities requesting Federal funds for significant local development should be required to fulfill certain minimum standards relative to providing decent housing and eliminating slums and blight.

The Senate Committee Report explains the programs consolidated in the Community Development Assistance Act, as follows: "To carry out the purposes of the Act, the Bill would consolidate the following existing development program into a single community development program: Urban Renewal, Neighborhood Development, Water and Sewer, Neighborhood Facilities, Open Space, Public Works Planning Advances, Public Facility Loans and Advanced Land Acquisition.

"The Model Cities Program was not included in the consolidation because it was enacted as a five year demonstration which has not yet been completed. The Section 312 Rehabilitation Program was not included because it appeared likely that a number of communities might be prohibited by State and local laws from undertaking rehabilitation efforts under the Act. The Bill would, however, link the Community Development and existing rehabilitation loan program."

(d) *Summary of Senate Bill on Community Development Assistance and NHC Recommendations:* A summary of the provisions of the Senate Development Assistance Bill and NHC recommendations on them is as follows:

(A) *Effective Date of Program.* While Chapter III of the Senate Committee Bill would take effect on the date of its enactment, it does not contemplate that funds would be available until prior to July 1, 1974. Thus, the first $2.7 billion of grant authorization is to be appropriated for the period prior to July 1, 1974, which evidently contemplates its commitment during fiscal 1974. Accordingly, the Bill provides that no new grants or loans under the categorical programs (which are being consolidated under Community Development Assistance) are to be made after June 30, 1973, except with respect to projects or programs for which funds have been committed on or before that date.

(B) *Block Grants.* The purpose of Chapter III is to attack urban problems by "improving the present system of Federal assistance for community development." Chapter III encourages physical development and preservation of urban communities by consolidating the following categorical grant programs under one block grant called Community Development Assistance: development of community facilities including land acquisition; water and sewer grants; and neighborhood facilities; urban renewal; public facilities loans; open space land grants; and public works planning advances and loans. Provision is made for transitional termination of the existing categorical grant programs.

(C) *Authorization.* The Senate Committee Bill authorizes $5.9 billion over a two-year period. This is a change from S. 2333 which authorized $8.8 billion over a three-year period. Under the Senate Committee Bill, $2.7 billion is authorized to be appropriated prior to July 1, 1974, and the balance of the $5.9 billion prior to July 1, 1975.

Although the authorizations in the Senate Enacted Bill are less than the amounts which NHC recommends, they are more adequate than the amounts proposed under the Administration's program. While the Administration's Community Development Bill contains no specific dollar authorization, last year President Nixon pledged $2.1 billion for the first full year of the program. In his Budget for fiscal year 1973 (commencing July 1, 1972) the President has now requested more funding—in the amount of $2.3 billion—for urban community development revenue sharing. In HUD's Table 3 explaining this request, HUD shows a supplemental appropriation of $490 million for this special revenue sharing under proposed legislation above the amounts of funding contemplated for the categorical programs under existing legislation.

NHC recommends that these authorizations be increased by a total of $3 billion for the two years, with $1.5 billion added for the first year and a like amount added for the second year.

In addition to our recommendations above concerning authorizations for the proposed community development assistance program, NHC recommends an additional authorization of $3.25 billion in urban renewal grants in order to overcome the backlog of unfunded urban renewal grants in order to overcome the backlog of unfunded urban renewal applications and to restore momentum to this critically needed urban program.

(D) *Water and Sewer Grant Program.* NHC questions the feasibility of incorporating the entire water and sewer grant program within the community development program although NHC is in agreement that such facilities should represent eligible expenditures of grant funds for communities participating fully in the over-all program. However, the constituency for this popular and urgently needed program is so much boarder and contains so many governmental units which would be unlikely to participate fully in community development that NHC is fearful that the demands for water and sewer grants from such sources would seriously dilute the availability of community development grants for localities participating fully in the program. NHC therefore recommends that a separate water and sewer grant fund be maintained for use by local governmental units not wishing to undertake full community development programs. For this purpose, we recommend that an additional $500 million (above the amount in the Senate Enacted Bill) be authorized for each of the periods prior to July 1, 1974 and 1975 to provide a separate water and sewer grant fund for those applicants who do not wish to undertake the full community development programs. In this connection, we note that the Senate Enacted Bill authorizes the Secretary to waive the requirements for the full application process (which would otherwise be applicable to those seeking full community development assistance) in the case of localities which are (i) outside the standard metropolitan statistical area and have a population of less than 25,000 or (ii) those inside such an area but which are outside an "urbanized area" surrounding a central city with a population up to 50,000. Such a waiver is permitted only with respect to the first application filed by any public agency.

(E) *Allocation.* NHC does not concur in the Administration's proposed "outlay total" as the appropriate yardstick to measure the Federal Government's assistance to community development. Such outlays record the amounts paid on commitments during the previous and current fiscal years. We believe the outlays for these years were below the level which should be used as a test for allocations. Instead, we prefer the provisions of the *Senate Enacted Bill* which establish a "basic grant entitlement" for each community. This is to take into account not only past program-experience over a five-year period, but also other factors such as population, extent of housing, overcrowding and poverty.

Under the *Senate Enacted Bill* at least 75 percent of available funds shall be reserved for metropolitan areas. Allocation to an individual metropolitan area shall be determined by the ratio between that metropolitan area and all metropolitan areas in respect to the following: population, extent of housing overcrowding, poverty (weighted double), and extent of "program-experience", i.e., loans, advances, and grants for the programs in question during the five years prior to enactment. From the funds allocated to a metropolitan area, amounts shall be allocated to

each metropolitan city, proportionately, on the basis of the above factors. The "program-experience" amount for each metropolitan city is the sum of the average, during the five years preceding the date of enactment, of loans, grants, and advances in these fields. An adjustment is provided where a metropolitan city would otherwise be entitled in its first year to more than 135 percent of the "program-experience" amount.

The remainder of the allocation for each metropolitan area shall be allocated to community development agencies based on such factors as population, extent of poverty, extent of overcrowding, and extent of program-experience. Any unit of local government which is not a metropolitan city will be eligible for annual grants equal to the program-experience amount for that locality, if any urban renewal program was carried out in the five years prior to enactment.

The foregoing allocation provisions differ substantially from Senator Sparkman's earlier Community Assistance Bill, S. 2333. That Bill provided a basic grant entitlement for each locality which was determined by the three years—during the five-year period preceding the date of application—in which the amount of such assistance was the greatest. Also omitted is the provision in S. 2333 for a built-in 15 percent increase annually for grant entitlement to community development agencies.

NHC recommends an amendment to the basic grant entitlement formula to meet the needs of new communities who will not have received many grants in the past and do not have much population or otherwise meet the criteria in S. 3248. Accordingly, an amount computed on its grant program experience or other criteria in S. 3248 would not be appropriate. Such new communities require a formula which takes into account future needs based upon the new population they will attract and all of the public facilities and services they will require

(F) *Grants.* Grants to community development agencies shall not exceed 90 percent of total net program cost. The limit is increased to 100 percent to cover housing relocation payments (not to exceed $25,000 for any displaced person) and for rehabilitation grants (a grant of not more than $4,000 to a low-income family). NHC supports these increases in the percentages of project costs to be covered by Federal grants.

The 10 percent local share could continue to be met by non-cash credits. However, the criteria for these non-cash credits are more stringent than currently permitted under existing practices in the Urban Renewal Program. NHC recommends that the 10 percent local share should allow non-cash credits of the same types and in the same manner as is now allowed under existing rules and practices in the urban renewal program.

(G) *Relocation Payments.* NHC strongly supports the provision in the Senate Bill for 100 percent Federal grants for relocation payments. This is particularly necessary because there is a serious problem arising under the Uniform Relocation Act as a result of legislation which imposes a requirement of a local contribution of one-third toward the relocation payments. This provision is completely unworkable so far as Urban Renewal Agencies and others involved in housing and redevelopment activities are concerned. There has been an Administration ruling that these provisions will not apply to Urban Renewal contracts executed before January 1, 1971. However, it is important to remove this requirement in the new legislation.

(H) *Loans.* The Secretary may make loans to community development agencies to provide short-term financing for planning and operating activities pending the receipt of grant assistance. Loans will be secured and will bear interest at not less than the going federal rate. To obtain loans, the Secretary may issue notes for purchase by the Secretary of the Treasury in the amount of $1.5 billion. The terms of the notes shall be prescribed by the Secretary of HUD with the approval of the Secretary of the Treasury. The Secretary of the Treasury is "authorized and directed" to purchase such notes.

(I) *Procedure.* Each annual application for financial assistance by a community development agency must include an outline of community development needs and objectives, and also programs for the next three-year period to meet housing and replacement needs, to eliminate slums and blight and to improve and upgrade community services and facilities. The application must also describe activities for the next two-year period designed to meet community development objectives and their estimated costs, the general location, and requirements for federally assisted housing and rehabilitation. The applicant must certify that the community development program is consistent with area-wide development plans, that public hearings will be afforded prior to acquisition of private land, and that adequate opportunity has been afforded for citizen participation and meaningful involvement of area residents.

The Secretary must make his determination with respect to any application within 90 days. No application shall be approved unless the Secretary finds that the community has carried out its contractual commitments pursuant to any previous application.

(J) *Priority of Funding and Processing Applications.* HUD has recently issued a proposed project selection system for certain community development programs. HUD claims this selection system would assist in the selection of project applications for funding under the Neighborhood Development Program, the Open Space Program (Legacy of Parks), the Neighborhood Facilities Program and the Public Facility Loans Program. Project applications will be reviewed in the HUD Area Office by a team consisting of Community Development staff. Funding will be made available only after three distinct review activities occur:

First, the application will be judged against statutory related prerequisites to eliminate inappropriate proposals or clearly ineligible projects;

Second, the application, if it meets the prerequisite test, will be evaluated against certain numerically rated criteria; and,

Third, those applications ranked high enough to justify further processing in accordance with established procedures will then be reviewed for technical compliance with all relevant statutory requirements including those for which a preliminary judgment was made as to apparent eligibility in the prerequisite review.

No funding commitments will be made until after all three of these technical compliance reviews are completed.

NHC recommends against the use of this project selection system as this system completely ignores the basis upon which most pending applications were predicated. We recommend that HUD follow the mandate in the 1959 Housing Act which requires that applications be processed and funded in the order of submission and that approval or disapproval be based on the need and feasibility of such applications. The 1959 Housing Act contained a provision requiring the Administrator of Urban Renewal to consider urban renewal applications on a first-come, first-served basis except for projects that were urgent or extremely desirable. NHC recommends that this former congressional mandate be re-enacted as part of Chapter III of the *Senate Enacted Bill.*

(K) *Assurance That Assistance Accomplished National Goals and Programs.* Thus, the Senate Enacted Bill would require a prior statement summarizing community goals for a three-year period, giving a detailed program and budget for the first two years for which assistance is requested. Not only must the community development agency make a prior declaration of its goals and particular objectives, but it is subject to specific accounting of how the Federal funds are spent; also, it must submit an annual performance statement. All of these are intended to assure that the grant funds are utilized to accomplish the national goals and programs covered by the Community Development Assistance. In addition, the Senate Enacted Bill would require a community program to meet housing needs of low and moderate income families and to carry out systematic enforcement. Once the application is approved, the Secretary of HUD, to the extent he deems it feasible, shall reserve funds for the Federal assistance required for these housing programs.

(L) *Conclusion.* NHC urges the passage of Chapter III of the Senate Enacted Bill as it provides an excellent system of Federal assistance for community development. As set forth above, we recommend several amendments to the Bill, including increases and additions to the authorizations. NHC believes that any plan of Federal distribution of funds to local communities should include provisions of the type contained in this Bill which require the local agency's plan and particular objectives for community development, together with adequate provisions to account for the funds spent and to make a performance report.

CHAPTER G. LOW RENT PUBLIC HOUSING

I. Summary of existing legislation

1. *Need.* There is a tremendous unmet need for additional housing to serve the low-income group who cannot be decently housed without the aid of Federal subsidies. Many of the ill-housed in this income group are living in the slum and ghetto areas of our cities. Their unmet need for adequate housing has contributed to the crisis in our cities. Cities throughout the country have recognized the urgency of building additional public housing. Applications for additional public housing units are now being submitted to HUD at an annual rate of about 140,000 units.

2. *Authorizations in 1968 and 1969 Housing Acts.*

(a) *Authorizations for Annual Contribution Contracts.* The 1968 Act provided an increase in the contract authorization for annual contributions of $100 million upon its passage and an additional $150 million on July 1, 1969, and July 1, 1970. The 1969 Housing Act increased the authorization for annual contribution contracts by $75 million as of July 1, 1969, and by $20 million on July 1, 1970. It was hoped that these increased authorizations would provide about 375,000 low-rent dwelling units over the 3-year period for the public housing program.

(b) *Tenant Services.* The 1968 Act authorized HUD to make grants to local housing authorities to assist in financing tenant services for tenants of public housing. $15 million in appropriations for grants were authorized for fiscal year 1969 and $30 million for fiscal 1970. The 1969 Act extended these authorizations through fiscal year 1971. The tenant services include: 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.

(c) *Limit on High-rise Projects.* High-rise public housing projects for families with children are prohibited except where HUD determines that there is no practical alternative.

(d) *Leasing Program.* HUD was prohibited from prescribing limitations on the types or categories of structures or dwelling units (other than those provided in the law) which can be leased under the public housing Section 23 leasing program.

(e) *Additional Subsidy for Certain Families.* An additional annual subsidy of $120 was authorized for public housing units occupied by large families or families with very low incomes. In the past a like subsidy has been limited to the elderly and displaced families.

(f) *Loans for Public Housing Projects.* The 1969 Act increased from 90 to 100 percent the maximum amount of Federal loans or loan commitments authorized for financing the acquisition or development of a low rent housing project with respect to which annual contributions are to be made. Section 9 is used primarily to enable local housing authorities to obtain temporary financing for the acquisition or construction of a project by the sale of short-term notes backed by a Federal loan commitment. With a loan commitment of 100 percent of a project's acquisition or development cost, a local housing authority would be able to schedule the issuance of long-term bonds for permanent financing when most advantageous to itself and the Federal Government rather than just prior to acquisition or when development costs reach the 90-percent level.

(g) *Public Housing Annual Contributions.* Section 10(b) of the USH Act was amended to clarify existing authority to fix the amount of the annual contributions to public housing projects at an amount in excess of the debt service requirements of the projects so long as the fixed contribution does not exceed the maximum annual contribution authorized in that section.

(h) *Notifications to Applicants for Admission to Public Housing Projects.* The 1969 Act amended Section 10(g) of the USH Act by adding a new paragraph requiring every contract for annual contributions for a low-rent housing project to provide that the public housing agency shall notify promptly any applicant determined to be ineligible for admission to a project of the reason for such determination and provide the applicant, within a reasonable time after the determination is made, with an opportunity for a hearing on the determination. Applicants who are determined to be eligible for admission to a project must be notified promptly of the approximate date of occupancy insofar as this can be reasonably determined.

(i) *Elimination of Workable Program Requirement With Respect to Low-Rent Projects.* The 1969 Act amended Section 101(c) of the Housing Act of 1949 and Sections 10(e) and 23(f) of the USH Act to eliminate the workable program requirement for low-rent public housing and Section 221(d)(3) projects.

(j) *Reduced Rentals for Very Low Income Tenants of Public Housing Projects—Brooke Amendment.* The 1969 Act amended Section 2(d) of the USH Act to provide that rent in public housing projects may not exceed one-fourth of the family's income, defined by the Secretary of HUD. To make it possible to serve very low income persons in public housing, additional assistance payments were authorized within the existing annual contributions framework. To provide necessary funds for this purpose, $75 million was added to the authorization for annual contributions contracts under Section 10(e) of the USH Act.

The requirement that rents fixed by public housing agencies may not exceed one-fourth of the low-rent housing tenant's income does not apply in any case in which the Secretary determines that by limiting the rent of a tenant there will result a reduction in the amount of welfare assistance which would otherwise be provided to the tenant by a public agency.

(k) *Applicable Going Federal Rate.* The 1969 Act amended Section 14 of the USH Act to provide that any contract for annual contributions, loans, or both, may be amended or superseded for the purpose of insuring the low-rent character of the project involved so that the going federal rate on the basis of which such annual contributions or interest rate on the loans, or both, are fixed shall mean the going federal rate of the amending or superseding contract.

3. *Amendments in the Housing and Urban Development Act of 1970.*

(a) *Public Housing Annual Contributions.* The 1970 Act amends section 10(e) of the United States Housing Act of 1937 to increase the contract authority by $150 million, and by $225 million on July 1, 1971, for the public housing program.

(b) *Public Housing Rent Requirements.* The 1970 Act amends section 2(1) of the Housing Act of 1937 to provide more specific guidelines with respect to the maximum rental permitted to be charged tenants in public housing projects by providing a statutory definition of income for purposes of establishing maximum rentals at one-fourth the tenant's income. Family income includes income from all sources of each member of the family residing in the household who is at least eighteen years of age, but excluded are (1) nonrecurring income, as determined by the Secretary, (2) an amount equal to the sum of (A) $300 for each person in the household under eighteen years of age, and (B) 5 per centum of the family's gross income (10 per centum in the case of elderly families), (3) $300 for each secondary wage earner, (4) medical expenses of the family properly considered extraordinary; finally, (5) the Secretary may allow further deductions in recognition of unusual circumstances.

(c) *Public Housing Cost Limits.* The 1970 Act substitutes a new formula for establishing limits on the construction costs applicable to public housing projects which would be based on cost factors prevailing in each area rather than on national standards. Under the proposed formula, the Secretary of HUD would periodically "cost out" prototypes of various types of projects in each area suitable for occupancy by public housing tenants. These various types could include high-rise elevator structures, walk-up projects, detached or row houses, projects designed for the elderly and handicapped, and congregate and dormitory-type housing, and others as necessary. Prototype cost would be determined on the basis of complete plans and specifications for the particular type of project. These plans and specifications could vary from one part of the country to another to reflect differences in climate, design standards and specifications.

(d) *Amendment of Contracts to Assure Low-Rent Character of Projects.* The 1970 Act clarifies the use of annual contributions to pay the excess of operating and maintenance expenses over rental income incurred by public housing agencies.

(e) *Low-Rent Housing in Private Accommodations.* The 1970 Act amends section 10(e) of the United States Housing Act of 1937 to require that at least 30 percent of the dwelling units for which contracts for annual contributions are entered into pursuant to the new authority granted under section 202 of the Housing and Urban Development Act of 1970 or under any law subsequently enacted shall be units in private accommodations provided pursuant to section 23 of the United States Housing Act of 1937.

(f) *Funding of Tenant Services.* The 1970 Act repeals the grant program for tenant services in public housing projects and authorizes such services to be financed out of project income and annual contribution payments.

(g) *Congregate Housing for the Elderly, Displaced and Handicapped.* The 1970 Act amends section 15 of the United States Housing Act of 1937 by adding a new paragraph (12) which would direct the Secretary to encourage local public housing agencies to develop congregate housing for the displaced, elderly and handicapped. Congregate housing is defined to mean projects with central dining facilities where some or all of the units do not have kitchen facilities. The dining facility would be required to be operated on a self-supporting basis; however, any expenditures, other than for food or services, could be considered a cost of the administration of the project. The section also provides that not more than 10 percent of the total amount of contracts for annual contributions entered into in any fiscal year pursuant to the new authority granted under the Housing and Urban Development Act of 1970 or under any law subsequently enacted shall be entered into with respect to units in congregate housing.

(h) *Policy Statement.* Section 211 of the 1970 Act amends section 1 of the United States Housing Act of 1937 to state, as the policy of Congress, that public housing tenants should not be barred from serving on the board of directors or other governing body of a local public housing agency.

II. Recommendations

1. *Urgent Need to Make Authorizations Available for Commitment.* The Budget Request dealing with Fiscal Year 1973 contains cut-backs in the public housing program. The Administration requests only $183 million of new contract authority to be added to a carry-over of $130 million in unused contract authority. Thus, the Administration intends to commit only about 75,000 new units in fiscal 1973. This will continue the serious difficulties already facing the public housing program. The new starts for fiscal 1973 should be 90,000 units which is less than one-half of the annual number of units we need to meet our goals. Reducing the new commitments for fiscal 1973 to 75,000 units will only put us further behind in meeting our goals. Moreover, many public housing authorities are facing large operating deficits which are due to inflation; also, the additional funds are needed to implement the Brooke Amendment so that low income tenants do not pay an excessive proportion of their income for rent. While HUD has released $60 million of the $75 million currently available for these subsidies, NHC urges that all available authorizations be released immediately to meet this critical condition as contemplated by the 1970 Housing Act.

2. *Necessary Authorization.* NHC recommands the following schedule of authorizations for the Public Housing Program for new units to be developed:

On July 1, 1972 (for fiscal 1973) an additional authorization of $350 million.

On July 1, 1973 (for fiscal 1974) an additional authorization of $400 million.

On July 1, 1974 (for fiscal 1975) an additional authorization of $450 million.

On July 1, 1975 (for fiscal 1976) an additional authorization of $500 million.

On July 1, 1976 (for fiscal 1977) an additional authorization of $500 million.

3. *Increases in Legislative Authorizations.* There is a need to increase the authorizations as outlined in paragraph 1, above, for public housing to an average annual rate of 200,000 units for a 5-year period. Initially, the annual rate should be 150,000 units, but it should be accelerated each year until it reaches 250,000 units in the fourth and fifth years. This should include public housing of the conventional type, along with turnkey housing and leasing programs.

4. *Immediate Release of All Available Funds.* NHC deplores the action by the Bureau of Budget and Management that froze the $150 million of supplemental authorizations for Fiscal Year 1971 for many months and delayed meeting urgent needs.

5. *Continuation of Established Appropriation Procedures.* During the floor debate on the 1970 Housing Act, Congressman Davis offered an amendment to subject authorizations for annual contributions to approval in appropriation acts. NHC deplores and strongly opposes the intent of this amendment. There is no justification to change the long-established and satisfactory practice covering authorizations for annual contribution contracts. It has been in successful operation for 35 years since the 1937 law was enacted. NHC urges that the Housing Subcommittee reject this proposal.

6. *Other Legislative Amendments.* We should perfect the existing public housing programs in light of our experience. In the conventional public housing programs, this requires the following new federal aids to meet conditions that have been too long neglected:

(a) NHC approves the objective in the 1969 Housing Act, as reaffirmed in the 1970 Act, to establish a maximum percentage of a tenant's income which is required to be paid as rent by public housing tenants. However, NHC recommends that 20% instead of 25% of a tenant's income should be the maximum rent. The 25%-of-income requirement is too high for low income families to pay for housing in view of their need to use income for other essential living expenses.

(b) We recommend an amendment which would make subsidies available without reference to maximum income limits. The subsidies would be the amount needed after the occupant pays the required percentage of his income.

(c) Neither the program to lease privately-owned housing for public housing purposes, nor the rent-supplement program for those of public-housing incomes requires a local financial contribution in the form of exemption from local real estate taxes. Conventional public housing projects are therefore at a disadvantage in gaining acceptance by local governments, since these projects require tax exemption and pay only 10% of shelter rents in lieu of taxes. To eliminate this disadvantage, NHC recommends that local housing authorities be permitted to make payments in lieu of taxes equal to full taxes. Federal annual contributions should be increased to cover the payment of a full tax equivalent.

(d) Special federal grants should be authorized to offset the impact of locating low and moderate income housing in suburban and other areas where costs must be incurred for education, health or other services to the extent they cannot be met from collections of full taxes on the property. Such federal grants would provide an incentive and inducement to suburban and other communities to accept low and moderate income housing since it would not impose an additional financial burden on the community.

(e) Until such time as a full tax equivalent is paid on public housing as recommended above, there should be a federal payment to cover costs of sending public housing children to local schools; accordingly, NHC deplores the fact that the language of the Elementary and Secondary Education Bill which provided for such payments was deleted.

(f) There should be a HUD authorization to make federal capital grants to cover the full amount of land and site development costs in excess of the reuse value of the improved land for new low-rent public housing projects which are not located in urban renewal areas; also HUD should have authority to make such federal grants for a write-down on buildings acquired for rehabilitation.

(g) The present law provides for disposition of public housing to residents when the housing is sufficiently separable for ownership by the residents. We recommend an amendment to authorize sale of an entire project—including turnkey housing—to a cooperative with a membership limited to those who will reside in the project which will maintain its low-income character. The sale should be made subject to the continuance of the outstanding bonds of the local housing authority and the pledge of federal annual contributions as security therefor, including the additional bonds (and annual contributions pledged therefor) issued to finance necessary rehabilitation, costs of achieving home ownership and prepaid expenses. The proposed NHC amendment would make it possible for residents of public housing to achieve cooperative home ownership and to produce better and more stable communities. Further, instead of requiring over-income families to move out, they should be allowed to acquire cooperative home ownership by paying a higher monthly charge which they can afford, based upon a percentage of their increased earnings. This amendment will give public housing tenants an incentive to better themselves. As to public housing tenants whose incomes have not increased, they should be permitted to remain in the project as members of the cooperative—receiving the benefit of annual contributions so long as they qualify as low income families. The price and mortgage on the sale of a public housing project for cooperative ownership should be the outstanding principal balance on the outstanding bonds on the project including those issued for necessary rehabilitation and other costs.

(h) Repeal the provision in the U.S. Housing Act of 1937, as amended, which requires a 20% gap between the lowest private and the upper public housing income limits for admission.

(i) Permit low-income individuals—in addition to low-income families—to be eligible for occupancy in low rent public housing. NHC recommends the removal of the 10% limit on the number of units in a project which may be occupied by low income individuals as distinguished from low income families.

(j) Make the necessary changes to permit construction in a municipality of low-rent public housing for those of low income who will later migrate to the municipality for employment in industries located there or in service activities. This would include new communities or municipalities outside of central cities. It would facilitate dispersal of population and reduction of the concentration of low-income families in central cities.

(k) In new and existing low-rent housing projects, there is a great opportunity to provide social impetus and vitality not only to those living in the development, but also the neighborhood. The need is both for physical community facilities on a large scale and for skilled and dedicated personnel to operate them imaginatively. A program was authorized by the 1965 Act for two-thirds federal grants to assist communities in developing neighborhood facilities of all types, with preference to those in neighborhoods involving the anti-poverty program. While this affords a new opportunity to obtain needed physical facilities, the law should be amended to provide for necessary social and counseling services in such neighborhood facilities. Where funds or services cannot otherwise be obtained, local authorities should be permitted to use project funds for this purpose. Adequate funds for social and counseling services should be included in the project budget. We believe the 1970 Housing Act permits this under the amendment allowing project income and annual contributions to be used for tenant services. If any clarification is required to cover all of the foregoing services and facilities, we recommend a further amendment which would accomplish this.

(l) There should be an amendment authorizing the leasing of available private housing outside central cities for low-rent housing purposes. Such leasing should not require approval by the governing body of the municipality involved. Parenthetically, state laws should likewise be amended to enable local authorities to lease such housing outside central cities.

(m) The Section 23 leasing program should be amended to permit longer term leases as this will encourage more private owners to participate in the program. The leasing program should be available for use in connection with any FHA-insured housing so as to help achieve economic integration. It should also be available for use in connection with FHA-insured nursing homes.

(n) The 1965 Act repealed as to future projects the requirement of Section 10(c) of the United States Housing Act of 1937 that annual contributions to a public housing agency be reduced by any amounts by which the receipts of the agency exceed its expenditures. As a matter of fairness and to meet the needs of public housing agencies, NHC recommends that this repeal should also apply to public housing projects existing at the time of the 1965 Act, as well as future projects.

(o) There should be no income limits for continued occupancy in public housing. Instead, people should be permitted to stay in public housing if they wish upon paying the prescribed percentage of their income—where permitted under state law—but not in excess of the economic rent.

(p) NHC recommends the deletion of the amendment in the 1970 Housing Act requiring that at least 30% of the contract authority for annual contributions be used for the leasing program. This is particularly important because HUD is interpreting this requirement as applying to the contract authority for operating subsidies, which has the effect of increasing the total required percentage of the contract authority available exclusively for new construction for leasing.

7. *Administrative Actions.* NHC recommends and approves the following administrative actions by HUD:

(a) As permitted by the 1970 Housing Act, additional annual contributions should be made to meet all costs except those which low income families can afford in rentals. This should include not only the debt service, but also adequate maintenance, security, conservation and operation of public housing, and additional services. It should also cover the cost of work required to comply with anti-pollution legislation. The present needs and costs are higher than those which prevailed when the original annual contribution contracts were signed. If the annual contributions are not raised, local housing authorities will be forced to increase rents and income limits. This would jeopardize the continued achievement of the purpose of this program to serve low income families. Also, it will cause the deferment of necessary maintenance and repairs, thereby jeopardizing the physical condition and long-term life of the property. Most of the present annual contributions were computed to assure their adequacy to meet debt service, but without provision for the increased later costs of maintenance and operation, or the need for additional services. There has been criticism of conventional public housing because of its failure to provide necessary services and because of its failure to carry out adequate renovation. Correction of these conditions (with additional annual contributions for this purpose) should remove the cause of this criticism and produce a better living environment in public housing.

(b) The annual subsidy formula should be revised to permit the payment of the maximum annual contributions authorized by law, with residual receipts being used either for project rehabilitation or improvement. At any time after completion of a public housing project, provision should be made for reopening development cost, if

necessary, to make additional loans for needed rehabilitation improvements, or other purposes, with annual contributions correspondingly increased.

(c) While we believe the proposal for private management of turnkey housing is of dubious merit, we favor testing this new approach to determine whether it will produce benefits or improve techniques in the management of public housing and the achievement of the program's social objectives. The proposal should be recognized as a pilot and experimental program to be determined by local housing authorities. Meanwhile, NHC reaffirms the wisdom of continuing the present tested management operations through local authorities. They have long experience in handling the operations and problems and social aspects of public housing management. Moreover, they are clearly motivated by the public interest in managing public housing to serve low-income families. Local housing authorities should be allowed the same budgets for their operations and management services on turnkey housing as are proposed for private management. NHC also recommends approval of experimental programs of local housing authorities for management of public housing by nonprofit organizations, since they likewise have motivations of public interest and social welfare.

(d) We again commend HUD for its flexibility in using existing legislative tools to develop a program which will enable low-income families to live in the same projects as families of moderate incomes instead of isolating families of each income group. Under this program, the low-income family can continue in occupancy when its income increases, but will no longer receive public housing subsidies; instead, it will get the benefit of a below-market interest rate. When the family becomes self-supporting, it will pay the full market rate of interest.

(e) The special subsidy for housing elderly and displaced persons is now available only in the event of a deficit operation. NHC recommends that this subsidy be made available generally in an amount equal to the difference between the rent paid per month and the average cost of operation.

(f) The 1968 Housing Act emphasizes the importance of good public housing design to the low-income family and to the local community. The Nation is concerned not only with the quantity of new public housing, but also with its quality. He urge HUD to take all actions necessary to achieve higher design standards for public housing developments.

(g) NHC recommends necessary adjustments in public housing income limits in those localities which have failed to keep pace with the increases in costs and incomes; also, there should be a recognition of the larger income which larger families require. Thus, there is no justification for a public housing limit for a larger family which would make a welfare recipient ineligible for occupancy.

(h) NHC recommends a revision in the letters of intent used by HUD in its turnkey housing program, in order to make it mandatory for housing authorities to purchase the land and plans from the developer if—for any reason—the local housing authority and the developer fail to execute a contract to purchase.

(i) NHC suggests that local housing authorities draw down the purchase price of the completed improvements at the time of signing the turnkey contract of sale. This sum would then be deposited to the credit of the local housing authority with a banking institution in the community in which the project is being built and a Certificate of Deposit would be issued to the local housing authority bearing interest at the highest going rate. In consideration of the deposit, the banking institution would agree to make the construction loan to the turnkey developer at an interest rate not more than 2 percentage points higher than the interest paid by the banking institution to the local housing authority on the Certificate of Deposit, plus normal operation and service charges and fees.

(j) HUD is currently working on the final version of new regulations for the Turnkey III and IV Programs. The Turnkey III Program will provide home ownership opportunities for low income families in projects which are initially owned by public housing authorities. Turnkey IV will provide similar home ownership opportunities in projects that are privately owned. The Turnkey IV Program has the advantage of paying full taxes and requires no local approval. Cooperative, nonprofit and profit motivated sponsors are eligible to initiate Turnkey IV Programs. NHC urges HUD to issue and implement Turnkey III and IV regulations which will enable achievement of home ownership status in a reasonable length of time. To insure that these programs receive a fair chance to succeed, HUD should earmark an adequate amount of the annual contribution contract authority for such programs. For turnkey projects financed under FHA programs, NHC recommends the use of FHA practices such as negotiated contracts with those who initiate these programs. Competitive bidding is not consistent with FHA practices and procedures. Moreover, negotiated contracts would provide a better opportunity for minority contractors to initiate such programs.

(k) The Section 23 leasing program should be administered in a manner which will permit longer term leases as this will expand the program including the encouragement of more new construction and rehabilitation.

(l) NHC recommends that the documentation required to qualify initially for the leasing program eliminate the unnecessary requirement for development of detailed hypothetical data as to the extent of the potential supply of units.

(m) We urge HUD to restore the availability of consolidated annual contribution contracts and operating budgets for use by local housing authorities. This mechanism has been essential to enable most local programs involving more than one project to serve adequately a cross section of needs in the low income group. Also, this procedure has been necessary for the proper operation of projects with substantially different sizes, ages, neighborhoods, and design characteristics. Insistence by HUD on a separate annual contributions contract for each new project will exclude many development opportunities and impair sound and flexible management operations.

(n) When the local housing authority renews leases under the leasing program, there should be a price adjustment in the lease that takes into account price level changes.

(o) Late in the spring of 1971, HUD officials instituted a program of utilizing prototype cost limits for public housing as provided in the 1970 Housing Act. The schedule provides for four types of buildings: detached and semi-detached; row houses; walk-ups; and elevator buildings. Prototype cost limits have been published for almost all areas of the country. NHC recommends that all programs initiated under the old statutory maximums continue with the rules applicable to them when they were initiated. In addition, NHC recommends that HUD constantly review the prototypes as to their reasonableness. NHC has received many reports concerning the unrealistically low levels of the limits established under the prototype program.

(p) Late in the summer HUD announced a system for consolidating public housing subsidies and for advance funding to enable housing authorities to know what their funding will be for the year ahead NHC applauds such a concept.

(q) In mid-September HUD announced the delegation of more authority to local housing authorities for the modernization program including formulating its operating budget. The new HUD area offices can approve such modernization plans within HUD-approved budget amounts. Under this proposal a local housing authority can submit its proposed budget to the local governing body for approval without further Federal review. NHC applauds this delegation of authority to local agencies.

(r) NHC urges that HUD amend its site selection criteria which make it impossible for a new housing authority to receive a superior rating if it does not have past experience. In addition, they often preclude building housing projects already programed in urban renewal areas. Finally, they often make it impossible to comply with the one-for-one replacement requirement for housing under urban renewal. The site selection criteria also fail to give any weight to ownership and resident control of housing. NHC seriously questions the present site selection criteria and urges their amendment to meet the foregoing objections.

CHAPTER H. URBAN RENEWAL PROGRAM

I. Summary of existing legislation

1. *Objectives.* Urban renewal is a major instrument of reform which deals primarily with the physical side of removing blight. Its objective is to eliminate slum, blighted or deteriorating areas and provide for the use and disposition of land in accordance with comprehensive urban renewal plans that meet community needs. Over 1,000 cities are reclaiming such blighted areas for redevelopment or rehabilitation under urban renewal programs. The backlog of urban-renewal-grant applications was in excess of $3 billion at the beginning of the fiscal year and new applications averaged over $200 million per month, despite HUD actions to discourage applications by the imposition of more stringent requirements concerning program objectives and priority criteria. Each year about 60 additional communities are joining in the participation of the urban renewal program, after adopting workable programs for community improvement. There is a tremendous need for increased urban renewal authorizations and appropriations to meet the requests of cities who are seeking to stop the insidious blight which is overwhelming their older neighborhoods.

2. *Authorizations and Limitations in the 1968 and 1969 Housing Acts:*

(a) *Increased Authorizations in 1968 Act.* An additional $1.4 billion of urban renewal grants was authorized by the Act for fiscal year 1970. In addition, there was an authorization of $350 million for urban renewal grants for projects in model city areas, which supplements the previous authorization of $250 million for this purpose.

(b) *Neighborhood Development Program (NDP).* The 1968 Act provides for a new approach to urban renewal which is intended to facilitate more rapid rehabilitation and redevelopment of blighted areas on an effective scale. Financial assistance would be provided for a neighborhood development program which consists of urban renewal undertakings and activities in one or more areas that are planned and carried out on the basis of annual increments. Financing is based on the amount of funds needed to carry out the activities planned during a 12-month period in each of the urban renewal areas in the community's program. As to subsequent annual increments of the program, the community would receive financial assistance to the extent that funds are then available and the community's program is acceptable to HUD. This will permit the undertaking of urban-renewal-execution activities, land

acquisitions and public improvements simultaneously with planning. By administrative action, HUD is now limiting new urban renewal activities exclusively to NDP proposals and will not accept any new applications for conventional urban renewal projects.

(c) *Low and Moderate Income Housing.* The 1968 Act requires that a majority of the total number of housing units in a community's residential urban renewal project which receives Federal recognition after August 1, 1968, must be for low and moderate income families or individuals. As to housing units in urban renewal areas, at least 20% of the total must house low-income families or individuals, but HUD may waive this 20% requirement to the extent that these units are not needed in the community.

(d) *Increased Authorizations in 1969 Act.* The 1969 Act amends the first sentence of Section 103(b) of the 1949 Act to increase the aggregate amount of capital grants which may be made under the urban renewal program by $1.7 billion on July 1, 1970, and reserves 35 percent of available funds for fiscal year 1970 and fiscal year 1971 for neighborhood development programs.

(e) *Extension of Urban Renewal Assistance to Trust Territories.* The 1969 Act makes the Trust Territory of the Pacific Islands and the Indian tribes, bands, groups, and nations (including Alaskan Indians, Aleuts, and Eskimos) of the United States eligible for:

(1) urban renewal loans and grants for rehabilitation;

(2) demolition grants;

(3) code enforcement grants; and

(4) interim assistance grants.

(f) *Extension of Period of Eligibility of Local Grants-in-Aid.* The 1969 Act amends Section 110(d) of the 1949 Act to permit, in the case of any urban renewal program for which an application is filed but not approved on or before the date of enactment of the 1969 Act, credit for local grants-in-aid if construction of the public improvement or facility was commenced not more than 4 years prior to authorization by the Secretary of a contract for a loan or capital grant for the project. The period of eligibility otherwise applicable is 3 years. There are also other extensions of the period of eligibility of local grants-in-aid for certain projects.

(g) *Inclusion of Enclosed Pedestrian Malls as Eligible.* The 1969 Act amends Section 110 (c) of the 1949 Act to include covered pedestrian malls and walkways (with related facilities) among the types of undertakings eligible for inclusion in urban renewal project costs.

(h) *Rehabilitation Grants.* The 1969 Act amends Section 115 of the 1949 Act to increase the maximum rehabilitation grant authorized under that section from $3,000 to $3,500.

(i) *Local Grant-in-Aid Credit for Certain University Facilities.* The 1969 Act amends Section 110(d) of the 1949 Act to make clear that medical facilities otherwise eligible for non-cash grant-in-aid credit may receive such credit if built on behalf (as well as if built by) a public university.

(j) *Replacement of Housing Units Where Project Involved Removal of Residential Structures.* The 1969 Act amends Section 105 of the 1949 Act to provide that if any urban renewal project which receives Federal recognition after the date of enactment of this Act includes the demolition or removal of any residential structures, there must be provided in the area within which the local public agency has jurisdiction 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 demolished or removed that were occupied by such families prior to demolition or removal. Replacement housing may be provided under Federal or State-assisted housing programs and may include units for low-rent housing in private accommodations assisted under Section 23 of the United States Housing Act of 1937. Where the Secretary of Housing and Urban Development deems it appropriate, he may take into account suitable housing outside the area within the jurisdiction of the local public agency for purposes of meeting this requirement. If the Secretary finds that the percentage of vacancies for all existing housing units in the area within which the local public agency has jurisdiction is 5 per centum or greater, he may waive this requirement to the extent that he determines that there are existing standard housing units available for occupancy by displaced low and moderate income families.

3. *Amendments in Housing and Urban Development Act of 1970:*

(a) *Urban Renewal Grant Authority.* The 1970 Act amends Section 103(b) of the Housing Act of 1949 to increase the aggregate amount of capital grants which may be made under the urban renewal program by $1.5 billion on July 1, 1971, and requires that not less than 35 percent of available funds during the fiscal years of 1970 through 1974 be made available for neighborhood development programs.

(b) *Relocation Payments.* The 1970 Act amends Section 114(b)(1) of the Housing Act of 1949 to provide that the Secretary of Housing and Urban Development may authorize the payment to displaced business concerns of fixed amounts in lieu of their total certified actual moving expenses where he determines that it is impractical for a displaced business concern to calculate the amount of such expenses.

(c) *Expenses in Connection with the Sale of Surplus Federal Lands to Local Urban Renewal Agencies.* The 1970 Act amends Section 108 of the Housing Act of 1949 to permit the Secretary to charge against the gross proceeds realized any property management or other expenses he incurs when Federal surplus real property is transferred to him for sale to a local urban renewal agency. Under existing law all the proceeds from such a transfer and sale must be deposited into the Treasury.

(d) *Early Closeout of Urban Renewal Projects.* The 1970 Act amends Section 106(1) of the Housing Act of 1949 to authorize the Secretary, in cases where the local public agency does not expect to be able in the reasonably near future, due to circumstances beyond its control, to dispose of remaining urban renewal project land, and the Secretary determines an early close-out of the project would be in the financial interest of the Government, to compute the net project cost and close out the project at no additonal cost to the locality. The locality would receive an additional grant equal to one-third (or one-fourth) of the estimated dispositon proceeds from the undisposed land. When such land was subsequently disposed of in accordance with the urban renewal plan the net proceeds realized would be paid to the Secretary. Under previous existing law early project closeout was only permitted where 5 percent or less of project land remains unsold.

(e) *Inner City Development.* Part D of Title VII of the 1970 Act (establishing the National Urban Growth Program) amends Section 110 of the 1949 Act to make inner-city developments eligible for urban renewal aid without regard to requirements as to substandard or deteriorated physical condition provided the existing uses are obsolete, under-utilized or otherwise inappropriate non-residential facilities or consist of vacant land. New uses in such inner-city developments must be housing, essential public facilities or employment producing facilities.

4. *Authorizations in Appropriation Acts.* For fiscal 1969, $750 million was authorized and appropriated for urban renewal grants. In addition, an advance appropriation was made of $750 million of the $1.4 billion authorized for fiscal 1970 in order to give communities more lead time for planning their urban renewal program. For urban renewal projects in model city areas, $312.5 million was appropriated for fiscal 1969, as compared with the $350 million authorized. Of the $250 million authorized for grants on urban renewal projects in model city areas for the preceding fiscal year, $150 million was appropriated. For fiscal year 1970, $750 million previously appropriated was available plus $250 million of new appropriations. $1.35 billion was included in the appropriation act for fiscal year 1971 which was vetoed by President Nixon. Then, Congress passed another appropriation act for fiscal 1971 with a reduced total of $1.2 billion for urban renewal which was signed by the President. $1.25 billion was contained in the Appropriation Act for Fiscal Year 1972.

II. Recommendations

1. *Urgent Need to Continue Program.* President Nixon's 1972 Budget Message requested only $600 million for urban renewal funds for the first half of fiscal year 1972, plus a $200 million carry-over from this year. In addition, the Budget Message contemplated phasing out the rehabilitation grant program and consolidating it with three other categorical grant programs into a new community development grant program under special revenue sharing. Because the prospects of adoption of the special revenue sharing proposal, especially by the end of the first half of fiscal year 1972, were dim, Congress appropriated $1.25 billion for all of fiscal year 1972.

NHC continues to oppose the wiping out by the special revenue sharing program of authorizations not yet appropriated for urban renewal of $1.31 billion. Finally, NHC deplores the action by the Bureau of Budget and Management that froze $200 million of the $1.2 billion appropriated for fiscal year 1971 for many months. In view of the tremendous backlog, this money should have been made available immediately.

In his Budget Message for fiscal 1973, the President has requested an appropriation of $1,000,000,000 for urban renewal. In the event that his proposed new legislation is enacted for an urban community development revenue sharing program, the President proposed that there would be a supplemental appropriation of $490,000,000 in addition to the requested appropriations for the individual categorical programs. In that event, the President's Budget contemplated a total program for urban community development revenue sharing of $2.3 billion for fiscal 1973, which would include the amounts for the categorical programs plus the proposed supplemental appropriation for urban community development revenue sharing.

When there are additional legislative authorizations as recommended below, there should be additional appropriations for each fiscal year and an advance appropriation for the succeeding fiscal year. This will give communities more lead time for planning their urban renewal programs.

2. *Increase in Legislative Authorizations.* NHC recommends an increase in the authorizations for appropriations for a 5-year period at the following levels:

On July 1, 1971 (for fiscal year 1972) an additional authorization of $3.0 billion.

On July 1, 1972 (for fiscal year 1973) an additional authorization of $3.25 billion.

On July 1, 1973 (for fiscal year 1974) an additional authorization of $3.5 billion.

On July 1, 1974 (for fiscal year 1975) an additional authorization of $4.0 billion.

On July 1, 1975 (for fiscal year 1976) an additional authorization of $4.5 billion.

As public agencies elect to utilize the alternative Community Development Program under our proposed amendment to Part C of

Title I, the foregoing appropriations would be utilized to provide funds to carry out the new Community Development Program which would gradually replace the other program.

3. *Legislative Amendments Relating to Parts A and B of Title I of the Urban Renewal Act.* NHC recommends the following amendments to urban renewal laws:

(a) On capital grants for urban renewal, code enforcement and other comparable programs, there would be an increase in the federal grant to ¾ from the present ⅔ which is paid to larger cities. For smaller cities, the ¾ grants should be increased to ⅚. Further, where the community elects to finance survey and planning costs at its own expense, the project capital funds for larger cities should be increased from ⅚ to ¾. Pooling all of such grants should be permitted for all urban renewal projects in the city. Where the urban renewal is located in a distressed area, the present subsidy of ¾ should be increased to ⅚.

(b) NHC recommends that action be taken to simplify both the legislative and administrative provisions relating to local non-cash grants-in-aid; also to embrace all types of such aids as being eligible for credits against the local contribution. The objective should be to eliminate most of the complexities of the rule, reviews and approvals of local non-cash credits and to extend benefits of this means of financing the local share of urban renewal projects costs.

(c) A new program of loan and grant contracts should be authorized for the purpose of assisting the acquisition and rehabilitation of scattered properties in residential neighborhoods designated for conservation, rehabilitation, or intensive code enforcement by an approved community renewal program. The cost of any new public improvements serving the rehabilitation properties should be recognized for appropriate grant-in-aid credits.

(d) Local public agencies should be authorized to make sales of industrial and commercial land for later development by nonprofit industrial development corporations or properly constituted public bodies on the same basis as is now authorized under economic development laws.

(e) There should be a broadening of the existing statutory provisions for recognition of real property tax losses—on the land as improved before the demolition occurred—by the locality in an urban renewal area as a local grant-in-aid credit. Such losses should be computed from the date of acquisition of the property to the date of transfer of title.

(f) Where a project is in execution, tax abatement should count as a non-cash local grant-in-aid to the project when such tax abatement is granted to federally-assisted housing for the purpose of achieving lower rents and facilitating relocation unless there is a federal grant to reimburse the state and local taxing authorities for their tax losses.

(g) NHC supports special urban renewal provisions for central business districts which would clearly recognize that commercial and business obsolescence comes within the definition of blight whose removal is eligible under Title I. NHC supports special urban renewal provisions for central business districts which would permit the renewal of such districts and recognize that employment, commercial, industrial, and cultural functions of central business districts are of vital importance to community growth and revitalization.

(h) There should be an amendment to the urban renewal law allowing any public facility to be eligible for non-cash grant-in-aid credit covering the full cost of the facility if its development was occasioned by the urban renewal program as certified by the urban renewal agency.

(i) Section 314 should be amended to provide that the Federal Government in special cases could pay up to 100% of the cost of the demonstration program.

(j) Non-cash grant-in-aid credits should be extended to cover air rights involved in the development costs for 221(d)(3) or 236 projects for low and moderate income families.

(k) Title I funds should be available for the reclamation of otherwise unbuildable land in urban areas on the same financial formulas now controlling other activities.

(l) Where state or local law requires abutting property owners to pay a portion of the cost of street repairs, federal urban renewal grants should be made to cover the owner's share when there is a showing of need.

(m) Under the Neighborhood Development Program, non-cash grants-in-aid—otherwise meeting time requirements—should become eligible as soon as HUD accepts an application for review.

(n) Costs of development of the initial application should be an allowable project cost.

(o) NHC urges legislation that would allow the owner of property in blighted areas which is either underdeveloped or contains a structure which is fully depreciated to be given the same tax allowances permitted under an involuntary conversion as through eminent domain, if he were to dispose of his property to a private developer and to include in the conveyance the appropriate restrictions and requirements of the urban renewal plan. Such a procedure would result in the achievement of the public purpose without the necessity of having the land pass through public ownership. Appropriate certification by the local public agency could afford necessary safeguards. This could result in a considerable savings in public funds and savings in time which would otherwise be lost in the process of acquisition and subsequent disposition by the local public agency.

4. *Legislative Amendments Relating to Community Development Program (CDP).* NHC endorses and recommends an alternative Part C program under Title I which would provide for a total Community Development Program (CDP)—a comprehensive communitywide program, prepared by the local community, including all physical development, rebuilding and rehabilitation activity, and eligible for federal funding on an annual basis. Most of the elements which NHC favors in such a program are contained in S. 2333, the proposed Community Development Assistance Act pending in the Senate Subcommittee on Housing and Urban Affairs. Many of them are also contained in Title VI of the proposed Housing and Urban Development Act pending in the Housing Subcommittee of the House Committee on Banking and Currency. The key element in the program is the preparation by the locality of a Community Development Plan. In drafting it, the locality would have to take stock of its physical inventory, set priorities, and relate each component in the plan to the specific public need it seeks to meet. The plan, if approved, would receive federal funding on a yearly increment basis, similar to that in the NDP program. The locality's application to HUD would contain a three-year forecast of financial assistance needed, including a one-year budget and program, and a request for a second-year reservation of funds. The proposal calls for a three-year Federal authorization, with one year contract, a second year advance reservation, and a third year forecast. They would be updated annually. The activities proposed for inclusion in a Community Development Plan extend greatly beyond those now eligible under traditional urban renewal or NDP. Specifically, the CDP would include:

(a) The Program would involve modifications in existing legislation relating to renewal, codes, rehabilitation, and other aspects as described in the proposed new Part C of Title I. In addition to these items which would be funded out of CDP monies, the estimated cost of the following additional activities would be identified in the Program and there should be set aside the necessary Federal funds (which would not be CDP funds, except for rehabilitation grants) to assure their timely completion: (i) proposed housing and rehabilitation; (ii) water and sewer; (iii) neighborhood facilities; (iv) open space, urban parks, and urban beautification.

(b) The Title I program would continue, but the new CDP Program is designed gradually to replace it.

(c) The Program would cover the entire community in both public and private developments. The Federal funding proposed for public improvements and facilities under the CDP would be available on a city-wide basis but only in locations designated in the CDP's budget.

(d) When a Community Development Program is approved for a city, there would be a reservation of funds for all of the following activities relating to it: (i) proposed housing and rehabilitations; (ii) water and sewer; (iii) neighborhood facilities; (iv) open space, urban parks, and urban beautification. The estimated cost of these additional activities would be identified but would not be funded out of the CDP monies (except rehabilitation grants), but there would be set-asides of necessary Federal funds for each of these programs.

(e) Rehabilitation grants would be funded out of the CDP monies. Temporary loans could also be made from CDP funds for rehabilitation activities.

(f) Any activity contained in the operating budget of a Community Development Program would be eligible as a local contribution under the formula for a 90% Federal grant. The participating community should continue to have the option of providing its local share in public improvements as well as in cash. The budget would also include funds for the design and construction of facilities to the extent that such funds are not otherwise available. This proposal for CDP design and construction financing for supporting facilities when permanent financing is contemplated from other sources is to take the city's place when the city is slow in budgeting for the services or supporting facilities.

(g) While the CDP grant could not normally provide financing for the "supporting facilities" (schools, hospitals, etc.) it could provide, in addition to interim financing for design and construction, a five percent override incentive grant to certain Federal grants-in-aid; and, where necessary, definitive loans for permanent financing secured by a lease agreement.

(h) There would be a 20% supplementary grant for unrestricted purposes relating to programmed activities.

(i) The standards that would be applied for property acquisitions such as conditions, location and present use would be the same as currently set forth in Title I, as amended and in Title VII of the 1970 Housing Act.

(j) A local development corporation would be an eligible agency to undertake federally-assisted community development program activities, and could be so utilized by a locality. To be eligible to contract for such activity under a local CDP, a local development corporation should be able to: accept grants, gifts, and donations; make loans; issue stock; borrow funds; donate and dedicate land and improvements for public purposes; acquire property for development, redevelopment, rehabilitation, preservation, and conservation in accordance with a publicly-adopted plan; construct, repair or improve public facilities and improvements; construct or improve for industrial, commercial, or residential purposes and hold or sell same for public or private use.

(k) The provision of supplementary services and functions are necessary to success-

ful operation of the CDP, such as health, education and training activities and day care centers for which there are no Federal programs available.

(l) Direct loans and grants are necessary for the conservation, preservation, and rehabilitation of other properties, as in the present 312 and 115 programs.

5. *Administrative Action:*

NHC opposes the administrative action by HUD in terminating approvals of any new urban renewal projects and requiring all new urban renewal activity to be under the Neighborhood Development Program. This action was taken without any legislative mandate. Pending the enactment of proposed community development block grant legislation, NHC believes local governments and local renewal agencies should continue to have the option of proceeding either through new renewal projects or electing to proceed under NDP, as provided for in existing law.

(a) However, with respect to the NDP Program, NHC recommends the following administrative actions:

(1) It should be flexibly administered, particularly as regards the requirements for actions on plans for areas larger than those proposed for the action year.

(2) The localities should have the option (without such action being prejudicial to their present or future programs) to employ the Neighborhood Development Program as the means of carrying out Title I activities, including the conversion of conventional Title I projects to the Neighborhood Development Program.

(b) NHC recommends, in those cases of condemnation of real property and when a deterioration has taken place through no fault of the owner, that an effort be made to predicate the compensation of the property on the fair market value before the deterioration. If legislation is needed to insure that equitable compensation is made in such cases, NHC recommends that appropriate legislative measures be taken.

(c) Cities whose population dropped below 50,000 in the 1970 census should be eligible for federal grants of ¾, rather than being limited to the ⅔ grant which was previously applicable to them based on the 1960 census. We believe this can be done through administrative action, but NHC recommends legislation if it is necessary.

(d) HUD has recently issued a proposed project selection system for certain community development programs. This selection system would assist in the selection of project applications for funding under the Neighborhood Development Program, the Open Space Program (Legacy of Parks), the Neighborhood Facilities Program and the Public Facility Loans Program. Project applications will be reviewed in the HUD Area Office by a team consisting of Community Development staff and technical experts. Funding will be made available only after three distinct review activities occur. First, the application will be judged against statutory related prerequisites to eliminate clearly inappropriate proposals or clearly ineligible projects; second, the application, if it meets the prerequisite test, will be evaluated against certain numerically rated criteria; third, those applications ranked high enough to justify further processing in accordance with established procedures will then be reviewed for technical compliance with all relevant statutory requirements including those for which a preliminary judgment was made as to apparent eligibility in the prerequisite review. No funding commitments will be made until after all three of these technical compliance reviews are completed. NHC recommends against the use of this project selection system. We recommend that HUD follow the mandate in the 1959 housing act which required that applications be processed and funded in the order of submission and that approval or disapproval be based on the need and feasibility of such applications.

(e) NHC urges that HUD recognize that there are over 550,000 units of new construction of public housing requested annually. Both for public housing and privately assisted housing, the use of the site selection criteria should not be conducted in such a manner as to reject projects and thus make it appear that there is not a strong demand for additional projects and funding.

CHAPTER I. MODEL CITIES

I. *Summary of existing legislation*

1. *Objectives.* NHC reaffirms its endorsement of the model cities program to launch local programs for the upgrading of entire neighborhoods. This is done through the concentrated and coordinated use of all available Federal aids and local private and governmental resources, including the supplementary Federal grants for such model cities. We urge acceleration in the disbursement and release of funds under the present program.

2. *Authorizations in the 1968 and 1969 Housing Acts.*

(a) The Housing Act of 1968 provided for (1) an increased authorization of $1 billion for the fiscal year 1970 for supplemental grants and (2) $12 million for fiscal year 1969 for grants to plan model cities programs. Any amounts authorized, but not appropriated, could be used for any succeeding fiscal year commencing prior to July 1, 1971.

(b) The 1969 Act amended Section 111(b) of the Demonstration Cities and Metropolitan Development Act of 1966 (with a conforming amendment in Section 111(c)) to authorize an additional $600 million in grant authority for model cities for the fiscal year 1971.

(c) The 1969 Act amended Section 111(b) of the 1966 Act to require that (for the fiscal year 1970 and thereafter) 10 percent of any appropriations for Model Cities supplemental grants be used in cities of less than 100,000 population and to permit such use without regard to the statutory formula fixing the maximum Federal amount payable to any city at 80% of the aggregate required non-Federal contributions in connection with all Federal grant-in-aid programs which are carried out as part of the Model Cities program.

(d) The 1969 Act amended Section 111(c) of the 1966 Act to provide that amounts authorized but not appropriated for any fiscal year could be appropriated for any succeeding fiscal year commencing prior to July 1, 1971.

3. *Authorizations in Appropriation Acts.*

(a) Of the $400 million authorized for supplemental grants to model cities for fiscal year 1968, $200 million was appropriated. For fiscal year 1969, there was an authorization of $500 million for supplemental grants but the amount appropriated was $312.5 million. For fiscal year 1970, $575 million has been appropriated instead of the $1 billion authorized by the 1968 Act. Of the $600 million authorized by the 1969 Act for fiscal 1971, the President requested $575 million, which was included in the appropriation act for fiscal 1971. $150 million was included in the appropriation act for fiscal 1972.

(b) Of the $12 million authorized for fiscal year 1967 for grants to plan model cities programs, there was an appropriation of $11 million. For fiscal year 1968 there was an appropriation of the $12 million which was authorized for such planning grants. No appropriation has been made of the $12 million of planning grants authorized for fiscal year 1969 or 1970.

4. *Amendments in Housing and Urban Development Act of 1970.*

(a) *Authorization for Model Cities Programs.*

The 1970 Act amends Section 111 of the Demonstration Cities and Metropolitan Development Act of 1966 to authorize new appropriations of $200 million during fiscal year 1972 for the Model Cities Program; extends the availability period for unexpended funds to July 1, 1972; and eliminates administrative expenses from the appropriations authorized under Section 111 of the Act.

5. *President's Budget Request for Fiscal Year 1973.* In his Budget Message for fiscal 1973, the President has requested an appropriation of $515,000,000 for model cities. In the event that his proposed new legislation is enacted for an urban community development revenue sharing program, the President proposed that there would be a supplemental appropriation of $490,000,000 in addition to the requested appropriations for the individual categorical programs. In that event, the President's Budget contemplated a total program for urban community development revenue sharing of $2.3 billion for fiscal 1973, which would include the amounts for the categorical programs plus the proposed supplemental appropriation for urban community development revenue sharing.

II. *Recommendations*

1. *Increase in Legislative Authorizations.* NHC recommends a legislative increase in the appropriations for the model cities program for a 5-year period as follows: (a) additional supplemental grants at the rate of $1.5 billion a year; and (b) additional model cities planning funds at the rate of $50 million a year. We further recommend that there be advance appropriations for each fiscal year, besides the current one, to give cities more lead time for their planning and development of model city programs. While we are pleased to note the significant increase in cities now participating in the model cities program, we urge that the foregoing recommendation be adopted to enable participation by all qualified cities and counties which apply; also, to enable participating cities and counties to obtain the additional funds which they require.

2. *Other Legislative Amendments.* The model cities program cannot achieve its goals and provide necessary housing unless there are increased authorizations and programs—as recommended elsewhere in this report—as follows:

(a) To expand urban renewal activities.

(b) To increase the supply of adequate low and moderate income housing in the model cities. Such housing should not be limited to what will be developed in the model neighborhood area or the city itself. New housing and related community facilities should be developed extensively on vacant land or other sites not involving substantial residential displacement.

(c) To increase Federal grant funds for water, sewer, and neighborhood facilities, and for open-space and urban beautification.

(d) To increase Federal grant funds for all other programs involved in model city areas, including those dealing with health, education, welfare, mass transportation, training and other purposes relating to urban affairs; also, to specifically designate such categorical funds for these purposes to be available for model cities.

3. *Other recommendations.* To achieve the objectives of this program, full coordination is required between HUD—and all of its participating constituents—and all of the other Departments of the Federal Government who participate in the model cities program; also between the Federal Government and local governments. Each must effectively use all of its powers and available funds in doing its share of the total job. NHC recommends Presidential action and direction to assure that all participating Departments of the Federal Government fulfill their responsibilities under the programs for model cities and urban affairs, including (a) effective coordi-

nation and cooperation between them and (b) the priority handling of applications for assistance filed with the various Federal Departments by model cities.

In late July, the Administration provided additional funds to 20 model cities in a test of "planned variations." This purported test in revenue sharing is apparently designed to allow greater freedom by local governments to solve problems with a minimum of Federal supervision.

CHAPTER J. HOMEOWNERSHIP PROGRAM UNDER SECTION 235

I. Summary of existing legislation

1. *Objectives.* Section 235 provides financial assistance to enable lower income families to acquire individual or cooperative homeownership. This law responds to the urgent desire for homeownership among lower income families who want the pride of owning their own home and the greater sense of security and dignity which it affords. Individual and cooperative ownership provides benefits not only to the owner, but to the community as well. Such owners take responsibility for maintaining and improving their homes. They acquire a stake in the community and participate in its affairs. The result is a more stable and wholesome living environment in which to rear children.

2. *Authorizations in the Housing Acts of 1968 and 1969.*

(a) HUD is authorized to enter into contracts to make periodic payments to lenders who make FHA-insured home mortgage loans to lower income families. The payments will be in an amount necessary to make up the difference between 20 percent of the family's monthly income and the required monthly payment under the mortgage for principal, interest, taxes, insurance, and mortgage insurance premium. In no case, however, can payment under the mortgage exceed the difference between (i) the required payment under the mortgage for principal, interest, and mortgage insurance premium and (ii) the payment that would be required for principal and interest if the mortgage bore an interest rate of 1 percent. The amount of the payment on each mortgage will vary according to the income of the homeowner. The family's income is required to be recertified at least every 2 years and appropriate adjustments made in the assistance payment to reflect any changes.

(b) The assistance payment is available for a purchaser having an income at the time of his initial occupancy, not in excess of 135% of the maximum income limits that can be established in the area for initial occupancy in public housing. However, up to 20 percent of the funds authorized in appropriation acts for the program can be used to assist families with incomes above these limits but which are not in excess of 90 percent of the income limits for occupancy in a section 221(d)(3) below-market interest rate housing project.

(c) In calculating the income of the homeowner for the purpose of determining eligibility as well as the amount on which the 20 percent computation will be made, there will be deducted $300 for each minor child who is a member of the homeowner's immediate family and living with him. Also, income of minors will not be included in the homeowner's income for this computation. By administrative action pursuant to recommendations in the Senate Committee Report, there is a deduction of 5% of gross income to cover payroll deductions for social security taxes and compulsory pension funds.

(d) The amount of a home mortgage cannot exceed $18,000 ($21,000 in high cost areas). These limits are increased to $21,000 (except that it may be $24,000 in high cost areas) for families with five or more members. The same limits apply as an average to the blanket mortgage of a cooperative.[1]

(e) On individual ownership of single family homes, the maximum downpayment is $200 for families with incomes up to 135 percent of the maximum income limits that can be established in the area for initial occupancy in public housing and 3 percent of appraisal value in other cases.

(f) HUD is authorized to provide budget, debt management, and related counseling services to homeowners who purchase homes under the program.

(g) The housing, with a few limited exceptions, must be new or substantially rehabilitated housing, except that up to 30 percent of the amount of contracts authorized to be made before July 1, 1971 can apply to existing housing.[2,3]

(h) The aggregate amount of contracts to make payments cannot exceed amounts approved in appropriation acts. The payments pursuant to the contracts cannot exceed $75 million per annum prior to July 1, 1969. This amount was increased by $125 million on July 1, 1969,[2] $125 million on July 1, 1970, and by $170 million on July 1, 1971.[2,4]

(i) The 221(h) program—with a new limit of $50 million—is changed to allow the Secretary to reduce the interest rate on a home purchaser's mortgage under the program to as low as 1 percent where the purchaser's income justifies, with periodic adjustments between 1 and 3 percent to reflect changes in the homeowner's income. Under this program nonprofit mortgages purchase and rehabilitate housing with financing under FHA insured mortgages and resell it to low-income families.

(j) Section 235(c) of the National Housing Act now authorizes homeownership assistance payments for home purchasers who assume mortgages and who are otherwise eligible.[2] Section 235(b)(2) of the act now allows subsequent eligible purchasers of cooperative units to get the benefit of homeownership assistance payments which were previously limited to the initial two purchasers of a cooperative unit.[2]

3. *Authorization in Appropriation Acts.* Of the $75 million authorized under Section 235 for interest-assistance contracts prior to July 1, 1969, $70 million of the contract authority has been embodied in appropriation acts. Of the $100 million authorized in the 1968 Act—this authorization was increased to $125 million in the 1969 Housing Act—for fiscal 1970, $90 million was appropriated. The supplemental appropriation Act of 1970 contained $35 million of contract authority. The appropriation act for fiscal year 1971 contains $130 million of contract authority and the appropriation act for fiscal year 1972 contained $170 million of contract authority.

4. *Amendments in Housing and Urban Development Bill of 1970.*

(a) *Extension of Programs.* The 1970 Housing Act extends 235 program authority until October 1, 1972.

(b) The 1970 Housing Act authorizes the Secretary to compensate the lower income purchasers of existing homes under Section 235 for serious structural or latent defects in the homes which the FHA appraiser should have recognized if properly performing his duties. The defects must be reported within one year of the sale.

(c) *Interest Subsidy Authorization.* The 1970 Act amends section 235(h)(1) of the National Housing Act to increase, from $125 million to $150 million as of July 1, 1970 and from $170 million to $200 million on July 1, 1971, the aggregate amount of the contracts which may be entered into by the Secretary to make periodic homeownership assistance payments. It also clarifies the authority of the Secretary of Housing and Urban Development to enter into contracts for assistance payments in an outstanding amount at any one time not in excess of the amount approved in appropriation acts.

(d) *Assistance Payments with Respect to Existing Dwellings under Section 235.* The 1970 Act amends section 235(h) of the National Housing Act to provide that up to 30 percent of the total amount of contracts of homeownership assistance payments authorized to be made by appropriation Acts through fiscal year 1972 may be made with respect to non-rehabilitated existing dwellings or dwelling units in existing projects. It also provides that at least ten percent of the total amount of contracts for assistance payments authorized to be made by appropriation Acts after June 30, 1971 shall be available for use only with respect to rehabilitated dwellings.

(e) The Senate and House Committee reports contain language which supports a change in the administration of contract authority under Section 235. NHC agrees with the Committees that the manner in which HUD determines the amount to be charged against the contract authority when a contract is made has resulted in an over-utilization of this contract authority and, therefore, a decrease in the number of families that can be assisted. This is caused by charging against the authorizations for each assisted home owner an amount equal to the full statutory subsidy necessary for the mortgage, even though the assisted family at the time it purchases the home will not receive the full subsidy. This has the effect of decreasing significantly the number of units for lower income families that can be financed under the program.

(f) *Assistance under Section 235 Program for Cooperative Projects Financed Under Certain State or Local Programs.* The 1970 Act amends section 235(b) of the National Housing Act to 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 which are approved by the Secretary prior to the completion of construction or substantial rehabilitation; this authority is comparable to similar authority contained in section 236 with respect to rental projects financed under State or local programs.

II. Recommendations relating to present 235 program

1. *Additional Authorizations in Appropriation Acts.* President Nixon's budget message for fiscal year 1972 did not request full funding for the Section 235 program, in spite of the tremendous backlog of applications. The budget requested $175 million of contract authority for fiscal year 1972 against Congressional authorizations of $200 million. In addition there was no request for $25 million of supplemental authorization for fiscal year 1971. $170 million was included for fiscal year 1972 in the appropriation act.

In his Budget Message for fiscal 1973, the President has requested that the Appropriation Act include authority for $170,000,000 of annual interest assistance contracts for the Section 235 program. The only substantive legislation now enacted is a carry-over of $55,000,000 of unused contract authority from previous fiscal years. Accordingly, there is an urgent need to assure the passage of a housing law prior to July 1, 1972, in order to provide necessary legislative authorization under Section 235 for the additional contract authority for fiscal 1973 and succeeding years. NHC recommends that the authorization in the Appropriation Act should be $250,000,000. in contract authority for Section 235, in accordance with the increase which we are recommending below in the legislative authorization.

We further recommend advance authorizations in appropriation acts to cover each succeeding fiscal year, besides the current

[1] Amended in 1969 Housing Act.

[2] Amended in 1969 Housing Act.

[3] Amended in 1970 Housing Act as described in paragraph 4(d) below.

[4] Amended in 1970 Housing Act as described in paragraph 4(c) below.

one, to allow more lead time for the planning and initiation of homeownership programs for lower income families.

2. *Increase in Legislative Authorizations.* Currently there are no authorizations beyond fiscal year 1972 for Section 235. Therefore NHC recommends increasing the legislative authorizations for interest assistance contracts under Section 235 to the following:

On July 1, 1972 (for fiscal 1973) an additional authorization of $250 million;

On July 1, 1973 (for fiscal 1974) an additional authorization of $300 million;

On July 1, 1974 (for fiscal 1975) an additional authorization of $325 million;

On July 1, 1975 (for fiscal 1976) an additional authorization of $350 million;

On July 1, 1976 (for fiscal 1977) an additional authorization of $350 million.

In addition to the foregoing authorizations, NHC recommends a separate and additional authorization of $50 million for each of the five fiscal years beginning with 1973 to provide interest assistance for projects financed or assisted by state agencies.

3. *Other Legislative Amendments.* NHC makes the following recommendations for other legislative amendments:

(a) Under Chapter E, we recommend a number of amendments to the proposed new Section 402 which would replace Section 235 if the Administration's Housing Bill is enacted. If that bill is not enacted and Section 235 continues, we recommend the following amendments to Section 235 which appear in Chapter E:

(1) Substitute the new proposal formula in subparagraph (2) of Chapter E–III with respect to eligible deductions in computing family income, so that the criteria under Section 235 would be the same as those established for public housing under the 1970 Housing Act.

(2) Substitute the new proposed formula in subparagraph (3) of Chapter E–III, so that the homeowner would be required to spend 20% of his income for housing expenses including mortgage payments, utilities, maintenance and repairs.

(3) Substitute the new proposed formula in subparagraph (4) of Chapter E–III with respect to income limits.

(4) Substitute the new proposed formula in subparagraph (5) of Chapter E–III which would provide varying amounts of subsidies for different income groups and which would achieve economic integration in a subdivision containing housing assisted under Section 235.

(b) The widely recognized increases in the costs of housing make it increasingly difficult—and in some areas impossible—to provide housing for the lower income group intended to be served under Section 235. To enable the program to reach this lower income group, NHC recommends that interest assistance be increased for those families who need it by reducing the payment of such families to the amount that covers only the principal payments on the mortgage without any interest. For those who can afford to pay interest, they would pay at a rate which they could afford ranging from 0% to the market rate.

(c) As a result of increases in housing construction and operating costs, there are more people who are now unable to obtain decent housing without Federal assistance. To enable the 235 program to reach these families and to achieve economic integration, it is necessary to eliminate income limits and thus avoid creating gaps and areas of unmet need in the housing program. Housing assistance subsidies should be based on the amount needed after the occupant pays the required percentage of his income. If Congress decides that income limits are necessary to continue this program and obtain funding for it, we recommend the revised income limit formula described in subparagraph 3(a)(3) above.

(d) Special federal grants should be authorized to offset the impact of locating low and moderate income housing in suburban and other areas where costs must be incurred for education, health or other services to the extent they cannot be met from collections of full taxes on the property. Such federal grants would provide an incentive and inducement to suburban and other communities to accept low and moderate income housing since it would not impose an additional burden on the community. Section 503 of H.R. 9866 would accomplish this.

(e) As stated above, NHC recommends a separate and additional authorization for state agencies administering housing programs using Section 235 funds in the amount of $50 million for each of the next five fiscal years. This authorization should be in addition to the authorizations recommended below. To meet the accumulated backlog of applications for such 235 assistance filed in the HUD offices, the full amount of regular authorizations of 235 funds should be promptly allocated to HUD offices and there should be no withholdings in Washington for programs of State agencies. These should be covered by the special additional authorization of 235 funds which we recommend for use on projects financed or assisted through state and other public agencies.

4. *Administrative Actions.*

(a) In early spring, HUD implemented Section 518 of the 1970 Housing Act authorizing the compensation of owners of Section 235 homes for major defects. HUD likewise established procedures for the imposition of responsibility for repairs to the seller. To qualify:

(1) The defect must have existed on the date of the commitment to insure the mortgage;

(2) The property must have been more than a year old on that date;

(3) Proper inspection by FHA should reasonably have been expected to disclose the defect;

(4) Requests for assistance must be within one year after the insurance of the mortgage.

Sellers will be required to execute a statement that no serious defects exist which affect the livability of the dwelling and that they will compensate HUD for any expenses involved in the correction of such defects. NHC supports this program to protect consumers and urges its vigorous enforcement.

(b) Because of the flexibility of the interest assistance programs, not all recipients use the full amount of assistance. This money should be made available to promote additional housing. However, HUD's policy is to place these unused moneys in a reserve fund for the entire mortgage term for use in the event that the income of residents living in Section 235 housing falls. The 1970 Senate report instructed HUD to estimate a "reasonable" amount for reserve to cover the contingency of demands for additional payment and to utilize the balance of the unused subsidy money for new construction. HUD should adopt this program as quickly as possible.

CHAPTER K. RENTAL AND COOPERATIVE PROGRAM UNDER SECTION 236

I. Summary of existing legislation

1. *Objectives.* Section 236 provides financial assistance to enable lower income families to get rental housing or cooperative homeownership. This program is providing housing for families with income too high to qualify for public housing but too low to afford decent housing that could be produced in the private market. A tremendous unmet need exists for housing to serve moderate income families who cannot afford standard private housing without federal assistance. There is a long accumulated backlog of unfilled requests to serve this income group. Unlike Section 221(d)(3), the capital financing under Section 236—as well as Section 235—is shifted to the private market, including mortgage purchases by FNMA and GNMA under the tandem program involving special assistance. Federal assistance payments make up the difference between the market rate of interest and 1% depending upon income.

Because the successful Section 221(d)(3) BMIR program has been phased out, HUD should administer the Section 236 program with sufficient flexibility so as to serve as many families as possible who would be eligible for Section 221(d)(3) housing. These families will use substantially less subsidy money and will provide economic integration within Section 236 projects.

2. *Authorizations in the Housing Acts of 1968 and 1969.*

(a) Section 236 assistance is in the form of periodic payments to the mortgage financing the housing to reduce the mortgagor's interest costs on a market rate FHA-insured project mortgage.

(b) The interest assistance payments reduce payments on the project mortgage from that required for principal, interest, and mortgage insurance premium on a market rate mortgage—which is currently 7 percent—to that required for principal and interest on a mortgage bearing an interest rate of 1 percent.

(c) The interest assistance payments reduce rental or occupancy charges to a basic charge. A tenant or cooperative member will either pay (1) the basic charge or (2) such greater amount as represents 25 percent of income for total housing expense, but not in excess of the charges which would be necessary without any interest assistance payments. Incomes of tenants or cooperative members will be reexamined at least every 2 years for the purpose of adjusting charges. Rental or occupancy charges collected in excess of the basic charges are to be returned to HUD for deposit in a revolving fund for the purpose of making other interest assistance payments.

(d) Tenants or cooperative members of these projects who pay less than the fair market rental charge for their units will generally have incomes, at the time of their initial occupancy, not in excess of 135 percent of the maximum income limits that can be established in the area for initial occupancy in public housing dwellings. However, up to 20 percent of the contract funds authorized in appropriation acts may be made available for projects in which some or all of the units will be occupied, at the time of the initial occupancy, by tenants or cooperative members whose incomes exceed the above limit but do not exceed 90 percent of the income limits for occupancy of Section 221(d)(3) below-market-interest-rate housing.

(e) In determining income for the purpose of eligibility as well as the amount of rent or occupancy charges to be paid, a $300 deduction is permitted for each minor person in the family and any income of such minor is not counted. By administrative action pursuant to recommendations in the Senate Committee Report, there is a deduction of 5% of gross income to cover payroll deductions for social security taxes and compulsory pension funds.

(f) To qualify for mortgage insurance under the new program, a mortgagor must be a nonprofit organization, a cooperative, or a limited dividend entity of the types permitted under the section 221(d)(3) housing program. The mortgage limitations with respect to maximum mortgage amount are the same as for mortgages insured under the 221(d)(3) program. Interest assistance payments can also be made with respect to State-aided housing projects approved for receiving the benefits of the program prior to completion of construction or rehabilitation of the projects.

(g) Contracts for assistance payments are authorized, subject to approval in appropriation acts, in the amount of $75 million annually prior to July 1, 1969. This amount is increased by $125 million on July 1, 1969,* by $125 million on July 1, 1970, and by $170 million on July 1, 1971.* *

(h) A project financed under the new program can include such nondwelling facilities as HUD deems adequate and appropriate to serve the occupants of the project and the surrounding neighborhood, as long as the project is predominantly residential and any nondwelling facilities contribute to the economic feasibility of the project. Where a project is designed primarily for occupancy by the elderly or handicapped it can include related facilities for their use, such as dining, work, recreation, and health facilities.

(i) A cooperative or private nonprofit corporation or association can purchase a project from a limited dividend mortgagor and finance the purchase with a mortgage insured under the program.

(j) Rent Supplement payments may be provided for tenants in projects financed under Section 236, but no more than 20 percent of the units in any one project can receive rent supplement assistance.***

(k) Section 236(b) of the National Housing Act now authorizes interest reduction payments with respect to part of a mortgage on a rental or cooperative housing project financed under a State or local program.*

(l) The dollar limits for mortgages on multifamily housing insured under Section 236 and 221(d)(3) have been increased by 15 percent.*

3. *Authorization in Appropriation Acts.* Of the $75 million authorized under Section 236 for interest-assistance contracts prior to July 1, 1969, $70 million of the contract authority has been embodied in appropriation acts. Of the $100 million authorized in the 1968 Act—this authorization was increased to $125 million in the 1969 Housing Act—for fiscal year 1970, $85 million was appropriated. The supplemental appropriation Act of 1970 contained $35 million of contract authority. The appropriation act for fiscal year 1971 contained $135 million of contract authority and the appropriation act for fiscal year 1972 contains $200 million of contract authority of which $35 million million is reserved for elderly housing.

4. *Amendments in the Housing and Urban Development Act of 1970.*

(a) *Extension of program.* The 1970 Act extends 236 program authority until October 1, 1972.

(b) *Interest Subsidy Authorization.* The 1970 Act amends Section 236(1) of the National Housing Act to increase, from $125 million to $150 million as of July 1, 1970 and from $170 million to $200 million on July 1, 1971, the aggregate amount of the contracts which may be entered into by the Secretary to make periodic interest reduction payments on behalf of owners of rental housing projects designed for occupancy by lower income families. It also clarifies the authority of the Secretary of Housing and Urban Development to enter into contracts for assistance payments in an outstanding amount at any one time not in excess of the amount approved in appropriation acts.

(c) *Inclusion of Certain Costs in Section 236 Projects.* The 1970 Act amends section 236(b) of the National Housing Act to authorize the Secretary, 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 in the same manner as FHA charged mortgage insurance premiums.

(d) *Use of Certain Housing Facilities Under Section 221 and Section 236 for Classroom Purposes.* The 1970 Act amends sections 221 and 236 of the National Housing Act to authorize the use of available facilities in existing sections 221 and 236 rental or cooperative housing projects for classroom purposes where public schools are overcrowded due in part to the project.

(e) *Congregate Housing for the Displaced, Elderly and Handicapped.* The 1970 Act amends section 221 of the National Housing Act to authorize the Secretary to insure mortgages covering rental projects to be occupied by displaced, elderly, or handicapped persons, which may contain community kitchens, common dining areas, and other shared facilities. The Act also amends section 236 of the National Housing Act to authorize the insurance of mortgages under that section covering rental projects to be occupied by displaced, elderly or handicapped persons which need not, with the approval of the Secretary, contain kitchen facilities. Up to 10 percent of the total amount of interest reduction payments contracted to be made pursuant to appropriation acts after the date of the enactment of the Housing and Urban Development Act of 1970 may be made with respect to such projects.

II. RECOMMENDATIONS

1. *Additional Authorizations in Appropriations Acts.* President Nixon's Budget Message for fiscal 1972 did not request full funding for the Section 236 program, in spite of the tremendous backlog of applications. The budget requested $175 million of contract authority for fiscal year 1972 against congressional authorizations of $200 million. In addition there was no request for $25 million of supplemental authorizations for fiscal year 1971. $200 million was included for fiscal year 1972 in the Appropriation Act.

In his Budget Message for fiscal 1973, the President has requested that the Appropriation Act include authority for $150,000,000 of annual interest assistance contracts for the Section 236 program. The only substantive legislation now enacted is a carry-over of $25,000,000 of unused contract authority from previous fiscal years. Accordingly, there is an urgent need to assure the passage of a housing law prior to July 1, 1972, in order to provide necessary legislative authorization under section 236 for the additional contract authority for fiscal 1973 and succeeding years. NHC recommends that the authorization in the Appropriation Act should be $275,000,000 in contract authority for Section 236, in accordance with the increase which we are recommending below in the legislative authorization.

We further recommend advance authorizations in appropriation acts to cover each succeeding fiscal year, besides the current one, to allow more lead time for the planning and initiation of homeownership programs for lower income families. Currently there are no authorizations beyond fiscal year 1972 for Section 236. Therefore NHC recommends the additional legislation authorization below.

2. *Increase in Legislative Authorizations.* NHC recommends increasing the legislative authorizations for interest assistance contracts under Section 236 to the following:

On July 1, 1972 (for fiscal 1973) an additional authorization of $275 million.

On July 1, 1973 (for fiscal 1974) an additional authorization of $300 million.

On July 1, 1974 (for fiscal 1975) an additional authorization of $350 million.

On July 1, 1975 (for fiscal 1976) an additional authorization of $400 million.

On July 1, 1976 (for fiscal 1977) an additional authorization of $400 million.

In addition to the foregoing authorizations, NHC recommends a separate and additional authorization of $50 million for each of the five fiscal years beginning with 1972 to provide interest assistance for projects financed or assisted by state agencies.

3. *Other Legislative Amendments.* NHC makes the following recommendations for other legislative amendments:

(a) Under Chapter E, we recommend a number of amendments to the proposed new Section 502 which would replace Section 236 if the Administration's Housing Bill is enacted. If that bill is not enacted and Section 236 continues, we recommend the following amendments to Section 236 which appear in Chapter E:

(1) Substitute the new proposed formula in subparagraph (2) of Chapter E–III with respect to eligible deductions in computing family income, so that the criteria under Section 236 would be the same as those established for public housing under the 1970 Housing Act.

(2) Substitute the new proposed formula in subparagraph (3) of Chapter E–III so that the occupant in multifamily housing under Section 236 would be required to spend 20% of his income for total housing expenses.

(3) Substitute the new proposed formula in subparagraph (4) of Chapter E–III with respect to income limits.

(4) Substitute the new proposed formula in subparagraph (5) of Chapter E–III which would provide varying amounts of subsidies for different income groups and which would achieve economic integration in a housing development so assisted under Section 236.

(b) NHC recommends that Section 236 and Section 221(d)(3) should be amended to remove the 10% limit on the number of units in a project which may be occupied by moderate-income individuals as distinguished from families. All moderate-income individuals would then be treated in the same manner as those who are elderly or handicapped.

(c) Currently there are almost twenty states that have legislative authority to operate agencies to finance low and moderate income housing through the sales of short-term notes and long-term bonds. Many states have such proposals in some stage of development. These agencies have been encouraged by HUD because they can provide lower cost mortgage money which is obtained because the interest on a public agency bond is tax-exempt. However, NHC believes that the operation of these state agencies should adhere to uniform standards and forms of the type prescribed by FHA if we are to encourage national builders in the subsidized programs. For builders currently doing business in several states, the proliferation of different housing rules and regulations will be an impediment to production of low and moderate income housing. Therefore, NHC suggests an amendment which would require stage agencies in the administration of Section 236 funds to continue using FHA forms and standards which now include necessary protections for the consumer.

(d) As stated above, NHC recommends a separate and additional authorization for state agencies administering housing programs using Section 236 funds in the amount of $50 million for each of the next five fiscal years. This authorization should be in addition to the authorizations recommended above. To meet the accumulated backlog of applications for such 236 assistance filed in the HUD officers, the full amount of regular authorizations of 236 funds should be promptly allocated to HUD offices and there should be no withholdings in Washington for special programs. These should be covered by the special additional authorization of 236 funds which we recommended for use on

*Amended in the 1969 Act.

**Amended in the 1970 Act as described in paragraph 4(b) below.

***Amended in the 1969 Act to allow up to 40 percent in cases where the Secretary determines that there is a need for additional rent supplement units.

projects financed or assisted through state and other public agencies.

(e) NHC recommends that under the GNMA Special Assistance functions public agencies be allowed to sell section 236 mortgages to GNMA.

(f) There has been a tremendous increase in expenses due to higher payments for local taxes, operating costs and tenant services in Section 221(d)(3) and Section 236 projects. These projects are finding it increasingly difficult to pay these higher expenses and continue to serve lower income families. Therefore, NHC recommends that $50 million be authorized which would be available for operating subsidies for these projects and those hereafter built under the new Section 502 program if enacted.

4. *Administrative Actions.* NHC makes the following recommendations for administrative actions:

(a) FHA should establish cost limits which will be realistic and workable in high cost areas, including both high and low rise buildings. This is necessary to assure that housing under 236 can be constructed within the cities in closer proximity to places with employment and public transportation.

(b) As to the cost of periodic income recertifications of occupants, FHA should pay these costs from the surcharges collected from over-income families. At present, these costs are treated as a project expense which results in an additional charge to occupants.

(c) From the beginning, Congress contemplated that 20% of the Section 236 funds would be available for "exception income limit" families. The Committee reports express the desire that HUD administer the 236 program in a manner which will achieve the Congressional mandate of economic integration. However, HUD has not fully utilized its exception limit authority. Less than half of the authorization for exception-limit families has been used. This denies the opportunity to achieve economic integration and defeats the intention of the law. The Administration should fully utilize its authorization and allow families to be accepted at exception limits in all geographic areas to facilitate the general achievement of economic integration in projects.

(d) While the Senate and House Committee Reports contained language directing HUD to more fully utilize contract authority *only* in Section 235 cases, NHC believes that HUD should take similar steps in the administration of Section 236 funds. There should be a periodic reevaluation of the policy of charging an amount equal to the full subsidy against the authorizations for each project. If it is found that certain projects have not fully utilized this subsidy and that payments are being made to HUD, some of this money should be reallocated to generate new construction.

CHAPTER L. SPECIAL MORTGAGE INSURANCE ASSISTANCE UNDER SECTION 237

I. Summary of existing legislation

1. *Objectives.* Section 237 can provide help to assure adequate housing for families of low and moderate income who—because of poor credit records, irregular income or seasonal employment—are unable to meet the credit requirements for purchasing single-family homes financed by a mortgage insured under Sections 203, 220, 221, 234, or 235(j)(4). This help is to be extended to those who appear able to achieve homeownership through counseling assistance.

2. *Authorizations in the Housing Acts of 1968 and 1969.*

(a) HUD is authorized to insure mortgages under the above-mentioned programs in an amount not to exceed $15,000 with increases not to exceed $17,500 in high-cost areas.

(b) Monthly payments, in combination with local real estate taxes on the property, must total 25% of the applicant's monthly income during the year prior to his application or the average monthly income during the three years prior to his application, whichever is higher.

(c) The Secretary is authorized to provide—or contract with public or private organizations to provide—budget, debt management and related counseling services to those obtaining housing under Section 237.

(d) The aggregate principal balance of all mortgages insured under Section 237 and outstanding at one time may not exceed $200 million.

(e) Authorizations are made in such sums as necessary to carry out the provisions of Section 237.

(f) The 1969 Housing Act amends Section 237(d) to include families who are applying for Section 235 homeownership assistance among the applicants under Section 237 who are to be given a preference for mortgage insurance and counseling services. Prior to this amendment, preference for Section 237 mortgage insurance—which is available to applicants who do not meet normal FHA credit standards—was limited to families living in public housing units (especially over-income families required to vacate public housing) and families eligible for public housing who have been displaced from federally assisted urban renewal areas.

3. *Authorizations in Appropriations Acts.* For the first time since its inception, funds were made available for Section 237. While the Administration did not request any funds, Congress made $3.25 million available for Fiscal Year 1972.

II. Recommendations

NHC recommends additional appropriation of funds to enable FHA to provide budget, debt management, and related counseling services to those obtaining housing under Section 237. In addition to assistance under Section 237, NHC urges that FHA make payments available under Section 235(e) to mortgagees to reimburse the mortgagee for its expense in handling the mortgage. This should include assistance to mortgagors in their budgeting to assure ability to meet mortgage payments.

CHAPTER M. THE RENT SUPPLEMENT PROGRAM

I. Summary of existing legislation

1. *Objectives.* The Rent Supplement Program was an innovative approach to low income housing. It utilizes the free enterprise system and has been strongly endorsed by the home-building, real estate, and insurance industries. It provides incentives for people to escape from poverty, and for the building of decent housing for those who need it most.

2. *Authorizations in the Housing Acts of 1968 and 1969.* The 1968 Housing Act made all previous authorizations for rent supplement contracts aggregating $150 million available for contract prior to July 1, 1969, but only to the extent that these contract authorizations were contained in appropriation acts. The Act provided for an additional $40 million in contract authority for rent supplements in fiscal year 1970 and an additional $100 million in contract authority for fiscal year 1971. The 1968 Housing Act provided that state aided projects are eligible for rent supplements if the projects are approved for such assistance prior to completion of construction or rehabilitation. The 1969 Housing Act authorized the Secretary of HUD to increase, where he deems it desirable, the maximum percentage of rent supplement units in 236 projects from 20% to 40%.

3. *Authorization in Appropriation Acts.* Of the $150 million authorized for rent-supplement contracts prior to July 1, 1969 only $72 million of the contract authority has been embodied in appropriation acts. Of the $100 million authorized for rent-supplement contracts for fiscal 1970, the appropriation act for fiscal year 1970 provided for only $50 million in rent-supplement contract authority. The appropriation act for fiscal year 1971 contained $55 million and the appropriation act for fiscal year 1972 contained $55 million.

4. *Housing and Urban Development Act of 1970.*

Rent Supplement Payments. The 1970 Act amends section 101(a) of the Housing and Urban Development Act of 1965 to increase, by $40 million on July 1, 1971, the aggregate amount of contracts that the Secretary of Housing and Urban Development may enter into to make rent supplement payments.

II. Recommendations

1. *Additional Authorization in Appropriation Acts.* In his Budget Message for fiscal 1973, the President has recommended that the Appropriation Act include a rent supplement contract authorization of $48,000,000 for fiscal 1973. NHC recommends that the Appropriation Act include the full unused rent supplement contract authorization of $98,000,000 which is a carry-over from previous years. In making these recommendations, we again urge the need for advance authorizations in appropriation acts for each succeeding fiscal year, besides the current one, to allow more lead time for the planning and initiation of rent supplement programs.

2. *Increase in Legislative Authorizations.* There is an urgent need to assure the passage of a housing law in order to provide the necessary legislative authorizations for additional rent supplement contracts for fiscal 1973 and succeeding years. NHC recommends increasing the legislative authorizations for rent-supplement contracts as follows:

On July 1, 1972 (for fiscal 1973) an additional authorization of $90 million;

On July 1, 1973 (for fiscal 1974) an additional authorization of $100 million;

On July 1, 1974 (for fiscal 1975) an additional authorization of $100 million;

On July 1, 1975 (for fiscal 1976) an additional authorization of $100 million;

On July 1, 1976 (for fiscal 1977) an additional authorization of $100 million.

3. *Other Legislative Amendments.* NHC makes the following recommendations for other legislative amendments:

(a) The rent supplement legislation imposes too great a burden on low income families by requiring them to pay rents equal to 25% of their annual income, since rent supplements will pay only the difference between such a rental payment and the fair market rental. To eliminate this hardship, NHC recommends that this rent paying requirement be reduced to 20% of family income. A similar recommendation has been made elsewhere in these recommendations relating to the present requirement that too high a percentage of family income be spent for housing under the interest assistance programs of Sections 235 and 236, and (in Chapter E) under the new proposed consolidation of these programs.

(b) There should be an increase in the statutory ceiling on the amount which can be paid as rent supplements on a project in order to reach families of very low incomes whose needs cannot be met now. There should be no areas of unmet need in our housing program.

(c) Counseling and social services should be made available to residents of housing aided by rent supplements. Such services should be allowable housing costs in computing rent supplement payments.

(d) The present law limits rent supplements to lower income families who are living in substandard housing. NHC recommends that the law be amended to include overcrowded conditions—properly defined as to appropriate occupancy limits—as a substandard housing condition; also to permit any low income family to be eligible for housing aided by rent supplements so long as the family qualifies as to low income, even though the family does not live in physically substandard housing. This would meet the

needs of newly formed families and those who are spending too much of their low income for housing.

(e) There should be a repeal of the requirement in appropriation acts for a workable program or local government approval before rent supplements can be used in a locality.

(f) NHC urges the establishment of an additional rent supplement program for nonprofit or limited-profit mortgagors who own buildings which are not financed under Sections 221(d)(3) or 236. When the buildings meet code standards—or are rehabilitated to meet such standards—rent supplements should be made available so that the housing can serve low-income families. Present rent supplement requirements for rehabilitation are often unworkable because they cost too much. Rehabilitation to meet code requirements should be acceptable. This will stimulate rehabilitation and provide standard housing quickly and reasonably for many low and moderate income families.

4. *Administration Actions.*

(a) Construction cost limitations were initially established in the rent supplement program which were unworkable in many high-cost cities that faced the greatest need for this program. HUD has approved some increases in these cost limits. However, these increases are insufficient due to cost increases, so NHC recommends further increases in the cost limitations to keep pace with the increases in construction costs. Only through adequate construction cost allowances can the rent supplement program fulfill its purpose of serving low income families in these cities near the places of employment and public transportation.

(b) FHA has established lower limits as to the amount of rent supplements available for families in a project than the amount permitted by the statute. NHC recommends the repeal of these lower administrative limits which limit the subsidy to 70% of economic rent. HUD should be prepared in appropriate cases to contract to pay the full amount of rent supplements on a project up to the statutory ceiling. Only in this way can the needs of many low income families be met, particularly in high cost areas.

(c) The standards under the rent supplement program should be upgraded to produce better-designed housing which will more adequately meet the needs of families, with attention to their comfort and convenience. Thus, the limit of one bathroom per dwelling unit should be removed, as this denies adequate sanitary facilities for larger families.

CHAPTER N. HOUSING FOR FAMILIES RECEIVING PUBLIC ASSISTANCE; EXPERIMENTAL HOUSING ALLOWANCE PROGRAM

1. Four million American families are receiving all or part of their income from public assistance programs. Many of these families are ill-housed, primarily because welfare grants in most cities are inadequate to pay the cost of standard housing. NHC urges the enactment of legislation which would establish and enforce minimum standards for housing occupied by recipients of public assistance. In addition, such legislation should provide that the Federal Government bear the entire cost for decent housing above the present inadequate public assistance allowances for shelter. Thus, families on public assistance would receive a federal housing allowance to supplement the local public assistance shelter allowance in order to cover the full charge for decent housing. Such federal housing allowances should be made in a manner (i) which will encourage rather than discourage ownership and (ii) which will provide security for the recipient against being subjected to the liens that are sometimes involved in local public assistance programs.

2. Even if programs are undertaken at the scale proposed elsewhere in these Resolutions, it will be years before many of the low income families will be able to obtain decent housing within their means. Therefore, NHC supports an experimental program of federal housing allowances for low income families. Besides the initial program for federal housing allowances—described in the preceding paragraph—to supplement local allowances for welfare families, we approve of the experimental program which has been initiated in several selected cities. However, we urge that this program involve explorations and demonstrations concerning the following:

(a) The type of families which should be eligible for a federal housing allowance, including criteria that they live in substandard housing and pay a disproportionate amount of their income for housing; or that they are being displaced from adequate housing and are unable to obtain other suitable housing at charges they can afford.

(b) The amount to be paid as a federal housing allowance. We recommend the difference between (i) 20% of the family's income and (ii) the monthly cost of adequate housing available in the community.

(c) Adequate consumer protections to assure that federal housing allowances will not inflate housing charges, by limiting the use of existing structures—which meet the foregoing standards—to cases where there are sufficient vacancies to avoid such increases in housing charges.

(d) Adequate measures to assure that housing allowances will be used solely to pay for housing costs, rather than being diverted for other purposes.

(e) Safeguards to assure that the federal housing allowance will result in adding to the supply of decent housing in the community through new construction or rehabilitation, except to the extent that decent vacant housing is available in a suitable neighborhood.

3. Because HUD has just recently activated the experimental program for housing allowances, NHC recommends that no further expansion of the housing allowance program take place until we have had experience with the housing allowance program and learned the results of the experiment, particularly concerning any adverse impact on stimulating new construction of housing to meet national goals.

4. The 1970 Act authorized the Secretary to conduct research programs to demonstrate the feasibility of providing low income families (those families eligible for occupancy in public housing projects in an area) with housing allowances to assist them in obtaining existing standard rental housing of their choice. The housing allowance may not exceed the difference between 25 percent of the family's income and the fair market rental of similar sized units or projects receiving rent supplement benefits. The Act also authorized the Secretary to contract with public or private organizations to help select eligible families. The Secretary is authorized to contract to make annual housing allowance payments of $10 million for each of fiscal years 1972 and 1973. The program would be terminated as of June 30, 1973.

(5) Provisions in *Senate Enacted Bill* relating to Experimental Housing Allowance Program.

The Bill would amend the Experimental Housing Allowance program established by the 1970 Housing and Urban Development Act to provide greater scope for experimentation and to increase the funding authorization for each of the next three fiscal years from the $15 million contained in last year's Act to $25 million annually. Under terms of the Bill, the Secretary of HUD would be directed to develop and utilize different types of housing allowances and different techniques for implementation.

This provision of the *Senate Enacted Bill* adopts the NHC recommendation that the Housing Allowance Program is to be continued as an experimental program—except that the Bill would increase the authorization by $10 million annually for the next three years—until its results are tested and evaluated.

CHAPTER O. REHABILITATION OF HOUSING AND CODE ENFORCEMENT

I. Summary of existing legislation

1. *Need.* NHC again reaffirms the importance of saving existing neighborhoods through rehabilitation and other conservation measures. It is sound policy to improve our present housing supply and conserve neighborhoods rather than allow them to deteriorate until they require greater costs in demolition and reconstruction.

2. *Authorizations in 1968 and 1969 Housing Acts.*

(a) *Dwellings Eligible for Rehabilitation Grants and Loans.* The 1968 Act broadens the program of rehabilitation loans under Section 312 for repairs and improvements of dwellings. Instead of limiting the program to dwellings located in urban renewal and code enforcement areas, owners and tenants of dwellings are eligible for loans in the dwelling if located in an area certified by the public governing body as containing a substantial number of structures in need of rehabilitation, and

(1) If the locality has a workable program; and

(2) If the area is definitely planned for rehabilitation or code enforcement within a reasonable time, and the repairs to be assisted are consistent with the plan for rehabilitation or code enforcement.

The 1968 Act authorizes rehabilitation grants under Section 115 to low income homeowners whose properties are located in an area of the character described above, instead of limiting such grants to dwellings in urban renewal and code enforcement areas. The Act also authorizes the Secretary of HUD to make rehabilitation grants and loans to low income homeowners whose property has been determined to be uninsurable because of physical hazards. Such grants or loans may be made only to rehabilitate the property to the extent necessary to make it insurable under a statewide plan.

(b) *Increase in Rehabilitation Loan Authorizations.* The 1968 Act increases the amount authorized to be appropriated for rehabilitation loans. The increase for each fiscal year is from $100 million to $150 million; also, the program is extended to June 30, 1973. The 1968 Act limited eligibility for residential rehabilitation loans to persons whose annual income meets the locally applicable income limits for the Section 221(d)(3) below-market-interest-rate program. The 1969 Act amended Section 312(a) of the Housing Act of 1964 to remove the requirement limiting eligibility for residential rehabilitation loans to persons whose annual income is within locally applicable income limits for the Section 221(d)(3) below-market-interest-rate program. However, priority will be given to applicants whose incomes are within those limits.

(c) *Increase in Rehabilitation Grants.* The Housing Act of 1968 increased the limit on the amount of a rehabilitation grant to a low income homeowner from $1,500 to $3,000. The 1969 Act increased this limit to $3,500.

(d) *Repeal of Urban Renewal Limit on Acquisition and Rehabilitation.* The Act removes the previous limits on the acquisition and rehabilitation of residential properties by local renewal agencies. Under prior law, such agencies could acquire and rehabilitate for demonstration purposes no more than 100 units or 5% of the total residential units suitable for rehabilitation in an urban renewal area, whichever was the lesser. This limit has been repealed.

3. *Authorization in Appropriation Acts.* Nothing was appropriated in Fiscal Year 1969; $45 million was appropriated for Fis-

cal Year 1970; $35 million was appropriated for Fiscal Year 1971; and $90 million was appropriated for Fiscal Year 1972.

4. *Amendments in the Tax Reform Act of 1969 Relevant to Rehabilitation.* A special 5-year amortization deduction is now allowed for expenditures made on or after July 25, 1969, and before December 31, 1974, for the rehabilitation of buildings for low-cost rental housing. This rapid amortization is available only where the property is held for occupancy by families and individuals of low or moderate income determined in a manner consistent with the policies of the 1968 Housing Act. The aggregate rehabilitation may not exceed $15,000 per dwelling unit and the sum of the rehabilitation expenditures (over a 2-year period) must exceed $3,000 per dwelling unit.

5. *Amendments in Housing and Urban Development Act of 1970. FHA Rehabilitation Standards for Housing in Urban Renewal Areas.* The 1970 Act adds a new section 524 to the National Housing Act which requires the Secretary of HUD, with respect to properties approved for mortgage insurance prior to rehabilitation, to apply uniform property standards as between properties located within urban renewal areas and those located outside such areas.

6. *Project Rehabilitation.* This new program will attempt to help cities undertake large-scale, low-cost rebuilding of rundown low-cost housing. Estimates are that a major rehabilitation effort will involve nearly 22,000 housing units in ten cities. The rehabilitation units are primarily in absentee-owned slum buildings.

The first cities getting HUD approval of plans, technical assistance and program funds are Cincinnati, Detroit, El Paso, Hartford, Indianapolis, Memphis, New York, Philadelphia, Pittsburgh, and Seattle. HUD fund assistance includes financing under the public housing program, rent supplements, and mortgage assistance interest subsidies for both rental projects, cooperatives, and homes bought by lower income families. Project rehabilitation is directed by a team of officials from such HUD areas as FHA, Renewal and Housing Management, Model Cities, Equal Opportunity, and Research and Technology Six criteria determine selection of cities by project teams which visit localities seeking HUD assistance. These are suitable rental properties, skilled contractors, capable sponsors, job and enterprise opportunities for neighborhood residents, neighborhood acceptance, and assistance for displaced families.

II. Recommendations

1. To provide additional tools that are needed to achieve substantial progress through rehabilitation, NHC recommends the following:

(a) Section 312 should be amended to increase to $500 million the annual appropriations in each fiscal year to carry out the program. Section 312 should broaden the category of eligible borrowers to include public bodies, cooperatives, nonprofit corporations and limited dividend companies in addition to owners or tenants who are now eligible.

(b) While the 1969 Housing Act increases to $3,500 the federal rehabilitation grants to eligible occupants who own their own homes in the rehabilitation neighborhoods, NHC recommends an increase to $5,000.

(c) Where state or local governments allow tax abatement to encourage rehabilitation, there should be an annual Federal grant to reimburse them for the tax losses.

(d) Relocation assistance and payments should be available to anyone displaced as a result of a rehabilitation program.

(e) More realistic financing should be made available under FHA programs, particularly to serve those people of low and moderate incomes. This requires more practical and workable financing terms and allowances as follows:

(1) The formulas for determining mortgage amounts must recognize the actual cost of acquiring and rehabilitating properties that are structurally sound.

(2) There should be a contingency allowance built into the mortgage financing, which has now been done by FHA. In rehabilitation, the contractor is often not aware of potential problems until he opens the walls and ascertains actual conditions.

(3) The FHA requirements for rehabilitation should not require a specified percentage of mortgage proceeds to be used for rehabilitation, so long as property is brought up to code standards.

(4) In projects where the property is owned or controlled by the proposed mortgagor, cost savings may be achieved by stripping down the building and tearing out the interior walls before making estimates or getting bids for the rehabilitation work. In such cases, FHA should recognize the cost of gutting the building since this increases the value of the property for rehabilitation because conditions are known and unforeseen contingencies are minimized.

(5) To reduce the monthly charges to the level which moderate-income families can afford, it is necessary to eliminate present requirements for short amortization periods on rehabilitation projects. Where the rehabilitation property is in a central city, there is likely to be an increment in land value from which to repay the loan, even though demolition occurs well in advance of the remaining estimated life of the improvements. Thus, the property may later become part of a model city neighborhood or urban redevelopment area. At present, the statute limits the mortgages to a maturity not exceeding three-quarters of the remaining economic life of the building improvements. This limitation should be repealed. FHA should be authorized to permit up to 40-year maturities where appropriate.

2. There should be Federal grants to a local agency designated by the city government for a total coordinated plan for rehabilitation of the neighborhood and for carrying out the rehabilitation program contemplated by the plan. The local agency should enlist the participation of cooperative and nonprofit organizations and local housing authorities. The local agency would also act on behalf of eligible homeowners and tenants in the area in obtaining:

(a) Rehabilitation grants, interest assistance or rent supplements for them;

(b) Below-market-interest-rate loans or market-interest-rate loans for their rehabilitation work; and

(c) Contracts to perform the rehabilitation work, subject to supervision by the local agency.

3. HUD should fully utilize the authorizations in the 1968 Housing Act providing for the acquisition of property for rehabilitation and its disposition with appropriate write-downs which reflect the proposed use of the property. A similar program is necessary outside of urban renewal areas.

4. The authorizations in Sections 236 and 221(h) should be fully funded and utilized to facilitate and accelerate the rehabilitation program.

5. NHC recommends Federal grants to housing authorities or other public agencies—as described elsewhere in these recommendations—to bring housing up to minimum code standards and to make it available for families of low income, including those who are receiving public assistance.

6. NHC urges an acceleration of concentrated code enforcement in deteriorating areas, together with necessary public improvements to halt their decline. The costs of code enforcement programs—both for determining Federal grants and local grant-in-aid credits—should include all costs incurred for repair or installation of streets, sidewalks, streetlighting, trees, parks, open areas, recreational facilities, and other necessary improvements.

CHAPTER P. HOUSING FOR THE ELDERLY

I. Summary of existing legislation

1. *Authorizations in 1968 and 1969 Housing Acts.* The 1968 Housing Act did not provide for any increase in the authorization in the 202 program of direct loans at 3% interest to provide housing for the elderly. Instead, the new 236 program of interest assistance was intended to make FHA-insured financing available for this program. Under 236 there is interest assistance to reduce monthly housing payments to the level achievable with an interest rate of 1% and without any FHA mortgage insurance premium. Under 236, projects can now be undertaken which will provide housing exclusively for the elderly. Such projects may include related facilities, such as dining, work, recreation and health facilities. The Act authorized refinancing of certain 202 projects in order to achieve the lower monthly charges resulting from refinancing with interest assistance.

2. *Amendments in Housing and Urban Development Act of 1970.* The 1970 Act amends section 15 of the United States Housing Act of 1937 by adding a new paragraph (12) which would direct the Secretary to encourage local public housing agencies to develop congregate housing for the displaced, elderly and handicapped. Congregate housing would be defined to mean projects with central dining facilities, where some or all of the units do not have kitchen facilities. The dining facility would be required to be operated on a self-supporting basis; however, any expenditures, other than for food or services, could be considered a cost of the administration of the project. The section also provides that not more than 10 percent of the total amount of contracts for annual contributions entered into in any fiscal year pursuant to the new authority granted under the Housing and Urban Development Act of 1970 or under any law subsequently enacted shall be entered into with respect to units in congregate housing.

3. *Authorizations in Appropriation Acts.* The contract authority in appropriation acts for 236 should now be fully utilized to finance housing for the elderly. For a description of the 236 authorizations in appropriation acts, see Chapter K which covers that program. The Conference Report requires that $35 million of the $200 million available for fiscal year 1972 be made available for elderly housing under Section 236.

II. Recommendations

1. *Additional Legislative Authorizations.*

(a) NHC urges that an average of 50,000 housing units for the elderly be provided each year for the next five years.

(b) NHC recommends that the authorizations under Section 236 should be available to acquire existing housing for the elderly, including projects developed with FHA insurance under Section 231.

2. *Other Legislative Amendments.*

(a) There is a need for special programs to provide federal grants for the following purposes in housing for the elderly:

(1) to assist in training professional personnel to manage programs for the elderly; and

(2) to provide working capital and seed capital to states and localities and to nonprofit organizations such as church groups, labor unions, fraternal and cooperative- servicing organizations.

(b) NHC recommends adoption in the next Housing Act of a provision that was passed by the House but not adopted by the Conference on the 1969 Housing Act which requires (1) that projects for the elderly or handicapped be administered, to the maximum extent possible, under the same terms as the Section 202 program, (2) that the requirement for

computations of rents based on income will not apply to handicapped families, (3) that income verification for tenants in such projects shall be every five years and (4) that "Exception Income Limits" for the elderly or handicapped shall be $5,500 for individuals and $6,600 for couples, in lieu of 90% of 221 (d) (3) BMIR limit otherwise applicable.

3. *Administrative Action.*

(a) The 236 cost limits should be increased to permit housing to be built within the cities where they are needed to serve the elderly. In view of high land costs, this should include high-rise buildings. The program should include rehabilitation as well as new construction.

(b) In accordance with the statutory authority for loans equal to the total development costs, HUD should not require an approved sponsor to make an investment to cover the cost of preliminary expenses, facilities, furnishings, equipment, and working capital. Such costs should be included in the loan. It should not be necessary for a nonprofit sponsor to make a monetary contribution. Its contribution consists of its devotion of time, ingenuity, and energy in initiating and developing projects—all without compensation and motivated by public service.

(c) HUD should take all action necessary to allocate promptly the $35 million interest-assistance contract authority which the Congressional Conference Report requires be used for elderly housing.

CHAPTER Q. FINANCING NURSING HOMES, FACILITIES FOR GROUP MEDICAL PRACTICE AND NONPROFIT HOSPITALS

I. Summary of existing legislation

1. *Objectives.* NHC again recognizes that a continuing desperate need exists for hundreds of thousands of nursing home beds, especially among the low-income elderly. This need has increased by demands generated through Medicare. Since local housing authorities have long experience in building low-rent housing for the elderly, they are well qualified to develop nursing homes for low-income persons. They should be authorized to coordinate programs of housing and nursing home facilities for the low-income group. This can be done effectively by amending the USH Act of 1937, to authorize annual contribution contracts with local housing authorities for nursing home facilities. In addition to these needs, many communities are facing serious shortages in full hospital facilities. Existing hospitals are unable to undertake needed expansion because of their inability to finance such costly additions.

2. Authorizations in 1968 and 1969 Housing Acts. The 1968 Housing Act amended Section 232 of the National Housing Act to permit the cost of major items of equipment used in operating nursing homes to be included in the FHA-insured mortgage; also, to permit supplementary loans for the installation of such equipment in nursing homes previously constructed.

The 1968 Housing Act added Section 242 to the National Housing Act which establishes a FHA program under which the Secretary of HUD will insure mortgages covering new or rehabilitated hospitals (including initial equipment). To be eligible for such insurance, the mortgage cannot exceed $25 million or 90 percent of replacement cost, and the hospital must be owned and operated by one or more nonprofit organizations. A certification is required from the State health agency that the hospital is need and that State or local laws providing for minimum standards will be applied and enforced.*

The 1969 Act amended Section 232 of the National Housing Act to authorize insurance of mortgages financing new or rehabilitated intermediate care facilities or combined nursing homes and intermediate care facilities. The purpose of this program is to assist in the provision of facilities for persons who, because of incapacitating infirmities, require minimum and continuous care of the type provided by licensed or trained personnel but who do not need full nursing home care.

Under the 1969 Act an intermediate care facilities project or a combined nursing home and intermediate care facilities project can be financed under the same terms and conditions as provided for a nursing home under the present authority. The mortgage is limited to a principal obligation not exceeding $12,500,000 or 90% of the estimated value of the property or project including equipment. The Secretary must require certification by the State agency designated by the Public Health Service Act as to the need for such facilities and appropriate standards for their operation. The Secretary must also consult with the Department of Health, Education and Welfare as to the health and medical aspects of such facilities and as to the need and availability of such facilities in the area.

3. *Amendments in the Housing and Urban Development Act of 1970.*

(a) *Maximum Amount of FHA-Insured Hospital Mortgage.* The 1970 Act amends Section 242 of the National Housing Act to increase from $25 million to $50 million the maximum insurable mortgage amount covering a hospital.

(b) *Mortgage Insurance for Proprietary Hospitals.* The 1970 Act makes profit-making entities eligible to finance hospital construction or rehabilitation with FHA-insured mortgages. Previously, only nonprofit organizations were eligible to develop FHA-financed hospitals.

II. Recommendations

1. NHC recommends that Section 202 and Section 236 be amended to permit the inclusion of nursing facilities in housing projects for the elderly. In this way, elderly persons who need nursing facilities would not have to leave the community in which they are living. In public housing for the elderly, nursing facilities should likewise be included.

2. NHC further recommends that financing be available to nonprofit and cooperative sponsors under Section 236 which will cover the full cost of construction of nursing homes; also, that such projects should get the benefit of below-market-interest rates of subsidies. As stated above, we recommend a statutory increase in subsidy to permit a reduction in this interest rate to 0% for those who need it.

3. The 1966 Act included a program of FHA insurance for facilities used for group medical practice. NHC reaffirms its support of this program and urges its use to encourage the development of nonprofit cooperatives whose members will obtain the benefits of bona fide group medical practice at a reasonable cost. The program should operate in both urban and rural areas. NHC continues to recommend that mortgage amortization be permitted to commence after completion of construction of group practice facilities rather than at the time the mortgage is executed.

4. NHC continues to support the basic concept of the prior Patman Bill, H.R. 10188, which would remove obstacles that impede the broader development of group health plans and which would make financing available for group health programs providing hospitalization, out-patient and preventive care.

CHAPTER R. COLLEGE HOUSING

I. Summary of existing legislation

1. *Objective and Need.* Our Nation has increasingly recognized its dependence upon higher education for its security, welfare, and continued prosperity. To meet the demands made by the expanding number of students and by required increases in faculties, additional housing must be provided for students and faculty. Congress recognized the appropriateness of meeting these needs for college housing twenty years ago. In the Housing Act of 1950, it initiated low-interest loans for housing and educational facilities for students and faculties. Since 1961 there have been authorizations for loan increases at the rate of $300 million each year. Such increases are wholly inadequate to meet current needs. The study conducted under the auspices of the American Council on Education has indicated that approximately $1.5 billion per year of college housing will be needed for the next ten years. Recognizing that a portion of this amount may be derived from non-federal sources, the Council recommended that Congress authorize assistance which will provide a minimum of $1 billion of college housing a year for the next ten years.

2. *Authorizations in the 1968 and 1969 Housing Acts.* Instead of expanding the direct loan program for college housing, the 1968 Act contemplated financing in the private market, but it authorizes financial assistance to colleges by means of annual debt service grants. This grant program is to be used to reduce the borrowers' annual debt service payments on private market loans to the average annual debt service that would have been required if the loan were based on the rate charged on loans under the direct loan program. Annual grants can be made over a fixed period up to 40 years. The total amount of annual grant contracts is subject to approval in appropriation acts. The total amount cannot exceed $10 million, with this limit increased by $10 million on July 1, 1969. The new grant program is made available for loans involving the purchase of existing properties which are in need of little or no rehabilitation.

The 1969 Act amends Section 401(f)(2) of the Housing Act of 1950 to increase, by $4,200,000 on July 1, 1970, the aggregate amount of contracts which may be entered into to make annual debt service grants to help finance college housing facilities.

3. *Authorizations in Appropriation Acts.* There was an authorization of $5.5 million of annual grant contracts for college housing instead of the $10 million authorized in the 1968 Housing Act. For fiscal 1970, $6.5 million was appropriated. For fiscal 1971, $9.3 million of annual grant contracts was appropriated. This appropriation required an increase of $2.6 million in the legislative authorization. For fiscal 1972, $9.3 million was appropriated.

4. *Amendments in the Housing and Urban Development Act of 1970.*

Authorization for College Housing Debt Service Grants. The 1970 Act amends Section 401(f)(2) of the Housing Act of 1950 to increase by $12 million on July 1, 1971, the aggregate amount of contracts which may be entered into to make annual debt service grants to help finance college housing facilities.

II. Recommendations

Increase in Legislative Authorizations. NHC recommends a 5-year authorization of contracts for annual debt service grants which would be sufficient for $1 billion of private financing annually for college housing.

CHAPTER S. COOPERATIVE HOUSING

1. In urban areas where multi family housing predominates, cooperatives provide an important means of achieving homeownership. This produces better communities where the control and responsibility rests with the people who have a stake and pride in their own housing development.

2. NHC approves the use for cooperatives of the 221(d)(3) below-market-interest-rate (BMIR), 221(d)(3) market rate program, 235 and 236 interest assistance, the new Section 243 program providing interest assistance for middle income families, and rent supplement programs. Such cooperatives will make it possible to reach lower income groups

* Amended in 1970 Housing Act to increase mortgage limit to $50 million as described in paragraphs 3(a) and (b) below.

because of the economic savings and advantages of cooperatives. These are illustrated by the following savings:

(a) Lower closing costs with one closing—including one mortgage, one title policy, one insurance policy and one title transfer—on an entire project of many dwellings, rather than one for each dwelling.

(b) Lower transfer costs since it is unnecessary on a cooperative sale to incur the costs of title examinations and transfers, brokers' fees, refinancing and other charges.

(c) Lower construction costs which cooperatives have achieved through the economies of large scale building when many housing units are presold before construction starts.

The cooperative program has been successful for low and moderate income families assisted under programs with below-market interest rates. NHC concurs in the Congressional mandates to encourage such cooperative housing under Sections 213, 221(a)(3) ments by HUD and FHA encouraging cooperative housing under Section 213, 221(d)(3) and 236, such as the notice to FHA Insuring Office Directors and Assistant Regional Administrators which stated:

"In discussions with builders and lenders, the insuring office should encourage their participation in the above cooperative programs, not only because of the excellent experience which has been achieved from the FHA fiscal standpoint, but also because of the benefits both financial and sociological which flow to the users of this type of housing."

3. The need and demand for cooperative housing under Section 236 greatly exceeds the amount of funds available. In many HUD offices, cooperative housing represents a substantial part of the accumulated backlog of projects awaiting funds under the 236 program. This backlog of need should be met by the release of funds already available and increased authorizations recommended for the 236 program.

4. We recommend that FHA recognize the presently uncompensated costs to cooperative projects resulting from the requirement of recertifying incomes. The cooperative should be reimbursed by retaining the costs of recertifications from "over-income" surcharges that are ultimately returned to HUD. In addition, FHA should allow portions of the over-income surcharges to be used by the cooperative for improvements that FHA may consider advisable and justifiable during the life of the project.

5. Twelve years ago Congress established a revolving fund of $225 million—which is now administered by GNMA—for the purchase, at par, of cooperative mortgages insured by FHA under Section 213. While there have been extensive mortgage purchases from the cooperative revolving fund, much of the money has been returned, so it now has an uncommitted balance of about $100 million. In 1968, the Administration impounded the fund and no further GNMA commitments can now be issued. NHC recommends that the balance in the cooperative revolving fund be made immediately available for the purchase of mortgages on cooperative projects. The 213 program fills an unmet need among those middle-income families and individuals who can only afford the lower monthly charges achievable through cooperative economies and financing. To lessen the budget impact and induce the Administration to utilize these GNMA funds for the purchase of Section 213 mortgages, we recommend that these funds be used under the Tandem Program. In this manner, the budget will reflect only the difference between GNMA's par purchase of the mortgage and the market price at which GNMA later sells the mortgage.

6. (a) NHC applauds the HUD action in releasing millions of dollars for dividend payments to over 400 Section 213 management-type housing cooperatives who are covered by a mutual insurance fund. NHC agrees with HUD's statement that the dividend distribution was "persuasive evidence of the success of these housing cooperatives during the years that the Section 213 program has been in effect."

(b) The Cooperative Management Housing Insurance Fund (CMHI Fund") not only receives payment on mortgage insurance premiums but the CMHI Fund also receives payments from interest on invested reserves. Current law limits the yearly dividend distribution to excess collections (above anticipated needs) of mortgage insurance premiums. NHC recommends that participating housing cooperatives should also receive dividends which include their share of other income to the CMHI Fund. Accordingly, we recommend that Section 213 be amended to remove the above-described limitation on dividend distributions.

(c) Because many housing cooperatives are faced with large expenditures for capital improvements to comply with local environmental protection laws and changes in housing codes, we recommend that the reserves of the CMHI Fund should be made available for loans to finance such improvements. We recommend an amendment to Section 213 which would allow up to one-third of the CMHI Fund to be available for loans to participating housing cooperatives required to make such improvements. The loans should cover 75% of the improvement cost and be repaid over a ten-year period, but in no event beyond the maturity of the cooperative's mortgage. The loan should bear interest at a rate approved by the Secretary but not less than the rate being earned by CMHI Fund investments.

7. (a) As recommended elsewhere in this report, NHC urges the disposition of public housing and Federally-owned housing to cooperatives whose members will reside in such housing and enjoy the benefits of mutual ownership.

(b) In the disposition of property by urban renewal agencies, there should be a recognition in the disposition plan that it is important to achieve cooperative ownership of multifamily housing in urban renewal areas. Accordingly, part of these areas should be considered for the development of housing to be so owned by the people. In making a disposition for this purpose, there should be a disposition condition that those who acquire the property agree to develop it for housing that will involve cooperative ownership.

(c) The FHA insurance program for supplemental loans should be revised, implemented and administered in a realistic manner which would achieve its objectives. Many cooperative projects are faced by the necessity of making large expenditures to meet requirements of new laws enacted as part of anti-pollution and other health programs; moreover, many projects require rehabilitation and up-grading. Supplemental loans are also authorized to provide funds for necessary refinancing of membership resales which involve increases in equity. To facilitate administration of such supplementary loans to finance resales of cooperative memberships, such supplemental loans should be available not only to individual cooperatives but to a group or association of cooperatives or a non-profit financing institution to serve cooperatives. Supplemental loans should be made for a period and at an interest rate to permit their amortization without an undue burden on the projects. GNMA should be authorized to use special assistance funds for the purchase of such supplemental loans at par. The supplemental loan provisions in 213(j) should be extended to include housing projects covered by mortgages insured under Sections 221(d)(3) or 236. NHC recommends amendatory legislation to implement the recommendations in this paragraph to the extent that they cannot be effectuated through administrative action.

(d) The Special Assistant for Cooperative Housing at FHA should be provided with adequate staff and funds to undertake a broad program for the encouragement and development of cooperative housing, including necessary training of cooperative leaders and managers. The Special Assistant and his staff should have responsibility for both the assisted and unassisted cooperative housing in carrying out the functions prescribed in the laws establishing this position, which should be amended to cover cooperatives under all programs.

8. The Tax Reform Act of 1969 contains the following provisions of special interest to the operation of a cooperative housing project:

(a) Section 216(b) of the Code is amended to provide that, in determining whether a corporation is a cooperative housing corporation, no account is to be taken of stock owned and apartments leased by governmental entities empowered to acquire shares in a cooperative housing corporation for the purpose of providing housing facilities. The effect of the amendment is to allow individual tenant-stockholders to deduct their proportionate share of interest and taxes even though more than 20 percent of the cooperative's income is derived from a governmental entity. This amendment applies to taxable years beginning after December 31, 1969.

(b) Section 1039 is added to the Code to provide for deferral of gain upon the sale of a limited distribution project financed under Sections 221(d)(3) and 236 to a cooperative or other nonprofit corporation. This important incentive is more fully described in paragraph 4 of Chapter DD.

9. NHC recommends that the Rent Supplement Program be extended to cover the Section 213 Program. In central city apartments which are converted to cooperative ownership, this would enable them to serve inner city residents who need rent supplements to afford the monthly charges.

10. Since there is substantial interest on college campuses in the use of cooperative housing programs to serve college students, NHC recommends amendments in appropriate housing programs to enable the use of cooperatives for the housing of college students.

11. NHC applauds the U.N. General Assembly vote to encourage a program of social housing that includes cooperatives.

12. The law provides for conversion of existing rental projects financed under Sections 221(d)(3) and 236 to cooperative ownership under those same sections. However, there have been no conversions because HUD is reserving subsidy money exclusively for new construction. NHC urges that HUD reexamine this position and make monies available for this conversion program. As explained in Chapter DD, there is a tax program allowing for deferral of gain on rental projects converted to cooperatives if that gain is invested in the development of a new Section 221(d)(3) or 236 project. This program has yet to become operational because of the failure to release authorized funds.

13. Some existing Section 221(d)(3) cooperative projects are experiencing vacancies due to lack of qualified applicants; yet they are rejecting applicants who are over-income families who would pay the full market charges for their units. NHC recommends that HUD permit membership by these applicants for such existing Section 221(d)(3) cooperatives.

14. NHC recommends that a cooperative housing bank be established and capitalized by the Federal Government. There is a long history of successful operations of cooperative banks for agricultural endeavors. Through financing cooperative housing such a bank would facilitate the production of cooperative housing. It should be operated in a manner which will provide for the retirement of the Government-subscribed capital, so that the bank would become wholly owned by the housing cooperatives.

CHAPTER T. NONPROFIT HOUSING SPONSORS

1. Besides the cooperative non-profit projects discussed in the preceding chapter, the nonprofit sponsors described in this chapter are expected to have an increasing role in meeting the housing needs of low and moderate income groups with the assistance recommended below.

2. NHC believes that there is an urgent need for nonprofit housing sponsors for low and moderate income housing assistance programs. Nonprofit housing sponsors may be either: (a) broadly-based housing development corporations which aid a number of housing projects in the community; or (b) individual project sponsors, such as churches, charitable foundations, settlement houses, labor unions, fraternal organizations and other civic-minded groups.

3. NHC approves the use of Sections 221 (d)(3), 235(j), and rent supplement programs in nonprofit sponsored projects. This sponsorship makes it possible to reach lower income groups because of the absence of profit in the operation of such projects.

4. NHC is pleased that its recommendation was accepted for the use of the Tandem Plan for nonprofit sponsored housing. Without the Tandem Plan, it would be virtually impossible for nonprofit sponsored projects to go forward when mortgages are not selling at par.

5. NHC fully concurs in the report of the Senate Housing Subcommittee that nonprofit housing sponsors have contributed greatly to our housing production. The Committee Report stated: "among these institutions, the not-for-profit organizations involved in housing development have made substantial progress in the construction of low and moderate income housing in a relatively brief period of time. Today they account for a large portion of the housing development activity carried out under the several assistance programs authorized by the Congress. This is fulfilling the intention of the Congress and we are desirous to see not-for-profit sponsors and developers play an increasing role in meeting the nation's critical housing shortage especially for low and moderate income families and individuals."

6. NHC recommends that HUD provide the following financial and technical assistance to nonprofit (including cooperative) sponsors and organizations.

(a) Seed money loans to cover initial costs, such as preliminary architectural fees, engineering fees, site options, tenant surveys, market analyses, and legal and organizational expenses during the project development stage. These would be recoverable from the proceeds of the FHA-insured mortgage.

(b) Grants for administrative costs, social services and other necessary expenses which are important to the success of projects for low and moderate income families and persons.

(c) Technical assistance for expert aid needed to train personnel, develop projects, secure project approval and oversee construction.

(d) Assistance to nonprofit housing sponsors in the conduct of self-help and mutual self-help programs.

7. $1 million was appropriated for fiscal year 1972 under the Low and Moderate Income Sponsor Fund for use by the Secretary in providing a more adequate level of technical assistance. NHC urges that the balance of the $5 million that was authorized in the 1970 Act be appropriated, $3 million was appropriated for fiscal year 1972 for loans under the Low and Moderate Income Sponsor Fund. Likewise NHC urges that any remaining authorized funds be included in future appropriation acts.

8. The 1970 Housing Act provides for a Special Assistant to the Secretary who will be responsible for providing information and advice to nonprofit organizations desiring to sponsor housing projects assisted under programs administered by HUD. NHC is pleased that a Special Assistant has been named. It urges that he be given adequate staff and funds to undertake a broad program for the encouragement and development of nonprofit sponsored housing.

CHAPTER U. NATIONAL HOMEOWNERSHIP FOUNDATION; NATIONAL ADVISORY COMMISSION ON LOW-INCOME HOUSING; NATIONAL HOUSING PARTNERSHIPS; AND ASSISTANCE TO NONPROFIT SPONSORS OF LOW AND MODERATE INCOME HOUSING

National homeownership foundation

I. *Summary of Existing Legislation.*

1. *Objectives.* The 1968 Housing Act created the National Homeownership Foundation to carry out a continuing program of encouraging private and public organizations to provide increased homeownership and housing opportunities in urban and rural areas for lower income families.

2. *Authorizations in 1968 Housing Act.* The Act authorized the Foundation to make grants and loans (not otherwise available from Federal sources) to such organizations to help defray organizational and administrative expenses, necessary preconstruction costs, and the cost of counseling or similar services to lower income families for whom housing is being provided. The Foundation would also provide technical assistance to the organizations. The Foundation would be administered by an 18-member Board of Directors. Fifteen members would be appointed by the President. The Secretary of HUD, the Secretary of Agriculture and the Director of OEO would be the other three members. The board would appoint an executive director as its executive officer.

3. *Authorizations in Appropriation Acts.* Appropriations up to $10 million are authorized. The Foundation can also use donated funds. Nothing has been appropriated for fiscal year 1970. The Administration requested $250,000 for fiscal years 1971 and 1972 but nothing was included in the appropriation act for these years.

II. *Recommendations.* NHC urges that the Foundation be fully funded so that the Foundation can begin its vital assignment.

National advisory commission on low-income housing

1. *Objectives.* The 1968 Housing Act established a National Advisory Commission on Low-Income Housing to undertake a comprehensive study and investigate the resources and capabilities in the public and private sectors of the economy which may be used to fulfill more completely the objectives of the national goal of "a decent home and a suitable living environment for every American family".

2. *Assignment.* The Act directs the Commission to submit to the President and the Congress an interim report with respect to its findings and recommendations not later than July 1, 1969, and a final report not later than July 1, 1970. Neither report has been filed.

National housing partnerships

I. *Summary of Existing Legislation.*

1. *Objectives.* The 1968 Housing Act created a national housing partnership for the purpose of securing the participation of private investors in programs and projects to provide housing for low and moderate income families. The Act provides for a federally chartered, privately funded corporation under the District of Columbia Business Corporation Act; also, for a National Partnership organized by the corporation under the D.C. Uniform Limited Partnership Act. The Corporation serves as the general partner and managing agent of the National Partnership and each of its stockholders can be a limited partner. It provides the staff and expertise for the Partnership in organizing and planning project undertakings in which the Partnership has an interest, and receives a fee for such services.

2. *Authority.* Both the Corporation and the National Partnership are authorized to engage in a broad range of activities appropriate to the provision of housing and related facilities primarily for low or moderate income families, with or without the use of Federal programs, and may enter into and participate in all forms of partnerships and associations. The National Partnership forms partnership ventures with local investors for the purpose of building low and moderate income housing projects throughout the nation. Normally, it will be a limited partner in such undertakings, with an interest of not more than 25% of the aggregate initial equity investment for the project. Sales have been made of the requisite shares of stock in the Corporation and interests in the National Partnership. It began full operation in 1970. The President is authorized to create additional partnerships when he determines it to be in the national interest. National banks are authorized to invest in a corporation and other entities formed under this title.

II. *Recommendations.* NHC recommends that the following actions be taken:

1. To encourage widespread participation and private investment in the National Housing Partnerships, tax incentives must be continued for undertaking housing developments to serve low and moderate income persons. In Chapter FF, we describe the favorable action taken in the Tax Reform Act of 1969 to provide such incentives.

2. To enable the sale of projects undertaken by the National Housing Partnership to cooperatives or other nonprofit corporations, there should be an implementation of the provisions of Section 236(j)(3) of the National Housing Act as described under the separate 236 heading. An important tax incentive providing for deferral of gain upon a 236(j)(3) sale to a cooperative or other nonprofit corporation was added by the Tax Reform Act of 1969. It is more fully discussed in Chapter FF.

Assistance to nonprofit sponsors of low- and moderate-income housing

I. *Summary of Existing Legislation:*

1. *Objectives.* The 1968 Housing Act has provisions to assist nonprofit sponsors of low and moderate income housing.

2. *Authorization in the 1968 and 1969 Housing Acts:*

(a) The Secretary of HUD is authorized to provide technical assistance, with respect to the construction, rehabilitation, and operation of low and moderate income housing to nonprofit organizations.

(b) The Secretary can also make 80-percent, interest-free loans to non-profit sponsors of such housing to cover certain preconstruction costs under Federally-assisted programs.

(c) The Low and Moderate Income Sponsor Fund is established for the purpose of making the loans with an authorization of appropriations of $7.5 million for fiscal year 1969 and $10 million for fiscal year 1970. The Fund will be a revolving fund and repayment of loans will be deposited in the Fund.

3. *Authorization in Appropriation Acts.* $500,000 was appropriated in the Supplemental Appropriations for fiscal 1969, $2 million was appropriated for fiscal 1970, $3 million was included in the appropriation act for fiscal 1971, and $4 million was included in the appropriation act for fiscal 1972.

4. *Amendments in the Housing and Urban Development Act for 1970.*

(a) *Advice and Assistance with Respect to Housing for Low and Moderate Income Families.* The 1970 Act amends Section 106(a) of the Housing and Urban Development Act of 1968 to authorize technical assistance and advice with respect to individual tenants and homeowners assisted under HUD programs in addition to nonprofit sponsors of multifamily housing. The section also repeals the grant program for tenant services in public housing projects and authorizes such services to be financed out of project income and annual contribution payments.

(b) *Information and Advice to Nonprofit Project Sponsors.* The 1970 Act creates in the Department of Housing and Urban Development a new position of Assistant to the Secretary, responsible for assisting nonprofit organizations in complying with HUD requirements in applying for sponsorship of housing projects under the subsidized multifamily programs administered by the Department.

NHC urges that the full authorizations be appropriated and utilized for this program as more fully discussed in Chapter T.

CHAPTER V. RURAL HOUSING, RENEWAL AND PLANNING FOR MULTI-COUNTY AREAS

I. Summary of existing legislation

1. *Objectives.* There is increasing national concern to make rural America more attractive and livable for all. To achieve this goal, programs must be initiated to encourage the young and better educated to continue living in rural America. Programs which provide the same kinds of financial assistance as are provided for urban housing and renewal should be available to rural areas for rural housing and renewal. We endorse those provisions of the 1968 Housing Act which make certain housing assistance equally available to rural areas, but other legislation is required as described below.

2. *Authorizations in the 1968 and 1969 Housing Acts.*

(a) Under Sections 235 and 236, the Secretary was authorized to transfer to the Secretary of Agriculture a reasonable portion of the total authority to contract to make periodic interest reduction payments for use in rural areas and small towns. By agreement, the Secretary of Agriculture was delegated $2 million in contract authority under Section 235(k). However, projects under Section 236 will be processed by FHA. As of July 1, 1971, FHA exhausted its 235(k) contract authority and no new contract authority is anticipated.

(b) The 1969 Act extends for a 4-year period ending October 1, 1973, the various rural housing authorizations which were scheduled to expire on October 1, 1969.

(c) The 1969 Act amended Section 517(c) of the Housing Act of 1949 as follows:

(1) To remove the present $100 million limitation on the amount of new loan paper which may be held in the Rural Housing Insurance Fund at any one time;

(2) To authorize the Secretary of Agriculture to sell insured housing loans out of the Rural Housing Insurance Fund in blocks and to treat such transactions as a sale of assets for budgetary purposes; and

(3) To make clear that the Secretary of Agriculture may issue commitments to make or insure rural housing loans on one or more properties upon application by the lender, or seller and upon compliance with such requirements as he may specify.

(d) The 1969 Act amended Section 517 of the 1949 Act (with conforming amendments to Sections 518 and 519 of that Act) to abolish the existing Rural Housing Direct Loan Account and transfer all of its assets, liabilities, and authorizations to the Rural Housing Insurance Fund. It is the purpose of these amendments simply to consolidate the direct loan programs of the Farmers Home Administration in a single Fund, without changing the nature or coverage of those programs; all of the funds, claims, notes, mortgages, contracts, property, collections, proceeds, and unexpected balances which were held in or applicable to the Account will as a result of the transfer be held in or applicable to the Fund, and any authorizations for the appropriation of funds, the availability of funds for direct loans and related advances, or the issuance of notes which were applicable to the Account will become applicable to the Fund.

(e) The 1969 Act adds a new Section 524 to the 1949 Act to authorize financial assistance to nonprofit organizations to provide sites for rural housing for low and moderate income families.

3. *Amendments in the Housing and Urban Development Act of 1970*

(a) Sections 514 and 516 of the Housing Act of 1949 were amended to broaden the farm labor housing program by:

(1) Authorizing financial assistance to nonprofit organizations of farmworkers for the construction of farm labor housing;

(2) Authorizing financial assistance to broad based public or nonprofit organizations for the construction of farm labor housing any place within the State where the need exists.

(3) Lowering the interest rate on farm labor housing loans from 5 to 1 percent.

(4) Authorizing the financing of household furnishings in farm labor housing units.

(5) Raising the maximum grant from two-thirds to 90 percent of the development cost of a project.

(6) Requiring the construction of farm labor housing suitable for year-round use except where the Secretary finds that year-round housing is not needed.

(b) Sections 502 and 504 of the Housing Act of 1949 were amended to permit loans to people who lease a home site.

(c) Section 504 was amended by raising the ceiling on loans and grants for home repair from $1,500 to $2,500 and to $3,500 if necessary to provide water and sanitation facilities.

(d) The Secretary of Agriculture was given discretionary authority in the use of Farmers Home Administration county committees in the determination of the eligibility of loan applicants.

(e) Section 515(b)(1) was amended to raise the ceiling on loans for the construction of rental housing projects from $300,000 to $750,000.

(f) Section 520 of the Housing Act of 1949 was amended to raise the size of communities Farmers Home Administration can serve from 5,500 to 10,000.

(g) Both the Senate and House Committee Reports strongly recommend that 1968 report language be rescinded thus making it clear that both urban and rural residents should be eligible for Title V housing regardless of whether they work in a rural area.

4. *Authorizations in Appropriation Acts.* Elsewhere we have described the authorizations of interest assistance contracts under Section 235 and 236 which are now available for housing in rural areas. In addition, the rural housing program of the Department of Agriculture was authorized to maintain a $5 million program of 3%, 50-year loans.

II. Recommendations

1. *Additional Authorizations in Appropriations Acts.* NHC make the following recommendations:

(a) That authorization be increased for the following programs: Section 504 loans and grants from $50,000,000 to $100,000,000; Section 516 grants from $50,000,000 to $200,000,000; Section 506 research and study from $250,000 per year to $5,000,000 per year; and Section 523 technical assistance from $5,000,000 to $10,000,000.

(b) That the housing repair grant provisions of Section 504(a) be funded at a level of $25 million for fiscal 1972. Since 1964 there have been no grant funds available for housing repair.

(c) That the housing loan provisions of Section 504(a) be funded at a level of $25 million for fiscal 1973.

(d) That the farm labor housing grant provisions of Section 516(b) be funded at a level of $50 million for fiscal 1973.

(e) That the self-help housing technical assistance grants authorized by Section 523(b)(1)(A) be funded at the full limit of $5 million for fiscal 1973.

(f) That the self-help loan funds authorized by Section 523(b)(1)(B) be funded at the full limit of $1 million for fiscal 1973.

(g) That the full amount authorized by law, be appropriated for development and planning grants, for rural water and sewer systems for fiscal 1973.

(h) That $150 million be appropriated for FmHA administrative expenses in fiscal 1973 to enable the agency to handle the vastly increased workload particularly in housing and in community affairs.

2. *Legislative Amendments Relating to Rural Housing.* NHC recommends the following legislation relating to rural housing programs:

(a) The 3%, 50-year loan program to supplement the new authority granted under the 1968 Housing Act should not only be continued but increased. The Secretary of Agriculture should be authorized to contract to maintain the interest rate throughout the duration of the loan. Also the Secretary should be granted the power to reduce the interest rate to as low as 1% under this program.

(b) Enact legislation creating the position of Special Assistant for Cooperative Housing in the Farmers Home Administration (FmHA) of the Department of Agriculture (a similar position to that created in the Housing Amendments of 1955 for urban cooperative housing) with similar powers, duties and adequate staff and budget; and the additional responsibility of mobilizing the support of rural area cooperatives of all types for the creation and continued successful operation of rural cooperative housing projects.

(c) Give the Secretary of HUD authority to waive rules and regulations of HUD programs so small cities and towns can get an equitable share of HUD programs.

(d) That the population ceiling on FmHA loans be raised from towns of 10,000 to maximum 25,000 population, except in areas outside of SMSA's where no population limit should apply with commensurate adjustments in administrative funds.

(e) That the Rent Supplement Program be extended to programs which are financed directly by FmHA, such as the Section 515 Rural Rental Program.

(f) The authority given to the Secretary of Agriculture to use county committees as a means of determining the eligibility of applicants for FmHA housing loans should be completely rescinded.

(g) The authorization for annual appropriations for development and planning grants for rural water and sewer systems should be raised from $115 million to $230 million.

(h) A legislative goal of at least 500,000 housing units per year for FmHA financing should be established. This is the level which will be needed to achieve the rural part of NHC's national housing goal which calls for 10,000,000 federally assisted housing units to be constructed or rehabilitated in ten years.

(i) FmHA should be provided with funds for research geared to solve problems which often hamper or restrict housing developments in rural areas. An example is lack of waste disposal facilities. Research needs to be undertaken to develop a waste disposal system which could serve an individual home or a number of homes at a modest initial investment and low maintenance.

(j) Congress should establish a $6 billion level for FmHA insured housing loans in fiscal 1973. This would permit FmHA to finance at a level of about 500,000 housing units a year. Because these funds are raised through the sale of notes on the private market, the funding does not require appropriations from the Treasury. Therefore there is little impact on the Federal budget.

(k) That the FmHA staff be expanded to enable the agency to actively promote rental and cooperative housing to aid in meeting rural needs.

(l) The amendment of the FmHA Act to enable the agency to promote and finance

nonprofit housing development corporations as housing delivery systems to small towns and rural people.

(m) That legislation be enacted to assure that the American Indian—on and off reservations—is given the opportunity and choice to participate in all Federal housing programs.

(n) The establishment of a Rural Development Bank as provided in H.R. 15402 introduced by Congressman Patman.

(o) That the FmHA legislation be amended to authorize loans requiring principal and interest payments on as little as 50 percent of the principal, for Section 502 and 515 and as little as 10 percent of the principal on Section 504 loans, with the remainder covered by a second trust which would not bear interest or fall due for repayment until the first mortgage was paid off or the property changed hands.

(p) The creation of a Department of Rural Affairs, which would include those housing and community development functions currently administered by the Department of Agriculture, and which would receive its appropriations through new subcommittees of the House and Senate Appropriations Committees. In the absence of such an executive reorganization, NHC recommends that all appropriations for housing and community facilities programs be made through the same Appropriations subcommittees, whether the programs are administered by HUD or USDA.

(q) Enactment of any necessary legislation to authorize and direct FmHA to establish escrow accounts on behalf of its housing borrowers for the payment of taxes and insurance.

(r) Enactment of any necessary legislation to replace the present bonding requirements of FmHA County Offices with a fidelity bonding arrangement which would protect the government against fraud without making County Office staff financially liable for non-fraudulent administrative errors.

(s) Legislation authorizing FmHA to take all actions necessary to permit the use and compensation of housing consultants and specialists in preparing, processing or otherwise assisting in the undertaking of housing financed or aided by FmHA.

(t) Enactment of any necessary legislation to authorize and direct FmHA to refinance indebtedness when failure to refinance would likely result in the applicant's loss of his necessary dwelling or, if a loan for improvement were made, failure to refinance would cause a hardship for the applicant.

(u) Enactment of legislation authorizing the use of all Title V programs on leasehold interests in land.

(v) Enactment of any necessary legislation to authorize and direct FmHA to establish a system of orderly appeals whereby an applicant denied assistance would be afforded a due process hearing.

(w) Enactment of any necessary legislation that would preclude FmHA from discriminating against an applicant on grounds of the source of his income and to eliminate the practice of viewing housing needs as a residuum of other basic needs.

(x) Enactment of any necessary legislation to authorize and direct FmHA to take whatever security that is available, if any, for all loans made under Title V to members or organizations of an Indian Tribe or Nation living on reservation land or similar land which is otherwise restricted.

(y) Enactment of any necessary legislation to authorize and direct FmHA to make Section 504 home repair loans for amounts of up to $4,000 and for a period not to exceed 20 years and that any loan for less than $2,500 need be evidenced by only a promissory note.

(z) Enactment of any necessary legislation to authorize and direct FmHA to contract with private and public organizations for the purpose of conducting research and study programs.

(aa) Enactment of any necessary legislation to authorize and direct FmHA to allow any licensed attorney regularly practicing law in the state where a loan or grant is made to act as legal counsel for the recipient of such loan or grant.

(bb) Enactment of any necessary legislation to authorize and direct FmHA as a part of a grant for Section 523 technical assistance, to make a land development loan which will be repaid upon the expiration of the grant period unless extended and which shall bear no interest.

(cc) Enactment of any necessary legislation to authorize and direct FmHA to insure title to land which because of a remote cloud thereon is otherwise uninsurable.

(dd) Creation of an Emergency Rural Housing Administration as provided in the McGovern Bill (S. 2897).

(ee) FmHA should be authorized to make loans for the purchase of furniture to recipients of housing loans when they are unable to afford to purchase adequate furnishings at the time of moving into a FmHA-financed home.

(ff) Legislation authorizing FmHA to extend its housing programs to Guam and the trust territories.

3. *Recommendations for Administrative Actions.*

(a) The national office of FmHA should take steps immediately to improve the delivery system so that housing loans can be processed at a greatly accelerated rate. The first quarter of fiscal 1972 indicates that Farmers Home is not processing loans rapidly enough to deliver the $1.6 billion authorized this year which may well result in a cutback next year if steps are not taken to correct the situation.

(b) FmHA should provide counseling service to purchasers of FmHA-financed homes to acquaint them with the use of appliances and the up-keep of their homes, as well as their rights and responsibilities as homeowners. If FmHA does not have sufficient personnel for this, it should explore arranging for Extension Service home economists to perform this function or to contract with outside organizations to furnish the service.

(c) Besides Congressional actions, there is a need for more effective executive actions and better coordination of Agriculture and HUD, and for consultations with industry and public interest groups. Such actions should be taken to assure that federal housing, community facility and planning aids for rural areas are equivalent to those available in cities and metropolitan areas.

(d) The Secretary of Agriculture is urged to stimulate and encourage programs under new and existing cooperative housing provisions to alleviate the housing ills in rural areas.

(e) The Federal Housing Administration and the Farmers Home Administration (FmHA) are urged to work out a plan for making housing credit available in small towns that are too large for FmHA to service (over 10,000), but not practical for FHA to service because of remoteness or other reasons. A serious credit shortage exists in many of these areas.

(f) There should be standardization of FmHA regulations and procedures which presently often vary from county to county and from state to state, making it difficult and sometimes impossible for outside groups to work effectively with FmHA. In this respect, the staff of the National FmHA should be expanded. Also, in many areas where the demand for housing is substantial, FmHA should assign housing specialists. Presently, county supervisors are responsible not only for housing but for many other FmHA program as well. If FmHA is to achieve the potential which its housing program possesses, it must develop new administrative techniques to handle the greatly increased volume of housing applications.

(g) FmHA should reorganize its staff and further streamline its activities to speed up the making and servicing of loans.

(h) FmHA should increase its administrative limit of $100,000 for rural housing site loans to $500,000. The present limit, in view of escalating land costs and costs of developing rural land, is too low. As a result, the tremendous potential of this valuable new authority which FmHA received in the 1969 housing legislation is severely restricted.

(i) FmHA should strengthen its advance commitments to builders so as to encourage larger scale builders to operate in rural areas. This is essential to producing the volume of housing required to solve the critical shortage in rural communities. FmHA's administrative regulations prevent advance commitments from having the impact which Congress intended.

(j) FmHA should encourage broader use of programs for which nonprofit organizations are eligible, such as Section 515 rental housing, Section 514–516 labor housing, Section 523 technical assistance; and Section 524 site development, by eliminating the requirement that organization be made up of and controlled by persons from the community in which the housing is to be located. In rural areas non-profit housing organizations often consist of persons from several communities and even several counties. These organizations should be allowed to participate in the programs without the need for extensive reorganization. It is believed that the FmHA programs would benefit from the economies of scale and the need for better project management if this recommendation is followed.

III. Provisions on rural housing and renewal in Chapter V of S. 3248 and NHC's recommendations

The Senate Committee Report explains the provisions of Rural Housing:

Assistance Authorization

The bill would amend section 513 of the Housing Act of 1949 by increasing authorizations available for Section 516 Labor Housing grants to $150,000,000 through June 30, 1974. These increased amounts recognize the desperate need for decent housing for those who earn a substantial portion of the income from farm wage work and who historically have been one of the most indecently housed people in this county. Prior to 1970, there existed no effective program which could meet the needs of farm workers in rural areas. The 1970 Housing Act amended section 516 to enable public bodies and nonprofit sponsors to receive grants of up to 90 percent of the capital costs of a rental project for farm workers, thus for the first time making most projects economically feasible. As a result, there has been a large increase in demand for program funds. The committee was informed that, after the first six months of operation with the new authority, a backlog of over $18 million in requests had accumulated at the National Farmers Home Administration office with only $3.7 million to fund them. As a result, FmHA requested that no more new applications be proposed. It is estimated that the funds authorized here would provide decent housing and related facilities for about 10,000 families. It is estimated that some 250,000 farm worker families are in need of housing but it is anticipated that some will be served by other federally subsidized programs as amended by this Act.

Mobile Homes

The bill would amend title V of the Housing Act of 1949 to add a new section 525 to authorize rural housing loans to finance mobile homes, as well as individual sites, under provisions regarding interest, maximum amounts, maximum maturities, and standards applicable to HUD-insured loans for the same purposes. In other respects, e.g. the requirement that the applicant be un-

able to obtain a loan elsewhere, rural housing loans for mobile homes would be subject to the provisions of title V of the Housing Act of 1949.

Assistance Payments for Low-Income Tenants

The bill would amend section 521 of the Housing Act of 1949 to authorize the Secretary of Agriculture to make and insure rural housing loans on terms and conditions, and make assistance payments as necessary, to achieve the same results for lower income and very low income occupants of rental or cooperative housing as could be achieved under the provisions of the bill applicable to the insurances of loans and the making of assistance payments by HUD for the same purpose.

The bill would also amend sections 517 and 521 of the Housing Act of 1949 (1) to authorize the Rural Housing Insurance Fund to be used for the purpose of making the assistance payments and other relief available, (2) to require annual appropriations to reimburse the fund therefor, and (3) to authorize interim borrowings from the Treasury as necessary in anticipation of such reimbursement.

Nonprofit Organizations

The committee is aware of and acknowledges the tremendous effort made by many nonprofit organizations in rural areas in bringing the benefits of Title V of the 1949 Act to low income families. It has also been made aware, through testimony, of the fact that many nonprofit organizations are ineligible to participate in the various programs because the make-up of their boards of directors and the jurisdictions of their memberships is different from the regulations established by the Farmers Home Administration. Because of the tremendous need for rental housing which could be provided through the rural rental program and the labor housing programs, the need for self-help technical assistance through section 523 and the need for land development through sections 523 and 524, the committee believes it to be essential that more nonprofit organizations be encouraged to participate in these programs.

The committee is of the opinion that it is desirable to promote the use of nonprofit organizations who can, as time passes, demonstrate that, through the economies of scale and through enlightened management, housing for low-income people can be delivered efficiently and effectively in the widespread market of rural areas.

NHC supports the foregoing provisions of the *Senate Enacted Bill* which carry out many NHC recommendations. We continue our recommendations of additional authorizations and improvements in legislation relating to rural housing and renewal.

CHAPTER W. INTERIM ASSISTANCE AND INTERIM REHABILITATION PROGRAMS IN SLUM AND BLIGHTED AREAS

I. *Summary of Existing Legislation*

1. *Interim Assistance for Blighted Areas as Provided for in the 1968 Housing Act.* The 1968 Housing Act authorizes the Secretary of HUD to contract to make grants aggregating up to $15 million in any fiscal year to cities or counties to assist them in taking interim steps to alleviate harmful condition in slum or blighted areas of communities. To qualify, these areas must be planned for substantial clearance, rehabilitation, or federally-assisted code enforcement in the near future, and must need some immediate public action until permanent action can be taken. Grants may not exceed two-thirds of the cost of planning and carrying out an interim assistance program, except that three-fourths grants can be made to any community with a population of 50,000 or less. A community has to have an approved workable program to qualify for assistance.

2. *Need for Interim Rehabilitation Program.* In slum and blighted areas, there should be a program of rapid interim rehabilitation to correct those housing conditions which directly affect health and safety. The people now living in substandard housing should not be expected to wait until permanent neighborhood improvement programs are developed. We need a program which will provide grants and loans which can be rapidly disbursed to eliminate health and safety hazards, without regard to the useful life of the buildings. The objective is to provide whatever assistance is needed to achieve monthly charges, after interim rehabilitation, which will be within the financial reach of the low income and moderate income residents. The emergency upgrading of structures should not involve increases in rents beyond the reach of the present tenants.

3. *Funds for Interim Assistance.* There have been no appropriation authorizations to implement the 1968 Act providing interim assistance to alleviate harmful conditions in slum or blighted areas. However, $15 million of urban renewal funds have been allocated for this purpose.

II. *Recommendations*

1. *Authorizations in Appropriation Acts.* NHC recommends expansion of the program through appropriate authorizations and additional urban renewal allocations for the interim assistance program in slum areas. This should include an advance appropriation and allocation for the next additional fiscal year to give cities and counties more lead time in planning interim steps to alleviate harmful conditions in slum or blighted areas. NHC further recommends that the amount of the appropriations—and legislative authorizations therefor—should be increased in response to the increasing needs evidenced by the appropriation requests which will be filed for interim assistance.

2. *Legislative Amendments on Interim Assistance.* All cities should be eligible for a three-quarters grant for the cost of planning and carrying out the interim program. Instead of limiting the larger grants to the smaller cities, the large cities should get such a grant and not be limited to a two-thirds grant.

3. *Legislation for Interim Rehabilitation Program.* NHC recommends legislation to provide for the above described program of interim rehabilitation to correct housing conditions which directly affect health and safety, without regard to the useful life of the buildings. The legislation should include the following:

(a) Amendments to broaden the interim assistance law to include such interim rehabilitation of housing as is necessary to protect the health and safety of residents. This would make grants available to cities and counties which are undertaking such a program.

(b) With respect to interim rehabilitation to correct conditions which directly affect health and safety in homes located in slum and blighted areas, the following financial assistance should be extended to owners of homes who have low and moderate incomes: (i) rehabilitation grants under Section 115 in an amount not to exceed $3,500; and (ii) rehabilitation loans under Section 312.

(c) Federal code enforcement grants for interim rehabilitation of housing.

(d) Federal grants to urban renewal agencies to acquire slum buildings which are in violation of housing codes, and for interim rehabilitation to eliminate hazards. Public acquisition of properties for interim rehabilitation may be an early acquisition of part of the property that would later be involved in a permanent renewal program for the neighborhood.

(e) Section 312 should be further amended to provide loans to public bodies or agencies which take possession or control of any property—through receivership or otherwise—which violates code requirements or local laws concerning health or safety. This would cover property where the owner has failed to correct such violations within a period prescribed by local law. The loan should be made on the condition that it will be repaid from the income derived from the rehabilitated property, with appropriate liens or other rights that will be enforceable against the property.

Pursuant to the foregoing legislation, the assistance should be sufficient to achieve monthly charges, after interim rehabilitation, which will be within the financial reach of the present occupants or of others of low or moderate incomes.

CHAPTER X. NEW TOWNS AND NEW COMMUNITIES

I. *Summary of existing legislation*

1. *Need.* Since 40,000,000 additional people will be living in cities during the next decade, we need new towns and new communities to help take care of this increased urban population, to provide for an orderly dispersal of population and relieve further city congestion. These new towns would be carefully planned as balanced communities. They would be largely self-contained with homes, apartments, schools, jobs, hospitals, recreational facilities and open spaces. They should be planned to minimize transportation needs by assuring employment for residents within or near the community. They should provide housing for all income groups, including those of low and moderate incomes. These new communities can provide a new kind of urban living which can offer an alternative to the sprawling growth that threatens to overwhelm our metropolitan regions with costly and inefficient development.

There is an urgent need for Federal guaranties to overcome major obstacles which have prevented greater efforts in this field, namely: (1) the large capital investments to acquire large land areas and install the basic facilities needed to prepare the land for development; and (2) the extended period for the planning and installation of site improvements, during which large expenditures must be made for debt service, taxes and overhead.

There is an even more urgent need for Federal grants to public and nonprofit agencies for all new community assistance projects and services, which term (as used below) includes the following: water and sewer facilities; water conservation and pollution control; waste disposal; hospitals, health centers and services; mass transportation; open space, parks and beautification; public facilities and buildings; recreational and cultural facilities; libraries; neighborhood facilities and services; environmental protection; planning; technological advances; and essential public services.

2. *Authorizations in 1968 and 1969 Housing Acts.* The 1968 Act authorized HUD to guarantee obligations issued by new community developers to help finance approved new community developments. These guaranties were intended to overcome the major obstacles which have prevented greater accomplishments in this field. With the security of Federal guaranties, investors have been willing to provide financing geared to the realities of internal cash flow in new community development projects. To encourage localities to use Federal aid programs in support of new communities, the Act includes a program of incentive grants. When Federally-assisted facilities are being constructed to serve a new community, the public agency will be eligible—in addition to the basic Federal grants—for a supplementary grant covering an additional 20% of construction costs. However, the total federal contribution to the cost of community facilities cannot exceed 80% of the cost of the facility. This would include facilities such as water, sewer and the open-space land. Appropriations for supplemental grants were author-

ized in the amount of $5 million for fiscal year 1969 and $25 million for fiscal year 1970.

The 1969 Act amended Section 412(d) of the 1968 Act to authorize appropriations for new community assistance grants through the fiscal year 1971.

3. *Authorizations in Appropriation Acts.* For fiscal year 1970, $2,500,000 has been appropriated for supplemental grants to public agencies which install federally-assisted facilities to serve new communities. $5 million was included in the appropriation act for fiscal year 1971. For fiscal year 1972, $5 million was appropriated for supplementary grants and $5 million for special planning assistance.

4. *Amendments in Housing and Urban Development Act of 1970.* Title VII of the 1970 Housing Act—called the Urban Growth and New Community Development Act of 1970—created broad new urban growth concepts and programs. This legislation provides a package of Federal financial aids to new community developers, both private and public, to assist in the provision of newly built communities and major additions to existing communities, including:

(a) Guarantees of the bonds or other obligations of new community developers issued to finance land acquisition, land development, and construction of public and utility facilities; the outstanding amount that can be guaranteed with respect to all new community developments cannot exceed $500 million and with respect to each development, $50 million; the amount guaranteed cannot exceed the sum of 80 percent of the value of the property before development and 90 percent of the actual cost of the development, except that for public developers the guaranteed amount could be 100 percent of the above cost items.

(b) Loans to pay interest on bonds of new community developers, repayable on deferred basis as long as 15 years; loans to bear interest at similar rate to outstanding U.S. obligations of comparable maturities; the outstanding amount of loans cannot exceed $240 million for all developments and $20 million for one development.

(c) Special planning assistance grants to new community developers to pay up to two-thirds the cost of various planning for new community development; $10 million authorized over two years.

(d) Supplementary grants to states or localities for facilities to increase the Federal share under numerous public facility grant programs by up to 20 percent of the cost of such facilities, provided the total Federal share does not exceed 80 percent; $168 million authorized over 3 years.

(e) Public service grants to help defray the initial costs of essential public services (including schools) with respect to new communities; open-end authorization.

(f) Comprehensive planning grants to public bodies or organizations or public officials to finance planning for urban growth and the provision of new communities.

(g) Open space grants, up to 75 percent, to public bodies to finance acquisition of undeveloped land which can be used in connection with the growth of new communities including the expansion or revitalization of existing communities.

Other parts of this title would authorize new community demonstration projects by the Federal government on Federal land; require urban growth reports from the President through an identified unit of the Domestic Council every two years; and authorize urban renewal grants to finance the acquisition of vacant or inappropriately used land or space which could be developed for housing and related uses, the development of new communities in town, or other undertakings related to inner city needs.

New Community Land Development

The 1970 Act amends title IV of the Housing and Urban Development Act of 1968 to authorize an increase in the Guarantee Fund for new Communities Land Development from $250 million to $500 million; extend the availability period of unexpended funds to July 1, 1974; and clarifies the conditions under which guaranty payments are to be made to bond holders.

II. Recommendations

1. *Appropriations.*

(a) We recommend the full appropriation of all amounts authorized for grants under the Urban Growth and New Community Act of 1970 which have not been included in appropriation acts; also, an advance appropriation of similar grants for the next year, besides the current one, in order to give more lead time for initiating and planning new communities. All future authorizations should be fully funded by appropriations.

(b) An appropriation of $5 million was made for special planning assistance grants to new community developers but these funds were transferred for use as supplementary grants in fiscal 1973. NHC deplores the failure to utilize the $5 million for special planning assistance to developers as contemplated by Title VII of the 1970 Housing Act.

2. *Requested Appropriation.* In his Budget Message for fiscal 1973, the President has requested an appropriation of $5 million for supplementary grants for new community assistance projects. While this is $5 million less than the amount appropriated in fiscal 1972, there will be a carry-over to fiscal 1973 of unused supplementary grant authorizations so that the total amount available in that year will be $10 million.

3. *Increase in Legislation Authorizations and Appropriations.*

(a) We recommend that the aggregate limit on outstanding guaranties be increased by $1 billion above the present limit of $500 million. We further recommend an increase in the authorization of appropriations for supplemental grants to $100 million a year for a 5-year period.

(b) There is an urgent need for special planning assistance to developers. NHC recommends the full appropriation of the $10 million authorized for this purpose over a 2-year period and an additional authorization at the same annual rate for 3 more years.

(c) We recommend an appropriation of $10 million for fiscal 1973—and a like amount as an advance appropriation for fiscal 1974—to fund public service grants (as authorized by Title VII) to help defray the initial cost of essential public services (including schools) with respect to new communities. We further recommend a legislative authorization of appropriations for this purpose at the same annual rate for a 5-year period.

(d) All of the foregoing authorizations should remain available until committed.

4. *Other Legislative Amendments.*

(a) With respect to the Community Development Assistance Bill reported by the Senate Committee on Banking, Housing and Urban Affairs on February 28, 1972 (introduced by Senator Sparkman as S. 3248), NHC recommends an amendment to the basic grant formula to meet the needs of new communities. The present formula in that bill is not suitable or workable for new communities as it is based on past grant program experience, existing population, housing overcrowding and poverty—of which new communities have little or none. New communities require a formula which is based upon *future* needs, including the new population they will attract and the new community assistance projects and services they will require, instead of being based on *past or existing* conditions.

(b) The community development grants under S. 3248 would equal 90 percent of project cost. With respect to the 20 percent supplementary grant for new community assistance projects, an amendment is necessary to repeal the 80 percent limitation on the total Federal share of grants and to provide that the total Federal grant is not to exceed the cost of the new community assistance project.

(c) There should be an earmarking of Federal grants and assistance for all new community assistance projects and services to assure the availability of sufficient Federal grant funds to meet the needs of new communities.

(d) Nonprofit organizations should be made eligible for regular and supplementary grants for new community assistance projects and services—just as they are now eligible for such grants under the Hill-Burton program concerning hospital and health services.

(e) The Bureau of Public Roads should be authorized to purchase excess land beyond the amount needed for the roads themselves. This would include land suitable for residential development which the Bureau should make available to rehouse displaced families. At large road interchanges, the Bureau should be authorized to acquire additional land for the development of new communities which can meet the needs of our growing population, including displaced families. Such land can generally be acquired by the Bureau at low cost at the time that land is being acquired for new road systems.

5. *Recommendations for Administrative Action.*

(a) In view of the critical need for this program to help take care of population increases, relieve city congestion and provide building sites, NHC urges HUD (i) to utilize and effectuate fully the Urban Growth and New Community Development Act of 1970; (ii) to act promptly on guaranties required by developers to enable them to get financing for these new communities—including new towns in town—which are urgently needed; and (iii) to establish a sufficient earmarking of HUD grant funds to provide for new community assistance projects and services.

(b) To achieve the objectives of the new communities legislation, full coordination is required between HUD—and all of its participating constituents—and all of the other Departments of the Federal Government who participate in grant and other assistance programs; also between the Federal Government and local governments. Each must effectively use all of its powers and available funds in doing its share of the total job. NHC recommends Presidential action and direction to assure that all participating Departments of the Federal Government fulfill their responsibilities under their programs, including (i) effective coordination and cooperation between them, and (ii) priority in handling of applications and earmarking of sufficient funds for grants and assistance from the various Federal Departments to public and nonprofit agencies engaged in undertaking new community assistance projects and servics.

CHAPTER Y. ADEQUATE SITES FOR EXPANDED HOUSING PROGRAM

I. *Summary of existing legislation*

1. *Objectives.* One of the most serious impediments to achieving our housing goals is the lack of adequate building sites at reasonable prices. It will be impossible to provide the necessary additional supply of housing unless suitable improved sites are available, which include all of the public services and facilities necessary for a suitable living environment. There is a special and critical problem relating to the availability of improved land for low and moderate income housing; such housing is least able to compete for land because it cannot pay as high a price. In addition, restrictive zoning and other practices have precluded many suitable building sites from being utilized to house these income groups. To meet these problems and facilitate achievement of the

necessary expansion of total housing production on a well-planned basis, the National Housing Conference recommends the legislative and administrative measures described below.

2. *Authorizations in Existing Legislation.* The following is a summary of some of the major provisions in existing legislation which can effectively be utilized to make improved land available for expanded housing production, particularly for those of low and moderate incomes:

(a) The urban renewal legislation authorizes the acquisition of land and its disposition, with appropriate write-downs based on the planned use of the land. The legislation recognizes the special needs for rehousing families who are displaced and those of low and moderate incomes. The urban renewal laws are important tools which can be used to help provide an adequate supply of improved building sites at reasonable prices for housing, with emphasis on meeting the needs of persons of low and moderate incomes. (See paragraph 4(g) of Chapter T for an explanation of the provision in the 1969 Housing Act requiring a "one for one" replacement of housing demolished within the jurisdiction of the Urban Renewal Agency.)

(b) The 1968 and 1970 Housing Acts authorize programs for new communities and urban growth—as described in the preceding chapter—which should produce improved building sites for homes and apartments in carefully planned communities, including all necessary public and community facilities. The law requires that low and moderate income housing be included in these new towns as a prerequisite for supplemental grants to public agencies in providing water, sewer and other public facilities and services.

(c) Under existing law, federal grants are available to public agencies for water and sewer facilities, neighborhood facilities, open space and programs for advance acquisitions of land as described below. When adequately funded—as recommended elsewhere in this report—this legislation should enable public agencies to provide the water, sewer and other public facilities required for the improvement of land, so that it will become suitable and available for residential construction.

3. *Amendments in Housing and Urban Development Act of 1969.*

Sale of Land for Housing. It permits real property which is surplus within the meaning of the Federal Property and Administrative Services Act to be transferred to the Secretary of Housing and Urban Development at his request for sale or lease by him at its fair value for use in the provision of rental or cooperative housing to be occupied by families or individuals of low or moderate income. Surplus real property can be sold on such terms by the Secretary if it is sold to (1) a public body which will use the property in connection with the development of a low-rent housing project assisted under the United States Housing Act of 1937, or under a state or local program found by the Secretary to have the same general purposes as the federal program under such act, or (2) a purchaser who will use the property in connection with the development of (i) rent supplement units, (ii) below-market-interest-rate moderate income housing or (iii) rental housing on behalf of which interest reduction payments are made under Section 236 of the National Housing Act. Prior to any sale or lease to a purchaser other than a public body the Secretary must notify the governing body of the locality where the property is located and no sale or lease may be made if, within 90 days, the local governing body formally notifies the Secretary that it objects to the proposed sale or lease.

As a condition to any sale or lease of surplus real property, the Secretary of Housing and Urban Development is required to obtain such undertakings as he may consider appropriate to assure that the property will be used in the provision of rental or cooperative housing to be occupied by families or individuals of low or moderate income for a period of not less than 40 years. If during such period the property is used for any purpose other than the purpose for which it was sold or leased, it will revert to the United States (or, in the case of leased property, the lease will terminate) unless the Secretary, after the expiration of the first twenty years of such period, has approved the use of the property for such other purpose. The Secretary must notify the Senate and House Committees on Banking and Currency whenever any surplus real property is sold or leased pursuant to this section.

4. *Disposition of Surplus Land for Low and Moderate Income Housing and Related Facilities.* The 1970 Act amends Section 414 of the Housing and Urban Development Act of 1969 to authorize the Administrator of General Services to dispose of Federal surplus land to the Secretary of HUD for the construction of low and moderate income sales housing and related public commercial and industrial facilities. Existing law authorizes such disposal only for low and moderate income rental or cooperative housing.

II. Recommendations

1. NHC recommends full funding and full use of all of the authorizations in existing legislation for the purpose of assuring that there will be an adequate supply of improved building sites available at reasonable prices to meet our housing goals, with special emphasis on the needs for such land at prices which would permit its use for housing persons of low and moderate incomes. The amount of the appropriations and authorizations for these programs (including urban renewal) should be increased commensurate with the tremendous need to increase the supply of improved building sites to enable the contemplated expansion of housing production.

2. NHC recommends necessary increases in the authorizations and appropriations for all the programs which provide Federal assistance for public services and facilities in the new areas where improved land is to be made available for housing including: water and sewer systems; neighborhood facilities; open space; the new communities program; mass transportation; health, education and welfare.

3. The additional improved building sites should be made available both within the cities and outside of the cities. We must make available for housing development extensive areas of vacant land or other sites which do not involve substantial residential displacement; such land must be provided with necessary public and community facilities and services. Existing legislation should be amended to the extent necessary to enable the write-down of improved sites in such new areas of vacant land so the improved land will be at a price which enables its use for housing, particularly for those of low and moderate incomes.

4. To help provide the measures necessary to accomplish the foregoing objectives, NHC supports and urges the passages of S. 609, the "Urban Planning and Housing Assistance Act of 1971," introduced by Senator Javits. This bill contains the following provisions to encourage improved land utilization and expanded housing programs:

(a) It would deny assistance under programs of the Department of Housing and Urban Development to cities which employ restrictive land use practices to exclude publicly-assisted housing for low and moderate income families.

(b) It would provide 50 percent grants to pay for local services, such as transportation or water and sewers, which would be affected by more intensive land utilization and expanded housing.

5. To help provide sites for low and moderate income housing, NHC believes that nonprofit and profit-motivated sponsors need assistance from the Federal Government to overcome local restrictive zoning and other discriminatory practices which exclude Federally assisted housing. We strongly recommend the legislation described in paragraph 3(o) of Chapter B.

6. Federal grants should be made to municipalities and public agencies to cover impact costs of providing educational, health and other services which result from the location of housing developments in an area. The Federal grant should cover the additional costs involved which cannot be met from collections of full taxes or their equivalents on the project. We recommend payment of full taxes or their equivalents on public and other assisted housing.

CHAPTER Z. PUBLIC AND COMMUNITY FACILITIES INCLUDING WATER, SEWER, NEIGHBORHOOD FACILITIES AND OPEN-SPACE LAND PROGRAMS

I. Summary of existing legislation

1. *Need.* There is a great and continuing need for Federal public facilities grants to assist in overcoming serious backlogs in replacing substandard or obsolete facilities—especially in the central cities—and eliminating water pollution and meeting the unprecedented demands for additional facilities and services generated by population expansion. These needs cut across whole metropolitan areas and involve central cities, new suburbs and the new communities still to come. This essential expansion in Federal aid could be a potent influence in resolving the present chaotic conditions created by the multiplicity of local governmental jurisdictions in most metropolitan areas. This multiplicity has led to suburban sprawl, land misuse, land speculation, and frequent failure of an effective tool for the control of new developments. Such a program could provide metropolitan area and regional planning as important leverage to establish coordinated local governmental approaches to control programs of area and region-wide significance. At the same time it could foster decentralization of local governmental functions of strictly local application.

2. *Authorizations in 1968 and 1969 Housing Acts.*

(a) The 1968 Act authorized funds to be appropriated for water and sewer facilities and the open-space land program. For water and sewer facilities an additional $150 million was authorized for fiscal year 1969 and $115 million for fiscal 1970. For the open-space land program, the 1968 Act authorized to be appropriated for the purpose of making grants an additional $150 million (for a total ceiling of $460 million) prior to July 1, 1970. The limit on the amount of funds the Secretary of HUD is authorized to use for grants for technical assistance on open space was raised by $75,000. The Act provided that any appropriations made for water and sewer facilities, neighborhood facilities, and advance acquisitions of land programs not already appropriated my be appropriated for fiscal 1970. The Act extended the interim planning requirements under the basic water and sewer facilities grant program to October 1, 1969.

(b) The 1969 Act authorized funds for Open Space, Urban Beautification, and Historic Preservation Grants. Section 702(b) of the Housing Act of 1961 was amended to extend the availability of approximately $84 million in unused authorization for open space, urban beautification, and historic preservation programs through the fiscal year 1971. Prior to this amendment the authorization would have expired at the end of fiscal year 1970.

(c) The 1969 Act authorized funds for Community Facilities Grants. Section 702(c) of the Housing and Urban Development Act

of 1965 was amended to extend for one year (until October 1, 1970) the time within which a community may qualify for a basic water and sewer facilities grant even though its program for an area-wide system (though under preparation) has not been completed.

(d) The 1969 Act amends Section 708(b) of the 1965 Act to authorize appropriations for grants for basic water and sewer facilities neighborhood facilities, and advance acquisition of land through the fiscal year 1971. Prior to this amendment, these appropriations were authorized to be made only through fiscal year 1970.

(e) The 1969 Act amends Section 708(a) of the 1965 Act to authorize the appropriations of an additional $100 million for basic water and sewer grants for fiscal year 1971.

3. *Authorizations in Appropriation Acts.* For fiscal year 1969 there was an appropriation of $165 million for water and sewer grants, an appropriation of $75 million for open-space land grants, and an appropriation of $35 million for neighborhood facilities grants. For fiscal year 1970, there was an appropriation of $135 million for water and sewer—plus $15 million carryover—$75 million for open space and $40 million for neighborhood facilities. The following was appropriated for fiscal year 1971: $350 million for water and sewer facilities grants, $75 million for open space land programs and $40 million for neighborhood facilities grants. For fiscal year 1972, the following was appropriated: $500 million for water and sewer facilities grants, $100 million for open space land programs ($75% grants allowed for Section 706) and $40 million for neighborhood facilities grants.

4. *Amendments in the Housing and Urban Development Act of 1970.*

Consolidation of Open-Space Land Programs—The 1970 Law amends title VII of the Housing Act of 1961 (grants for open-space land, urban beautification and historic preservation) to authorize a single program of grants for (1) 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 (including historic preservation).

5. *Other 1970 Legislation.* In addition to the regular water and sewer appropriation, Congress passed a $1 billion authorization for basic water and sewer facilities. When President Nixon signed the bill, he commented that he would not spend the money if it were appropriated. To this date there has been no appropriation.

6. *Legacy of Parks Program.* In September, 1971, HUD issued guidelines for the "legacy of parks" program. This plan provides for matching grants to local public agencies for up to 50% of the cost of land acquisition, land development, environmental improvements and the preservation of historic sites. Additional grants for up to 75% of the cost of acquiring land is available for parks to be used in urban areas.

II. Recommendations

1. *Urgent Need to Continue Water and Sewer Grant Program.* In his Budget Message for fiscal 1973, the President has requested an appropriation of $200 million for water and sewer facilities. Senator Sparkman's Bill, S. 3248 (as reported by the Senate Committee on Banking, Housing and Urban Affairs), provides for community development assistance which would combine several categorical assistance programs—including water and sewer grants—into one block grant program. Chapter F, Part 3 contains a description of the proposed program.

For the reasons set forth elsewhere in these Resolutions we recommend that a separate water and sewer grant fund be maintained for use by local governmental units not wishing to undertake full community development programs.

There should also be advance appropriations for each succeeding fiscal year, besides the current one, to give public agencies more lead time for their planning and development of these community development assistance programs, including sewers and water facilities. When the additional legislative authorization recommended below is made—if the water and sewer and public facility assistance continue as separate categorical grant programs—we recommend an increase in the rate of appropriations to $2 billion annually for water and sewer grants, and for other public and community facilities as described below.

2. *Increase in Legislative Authorization.* NHC recommends a 5-year authorization of $2 billion annually for grants to local governments for basic water and sewer facilities and other types of public improvements and community facilities. Of the $2 billion, $250 million should be made available annually for the open space land program. The public improvements and community facilities should include those authorized by the 1965 Act such as neighborhood and public facilities, particularly in slum and ghetto areas. It should also include the acquisition of land to provide parks and recreational facilities in urban areas, so that they are closely accessible to the people who need them most.

3. *Other Legislative Amendments.*

(a) As recommended in these Resolutions on other comparable programs, Federal grants to both smaller and larger cities for public and community facilities should be increased to 90%. Participating communities should have the option to provide the 10% local share in public improvements or other noncash credits as well as in cash. For neighborhood centers, parks and recreational facilities in slum and ghetto areas, the Federal grant should be 100%. Moreover, there should be annual Federal grants to provide for the staff and operating expenses of such facilities. The neighborhood facilities centers in such areas should be permitted to include swimming pools—either indoor or outdoor—and gymnasiums.

(b) We believe that the foregoing grants should be generally restricted to communities that are simultaneously providing adequate housing for low and moderate income families, where the need for such housing exists.

CHAPTER AA. FEDERAL PROGRAM FOR PLANNING AND MANAGEMENT ASSISTANCE TO STATES, TO AREAWIDE AGENCIES AND TO LOCALITIES

I. Summary of existing legislation

1. *Need.* With increased concentration of population in and around metropolitan areas, there is an urgent need for a coordinated development of resources and services for urban and rural areas and a need to facilitate comprehensive planning for these areas. Because of the problem of multiplicity of political jurisdictions and agencies involved with this planning, and because of the inadequacy of the operational and administrative arrangements available for cooperation among them, NHC believes that Federal programs are badly needed to achieve the additional participation and cooperation from the states and localities. The 1968 Housing Act contains the following provisions to meet this need:

(a) The Section 701 planning assistance grant program is extensively revised. The Secretary of HUD is now authorized to make comprehensive planning grants to State planning agencies for assistance to "district" planning agencies for any nonmetropolitan areas. Consultation with the Secretary of Agriculture is required prior to approval of any distict planning grants The Secretary of Agriculture and, when appropriate, the Secretary of Commerce, may provide technical assistance in connection with the establishment of districts and the carrying out of planning by them

(b) Other new provisions authorize direct planning grants to Indian tribal planning councils or other bodies for planning on Indian reservations; to regional and district councils of government as well as those organized on a metropolitan basis; to regional commissions and economic development districts established under the Public Works and Economic Development Act of 1965; to cities, without regard to population, within metropolitan areas for planning which is part of metropolitan planning; and to official Government planning agencies for areas where rapid urbanization is expected as a result of a new community development assisted under Title IV of the Act. The Secretary is required to consult with the Secretary of Commerce before making any planning grant which includes any part of an economic development district.

(c) The definition of comprehensive planning is broadened to include planning for the provision of governmental services and for the development and utilization of human and natural resources. The inclusion of a housing element is required as part of the preparation of comprehensive land use plans. The use of private consultants, where their professional services are deemed appropriate by the assisted governments, is added to the stated purposes of the program.

2. *Authorizations in the 1968 and 1969 Housing Acts.*

(a) *Comprehensive Planning.* The Act increased the amounts authorized to be appropriated for the purposes of comprehensive planning by $35 million making a total not to exceed $265 million prior to July 1, 1969 and authorized to be appropriated an additional $125 million for a total not to exceed $390 million prior to July 1, 1970. Of the amount available prior to July 1, 1969, $20 million may be used only for district planning grants and that amount shall be increased by $10 million on July 1, 1969. All amounts appropriated must remain available until expended except that any funds so appropriated, not to exceed an aggregate of $10 million plus 5 percentum of the funds so appropriated, may be used by the Secretary for studies and research in comprehensive planning.

(b) *Planned Area-Wide Development.* Supplementary grants (designed to encourage areawide planning) are authorized for Federally-assisted projects in all multijurisdictional areas (not just metropolitan areas as previously provided) such as the rural planning districts proposed to be assisted with comprehensive planning grants under the comprehensive planning provisions of the law. Unused authorizations for appropriations for supplementary grants for fiscal year 1967 and 1968 are made available through fiscal year 1970.

(c) The 1969 Housing Act amends Sec. 701(a) of the 1954 Housing Act to extend availability of approximately $100 million in unused authorization for comprehensive planning grants through the fiscal year 1971. Under existing law this authorization will expire at the end of the fiscal year 1970.

3. *Amendments in Housing and Urban Development Act of 1970.* The 1970 Act amends Section 701(b) of the Housing Act of 1954 to extend for 1 year (through fiscal year 1972) authority to appropriate unused authorizations for comprehensive planning grants. The Act also authorizes an additional $30 million for comprehensive planning grants to be appropriated prior to July 1, 1972.

4. *Authorizations in Appropriation Acts.* The Budget authorizations or requests for Comprehensive Planning Grants were $50 million for fiscal 1971, $100 million for fiscal 1972 and $100 million for fiscal 1973.

II. Recommendations

Additional Authorization in Appropriation Acts. NHC urges that full amounts be appropriated for supplemental grants for the orderly growth of our urban areas. These are needed to achieve more effective coordinated metropolitan area planning and program development. In addition, NHC urges

that the amounts authorized for a program of area-wide incentive grants be appropriated.

President's New Planning and Management Program. In his Message on March 5, 1971, dealing with special revenue sharing on urban community development, the President recommended federal grants for a new Planning and Management Program. We quote from his Message:

"To strengthen State and local capacities even further, I am presenting a second proposal today, one that would do a great deal to help *all* of our revenue sharing proposals work even better. I am asking the Congress to authorize a new program of Planning and Management Assistance to States, to areawide agencies and to localities. Under this program, $100 million would be available for these purposes.

"The new program would involve more money, and would provide recipient governments with broader and more flexible support for building up their capacity to govern effectively. . . . It will place new emphasis on the creation of a comprehensive management process, one that ties together planning and action, not just in the community development field, but in fields such as transportation, education, law enforcement and all other fields of local and areawide governmental endeavor. . . ."

Until we know more about the proposed operation and specifics of this new program, NHC is not able to take a position on it. However, we are favorably disposed to it: (i) if it will result in an increase in the total amount of aid available to States, area-wide agencies and localities for the important purposes contemplated by the program; (ii) if the new program will not adversely affect any present programs; and (iii) if there is no interruption or withholding of funds for present programs during the transitional period until the new program is enacted and becomes fully operational.

NHC emphasizes the importance of continuing the requirement for a housing element in the Section 701 program. This is important if we are to make adequate sites available for a well balanced housing program.

III. Provisions on Comprehensive Planning and Related Programs in Chapter IV of S. 3248 and NHC Recommendations

The Senate Committee Report explains the provisions on Comprehensive Planning as follows:

Comprehensive Planning

The bill expands the purposes of the comprehensive planning program to include assistance to state and local governments and regional combinations thereof for implementing plans and for increasing the policy-planning-evaluation capacity of the chief executive as well as for engaging in a comprehensive planning process.

The section of the bill also amends Section 701(a) of the Housing Act of 1954 by simplifying and consolidating the eligible recipients categories. Eligible recipients would fall into six categories instead of the present 11. The four basic primary categories are: states for distribution to small communities and counties, states for their own use, municipalities over 50,000, and areawide organizations. The other two secondary categories—Indian tribes and other governmental units or agencies having special planning needs—include other eligible recipients previously listed in subsection (a). The Committee does not expect these last two categories to receive more than a small share of total grants.

The consolidation and simplification of eligible recipients also involved some substantive changes. At the present time, municipalities over 50,000 may receive funds only for planning which is part of metropolitan planning. The Committee wishes to retain, and, indeed, strengthen planning on a metropolitan-wide basis and it has taken several actions to accomplish those objectives. However, it believes that cities should not be prevented from using 701 funds to engage in their own local comprehensive planning and to help implement those plans.

Grants, in the case of both municipalities and states, will be made to general purpose units of government rather than directly to planning agencies. The recipient may, of course, allocate a portion or all of its funds, as it sees fit, to planning agencies, in order to carry out the recipient's activities.

The present law also specifies metropolitan, regional, and district planning agencies as eligible recipients for comprehensive planning funds. Section 401(a) specifies that the eligible recipient within a metropolitan area, region or district shall be the A–95 metropolitan clearinghouse (as specified by Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 and Section 401 of the Intergovernmental Cooperation Act of 1968) for that area.

The Committee sees no reason for the federal government to encourage several competing organizations undertaking planning within the same geographical area. However, separate authority for Councils of Governments in Section 701(g) is retained, so that even where COGs are not A–95 agencies, they will nonetheless still be eligible for funding. The emphasis on COGs—areawide bodies whose members are composed of elected officials, or their representatives, of jurisdictions within the area—is consistent with the Committee's desire to foster a planning system around elected officials at all levels of government.

Finally this section retains language mandating the Secretary to encourage co-operation among the various units of government in preparing and carrying out plans and adds a provision to ensure that local, areawide and state plans and activities are consistent with one another.

In addition this section changes the present federal matching grant from 66⅔ per centum (or 75 per centum in certain specified cases) to 80 per centum for all recipients. The Committee raised the Federal share in order to emphasize the degree of federal interest in encouraging comprehensive planning. However, it resisted efforts to increase the federal share to 100 per centum because it felt serious planning requires a strong commitment by the recipient, including a willingness to invest some of the recipient's own funds.

The section also extends the program by making available authorizations of $150 million for FY 1973 and $200 million for FY 1974. The increased authorization will be necessary to meet, in an orderly fashion, the expected increase in program applications resulting from the expansion of eligible activities provided for in this bill.

The Committee also mandated a specific set-aside for areawide agencies. The set-aside equals 30 per cent of the first $125,000,000 appropriated annually and 25 per cent of any funds appropriated annually in excess of $125,000,000. The Committee felt the set-aside was necessary because areawides, unlike other primary recipients, have no independent fund-raising capability. Furthermore, despite the emphasis on areawide planning in present legislation (an emphasis which is retained), funding for areawide has fallen as a percent of total grants, even though the number of areawides receiving funds has greatly increased. In fact, the average 701 grant for an areawide has actually decreased from $72,843 in 1970 to $70,731 in 1972, at the same time the average grants to state for state planning has increased from $185,417 in 1970 to the $430,000 in 1972.

This Section also clarifies and expands the list of eligible activities a recipient may undertake. Eligible activities would include, in addition to comprehensive planning, activities necessary to develop and improve the management capability directly necessary to implement comprehensive planning and activities necessary to develop a policy-planning-evaluation capacity.

By policy-planning-evaluation capacity, the Committee has in mind the development on the part of a recipient of the analytical ability more rationally to identify its problems and needs, set long term policy goals and short term policy objectives for meeting its needs, devise programs and activities to meet those policy goals and objectives, and evaluate its progress towards meeting these goals and objectives.

The two new activities would allow recipients to spend 701 funds, for example, to undertake studies to identify problems in one or more policy areas, to strengthen their budgeting systems, to improve their ability to gather, process and analyze data necessary for rational decisionmaking, to devise programs and to reorganize governmental structures, and to strengthen the capacity of the recipient to analyze the impact of its programs in meeting its policy objectives. The Committee particularly wishes to stress the importance of increased efforts at self-evaluation. The 701 funds would not be available, however, for direct program administration.

In order to prevent possible abuses of 701 funds, the Committee added a provision specifying that activities assisted under 701 grants shall be carried out by professionally competent persons. However, the term professionally competent should not be interpreted in a narrow sense—i.e., it is not the Committee's intention to view a formal professional degree as a necessary precondition for professional competence. Rather the term implies persons should have an appropriately related background or experience.

Section 401(b) also changes the required activities, all recipients must undertake. Under present law, all recipients must prepare a housing element as part of a comprehensive land use plan. Section 401(b) requires all recipients to carry out an ongoing comprehensive planning process which shall include, as a minimum, a housing element, a land use element, and a five-year capital programing element. The five year capital programing element is added as a required element because the Committee feels that rational planning for urban growth must include major capital investments such as highways, transit lines, and sewers, whose placement will determine the future shape of urbanization.

The Secretary is mandated to make no grants to recipients which, three years after enactment of Section 401(b) are not engaged in comprehensive planning which includes at least the three required elements. The secondary recipients and municipalities under 50,000 as well as counties under 50,000 are exempt from this provision.

The Committee wishes to emphasize that it conceives of comprehensive planning as a continuing process in which goals, objectives, and activities change over time. Nonetheless, at any point in time, the present status of comprehensive planning (including long term goals and short term objectives, activities being undertaken to accomplish goals and objectives, and an evaluation of previous efforts) should be able to be set forth in concise written form. In short, the mere statement that a recipient is engaging in comprehensive planning in the three required areas shall not, in itself, suffice as satisfactory evidence that the required planning elements are being carried out.

This section also enjoins the Secretary from making grants to applicants which have not made a good faith effort to implement their comprehensive plan. The Committee has no desire to encourage planning as an academic exercise or to subsidize the production of "paper plans" which merely sit on library shelves. It recognizes that planning must be flexible and goals and objectives will

change over time. It also recognizes that structural, political, or other obstacles may prevent plans from being successfully implemented. But at the same time, it expects recipients to utilize planning as guidance for public action. Indeed, the prime rationale for extending the provisions of the 701 legislation to cover management and policy-planning activities is to increase the ability of a recipient to implement its comprehensive planning and its likelihood of doing so.

The bill also amends Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 by adding comprehensive planning and community development activities undertaken pursuant to Title II of this bill, to the list of activities for which Federal grant applications must be submitted to an areawide agency for review. If state law permits, the areawide agency must be predominantly—rather than "to the greatest extent practicable" as the present law provides—composed of or responsible to the elected officials of the jurisdictions for which the agency is authorized to engage in planning. Predominantly means, at a minimum, a majority, but the Committee wishes to make known its desire that if possible, a much greater portion of the areawide agency's membership be composed of or responsible to the elected officials of these jurisdictions.

The Committee wishes to emphasize that Section 204 remains the operative legislative provision with respect to the A–95 review in metropolitan areas. The Committee is concerned that some federal agencies and departments may not be fully discharging their responsibilities under Section 204 and particularly the requirement that applications not be approved unless the provisions of Section 204 are met by the applicant. Section 204 includes a provision that, if the application is accompanied by comments from the areawide agency rather than by certification that the areawide agency has made no comments, the comments "shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area . . ." In order to ensure that legislative requirements such as this are being carried out and to evaluate the impact of these requirements, Section 402(b) requires each federal agency administering program pursuant to the provisions of Section 204 and Section 401 of the Intergovernmental Co-operation Act of 1968 to submit a report to Congress by July 1, 1973 on the manner in which they are implementing OMB circular A–95 (which sets forth rules and regulations for implementing the provisions of Section 204 and Section 401 of the Intergovernmental cooperation Act).

NHC supports the foregoing provisions of the *Senate Enacted Bill* which carry out many NHC recommendations.

Training and Fellowship Program

The bill also amends Title VIII of the Housing and Urban Development Act of 1964 (training and fellowship programs) by providing the Secretary with the authority to make grants to or contracts with higher education institutions to assist them in planning, developing, strengthening, and improving programs in courses of study for which the Secretary has the authority to provide fellowships.

NHC supports the provision of the *Senate Enacted Bill*, except that NHC recommends an amendment to authorize the grants to other training institutes of a nonprofit character which are approved by the Secretary.

CHAPTER BB. URBAN MASS TRANSPORTATION

I. *Summary of Existing Legislation*

1. *Objective.* There is an urgent need to modernize, expand and reorganize the urban transportation systems. Adequate Federal grants are necessary to achieve this objective.

2. *Authorizations in the 1968 and 1969 Housing Acts.*

(a) The 1968 Act increased authorized appropriations for grants and other assistance to urban mass transportation by $190 million for fiscal year 1970. The amount of funds which can be used for research, development, and demonstration projects was increased by $6 million, commencing July 1, 1968; also the statutory limit on the funds available for this purpose is removed, commencing July 1, 1969. The definition of "mass transportation" was broadened to allow greater flexibility and opportunity for application of new concepts and systems.

(b) The 1969 Act amended Section 4(b) of the Urban Mass Transportation Act of 1964 to authorize appropriation of $300 million for fiscal year 1971 for grants under that Act.

3. *Authorizations in Appropriation Acts.* For the fiscal years 1969 and 1970 there were appropriations of $175 million each year. Of the total amount in legislative authorizations for mass transit grants, $70 million has not been appropriated. Section 5 of the 1964 Act is amended to extend until July 1, 1971, the interim program there authorized of 50 percent grants for mass transportation facilities and equipment in urban areas not yet able to meet full area-wide comprehensive planning and programing requirements. These emergency grants are in place of the two-thirds federal grants available when all comprehensive planning requirements are met.

II. *Recommendations*

1. *Additional Authorizations in Appropriation Acts.* NHC recommends an appropriation of the $70 million authorized by law for mass transit grants, but not yet appropriated. When the additional legislative authorization recommended below is made, we urge an increase in the rate of appropriations to $750 million annually for mass transportation grants. No funds were requested by HUD for fiscal year 1971 because under an agreement between HUD and the Department of Transportation (DOT), the administration of HUD's residual functions in mass transportation will be transferred to DOT, as will unobligated balances.*

2. *Increase in Legislative Authorizations.* NHC recommends that authorization of appropriations for mass transit grants be increased to $750 million per year for the next five years. The expansion of the program is necessary to achieve the housing and urban development goals recommended in this report. We also urge an advance appropriation for each succeeding fiscal year, besides the current one, in order to give cities more lead time for planning their mass transit programs.

III. Provisions on urban mass transportation in chapter VI of S. 3248 and NHC's recommendations

The Senate Committee Report explains the provisions on Mass Transportation as follows:

Assistance for Operating Expenses

Chapter VI of the bill would amend Sec. 3 of the Urban Mass Transportation Act of 1964 to prevent reduction of essential transportation services in the Nation's urban centers by authorizing assistance to defray operating expenses. Grants or loans, requiring at least one-third local contribution, would be provided to State or local public bodies in order to assist any mass transportation system which maintains mass transportation service in an urban area to pay operating expenses incurred as a result of providing such service. Included within the terms of such assistance are grants to State and local public bodies for debt servicing for mass transit investments.

The Committee, in reporting Chapter VI, specifically calls attention to the critical need for increasing and improving the Nation's public transportation systems and for providing necessary Federal assistance to permit local communities to plan and implement the mix of transportation services most responsive to their own goals and to orderly community growth and development.

The 1970 Housing and Urban Development Act, as reported by the Committee and passed by the Senate, contained a provision for operating assistance for urban mass transportation. A similar provision was not contained in the House Bill and the House-Senate Conference deleted the provision. A substitute provision calling for the Department of Transportation to conduct a study of the feasibility of operating subsidies and to report back to the Congress within a year was inserted in place of the initial operating assistance program.

The Department of Transportation submitted its study of the "Feasibility of Federal Assistance for Urban Mass Transportation" in November 1971. The report contains extensive documentation of the critical state of the transit industry; detailed review of State and local actions to aid transit operations; and an Administration proposal for additional study and consideration of the operating subsidy issue.

The Committee rejected the Arministration's suggestion for further study. Accordingly, hearings on "Emergency Urban Mass Transit Legislation," were conducted January 31–February 2, 1972.

While the passage of the Urban Mass Transportation Act of 1970 was a significant advance in Federal assistance for mass transportation, the Committee had reservations that a program of capital grants could, by itself, alleviate the financial distress of the transit industry and the increasing number of municipalities which own and operate transit systems. Information received by the Committee indicated that in the decade from 1961–1971, the number of municipalities which were forced to initiate programs of operating assistance to transit systems increased by nearly 400%. Deficits are currently running at the rate of $360 million a year and, as set forth in the following table from the Department of Transportation's November 1971 Report, are nationwide in effect.

The Committee has been apprised of the fact that the revenue/expense situation of mass transit is likely to deteriorate still further given present patterns of assistance and that the general picture of the transit industry will remain one of rising fares, increasing operating expenses, and declining ridership. In the absence of Federal support, States, cities and municipalities will continue to be forced to carry the burden of transit's financial decline. As developed in testimony during the 1972 hearings, the 108 systems which are currently subsidized will almost certainly increase to the point where every large city transit system will be public owned and heavily subsidized. At the present time 35 cities are facing the issue of initiating local subsidies for transit operations.

On the basis of such evidence, reports and testimony, it has become evident to the Committee that increasingly passenger revenues cannot meet the operating expenses; that the problem is national in its dimensions; and that if mass transit is to perform an essential public service, federal support for operating expenses is a prerequisite.

Accordingly, the Committee is recommending that mass transit legislation be amended to authorize grants under Sec. 3 of the Urban Mass Transportation Act of 1964 for operating expenses as well as for capital costs. The major purpose is to assist in revitalizing the Nation's mass transportation systems by allowing States and localities to determine which systems in their jurisdiction are in need of operating assistance and, on this basis, to submit to the Secretary of Transportation a comprehensive mass transportation service improvement

*Under the proposed Department of Community Development, mass transit would become *its* responsibility along with most of HUD's functions: See Chapter F.

program to improve such service and to place mass transportation operations on a sound financial basis.

Section 601 directs the Secretary of Transportation to issue such regulations as he deems necessary to administer the operating subsidy program in an equitable manner and to include in the regulations appropriate definitions of (a) operating expenses and (b) the sources of State or local financial assistance which may be considered in computing the maximum allowable Federal grant. It is expected that criteria established by the Secretary of Transportation for evaluating applications for operating assistance would be comparable to criteria employed under the existing capital grant program.

Further, in view of the critical conditions of the Nation's mass transportation systems today, the Committee strongly believes that funds duly authorized and appropriated by the Congress for the capital grant program which have been withheld from obligation in FY 1971 ($200 million) and in FY 1972 ($300 million) should be immediately available upon enactment of the bill to assist in defraying operating expenses of mass transit systems.

The Committee desires to emphasize that its action to amend Sec. 3 of the Urban Mass Transportation Act of 1964 to permit grants for operating expenses should in no way be construed as reducing the funds that would otherwise be authorized for the capital grant program. There is no intent to make operating subsidy requirements compete with requirements for equipment and facilities to the detriment of the existing capital grant program. Accordingly, during review of the Administration's request for mass transportation contract authority for fiscal years 1976 and 1977, the Committee proposes to recommend and appropriate increases in the total authority and to earmark amounts for the express purpose of operating subsidy grants.

Assistance for Capital Expenses

The bill would also amend the Urban Mass Transportation Act of 1964 by providing that Federal grants for capital assistance shall not exceed 90% of Sec. 4(a). Also, grants for technical studies under Section 9 would be authorized at a level not to exceed 90%.

The Committee feels strongly that funding for mass transit capital facilities and equipment at a 90/10 ratio is essential if the Nation's transit investment is to become an attractive alternative to highway programs, which have long been funded on a 90/10 basis for interstate construction.

Additional Amendments

The bill would provide additional amendments to the Urban Mass Transportation Act of 1964 including (1) to clarify the term mass transportation system; and (2) to make explicit the applicability of Sec. 4(a) to grants for facilities and equipment as distinguished from grants for operating expenses.

Planning Certification for Capital Grants

Testimony was received by the Committee pertaining to the effect of planning requirements on the administration of the capital grant program under the Urban Mass Transportation Act of 1964. While no legislative revision is recommended, the Committee emphasizes that in devising Section 4(a) of the 1964 Act it was not intended that it be administered in such a manner as to result in inordinate delay in the provision of Federal financial assistance to localities for transit facilities and equipment.

The Committee feels strongly that in determining whether applications comply with the Sec. 4(a) comprehensive planning requirements, it is appropriate for the Secretary of Transportation to follow certification procedures comparable to those required under the Federal aid highway program. The Committee is aware of initial action on the part of the Secretary of Transportation to standardize and streamline the planning certification process for various related transportation grant programs and commends this effort. In this connection, the Committee requests the Secretary of Transportation to report to the Committee on the status of such planning consolidation activities and associated action to expedite determinations required under Sec. 4(a) at the earliest practicable date but in no event later than 6 months after the date of enactment of the bill.

For the purposes of financing grants and loans under the mass transportation program, an amendment was adopted by the Senate authorizing an appropriation of $400 million prior to July 1, 1973, which amount may be increased to $800 million prior to July 1, 1974.

NHC supports the foregoing provisions of the Senate Enacted Bill which carry out many NHC recommendations. We are particularly gratified with a program that recognizes the need for operating subsidies for urban mass transportation; also, the need to increase Federal grants for capital assistance to a 90 percent ratio similar to that which is available under the highway program. We continue our recommendations of additional authorizations and improvements in legislation relating to urban mass transportation.

CHAPTER CC. RESEARCH, TECHNOLOGY, TRAINING AND TECHNICAL ASSISTANCE

I. Summary of existing legislation

1. *Need for Basic Research and Training.*

(a) The housing industry has neither the organization nor the resources to support substantial research in the area of housing technology and research. Existing research is almost exclusively in the hands of material and large equipment suppliers and reflects the particular interests of these groups. It is necessary that federal financial support be given toward the development of new systems and overall construction techniques. The technological advances necessary to reduce housing costs must be accompanied by more uniform building codes in all areas of the nation. This will make it more feasible for developers and manufacturers to produce housing and materials for a national market.

(b) There is a shortage of trained professional and sub-professional personnel in the broad field of community development. This presents a serious problem in achieving effective action programs.

2. *Authorizations in 1968 and 1969 Housing Acts.* The 1968 Act recognizes the need for urban technical assistance, research, and training and provides assistance in the following areas:

(a) *Advances in Technology in Housing and Urban Development.* The Act authorizes such sums as may be necessary to be appropriated, commencing with fiscal year 1969, for studies of new and improved techniques and methods of applying advances in technology to housing construction and rehabilitation, and to urban development. Four-year contracts are authorized for such studies rather than two-year contracts as heretofore authorized.

(b) *Housing for Lower Income Families Through New Technologies.* The Act directs the Secretary of HUD to institute a program under which qualified public and private organizations will submit plans for the development of housing for lower income families, using new and advanced technologies, on Federal land which has been made available for that purpose or on other suitable land. The Secretary is to approve five plans, each of which shall have a technology and organization with a potential to produce at least 1,000 dwelling units a year. The Secretary is to seek the construction of that number of dwelling units a year over a five-year period for each of the various types of technologies proposed in approved plans. Mortgages financing the projects are authorized to be insured under the FHA experimental housing program.

(c) *Authorization for Urban Information and Technical Assistance Service Program.* The Act increases the authorization for grants to states to assist in the provision of urban information and technical assistance by $5 million for fiscal year 1969, and by $15 million for fiscal year 1970. Amounts authorized for these grants, but not appropriated, are authorized to be appropriated for any succeeding fiscal year commencing prior to July 1, 1970. In the Administration's budget requests for fiscal year 1971, the Urban Information and Technical Assistance programs were combined with the Comprehensive Planning Assistance (701) program described in Chapter Y.

(d) *Federal-State Training Programs.* The Act broadens the Federal-State training program to permit grants to states for the training of subprofessional—in addition to professional—persons who will be employed in the field of housing or community development. The trainees may be trained for employment by private nonprofit organizations or public organizations which have responsibility for housing and community development programs.

(e) *1969 Act Amended Training and Fellowship Programs as follows:*

Title VIII of the Housing Act of 1964 was revised to consolidate, under one authorization, that title's program of fellowships for city planning and urban studies and the community development training program. Specifically, the title:

(1) Consolidates the title by striking the headings which divide it into two separate parts:

(2) Amends Section 801(b) by including, as a purpose of the consolidated title, the provision of "fellowships for the graduate training of professional city planning and urban and housing technicians and specialists";

(3) Amends Section 810 by striking the first sentence (which authorizes appropriations for urban fellowships) and substituting a general authority for the Secretary to provide such fellowships;

(4) Substitutes for Section 802(d), which authorizes without fiscal year limitations $30 million in appropriations for community development training programs, a new section numbered 806 authorizing appropriations, without fiscal year limitation, of up to $30 million for the consolidated Title VIII program; and

(5) Amends appropriate sections of the title to strike inapplicable reference to its several "parts" and substitute appropriate reference to the "title" or to the various "sections" thereof.

(f) *Extension of Urban Information and Technical Assistance Services Authorization.* The 1969 Act amended Section 906 of the Demonstration Cities and Metropolitan Development Act of 1966 to authorize appropriations for grants to help finance programs of urban information and technical assistance services through fiscal year 1971. Prior to this amendment, appropriations were authorized to be made only through fiscal year 1970.

3. *Authorizations for Urban Research and Technology in Appropriation Acts.* There was an appropriation of $11 million for fiscal year 1969 for urban research and technology and an appropriation of $12 million for the low income demonstrations program for fiscal year 1969. There was an appropriation of $500,000 for urban fellowships. There was no appropriation for the urban information and technical assistance service programs. For fiscal year 1970, $2.5 million was appropriated for urban fellowships. For fiscal year 1971, $30 million was appropriated for urban research and technology; $3.5 million was appropriated for community development training and urban fellowships. For fiscal year 1972, $45 million was appropriated

for urban research and technology; $3.5 million was appropriated for community development training and urban fellowships.

4. *Additional Authorizations for Training and Fellowships in Appropriation Acts.* NHC recommends necessary appropriation authorizations to carry out all of the authorizations in the laws for training and fellowship programs. In addition, NHC recommends that $1 million a year be appropriated for training under a 5-year program; and that the fellowships be increased to $2 million a year under a 5-year program.

5. *Amendments in Housing and Urban Development Act of 1970.*

(a) *Research and Demonstrations.* The 1970 Act authorizes and directs the Secretary of Housing and Urban Development 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. To carry out activities under this section there would be authorized to be appropriated such sums as may be necessary. All funds so appropriated would remain available until expended unless specifically limited.

(b) *General Provisions*—The 1970 Act brings together under one heading a series of administrative and other provisions which are applicable to activities under section 501 as follows:

(1) A new section, which is based on section 1010 of the Demonstration Cities and Metropolitan Development Act of 1966 and section 417 of the Housing and Urban Development Act of 1969, directs the Secretary, to the greatest extent feasible, to require the use of advanced technology under housing programs administered by him, and to encourage and promote the acceptance and application of such advanced technology by all segments of the housing industry, communities, and the general public.

(2) A new section is based on section 108 of the Housing and Urban Development Act of 1968. It provides that in order to encourage large-scale experimentation in the use of new technology 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 where local building regulations or variances from them permit such experimental construction.

(3) A new section is based on provisions in section 1010 of the Demonstration Cities and Metropolitan Development Act of 1966 and section 108 of the Housing and Urban Development Act of 1968. The Secretary would be authorized, in connection with projects under this title, to acquire and dispose of land and other property required for the project as he deems necessary.

(4) A new section which is based on section 314 of the Housing Act of 1954, section 301 of the Housing Act of 1943, section 602 of the Housing Act of 1956, and section 1011 of the Demonstration Cities and Metropolitan Development Act of 1966, authorizes the Secretary to pay for the cost of writing and publishing reports on activities financed under section 501, and similar activities not so financed which are of significant value in furthering the purposes of that section.

(5) A new section is based on provisions in section 301 of the Housing Act of 1948, section 314 of the Housing Act of 1954, section 207 of the Housing Act of 1961, and sections 1010 and 1011 of the Demonstration Cities and Metropolitan Development Act of 1966. It authorizes the Secretary to carry out his functions under section 601 either directly or by contract or grant.

(6) A new section is based on title III of the Housing Act of 1948, section 602 of the Housing Act of 1956 and section 601 of the Economy Act of 1932 (31 U.S.C. 686). It requires the Secretary to utilize facilities of other Federal departments and agencies, and to consult with and make recommendations to such agencies; and authorizes him to enter into working agreements with them.

(7) A new section is based on provisions in section 602 of the Housing Act of 1956 and provides that the Secretary is authorized to obtain information from private and public sources.

(c) *Repeal of Existing Research Authorizations.* The 1970 law repeals, effective July 1, 1971 (except for contracts, commitments, reservations, or other obligations entered into prior to that date) title III of the Housing Act of 1948, section 314 of the Housing Act of 1954, section 602 of the Housing Act of 1956, section 207 of the Housing Act of 1961, section 301 of the Housing and Urban Development Act of 1965, sections 101 and 1011 of the Demonstration Cities and Metropolitan Development Act of 1966, and subsection 1714(b) of the Housing and Urban Development Act of 1968.

6. *Recommendations on Research and Technological Development.*

(a) NHC supports an increase of $75 million in the appropriation for research and development over the $45 million contained in the Appropriation Act for fiscal year 1972.

(b) NHC supports legislation authorizing FHA insurance of the cost of plant production facilities for approved industrialized housing systems. This can be done through an amendment of the experimental housing provisions under Section 233 of the National Housing Act.

(c) NHC recommends administrative action or legislation, if necessary, to permit—in the case of FHA-insured rental or cooperative projects involving use of factory-produced components—the making of progress payments by the developer to the housing manufacturers based upon certified invoices of receipts and expenditures for materials and labor by the manufacturer, such progress payments to be covered by the FHA insurance of construction advances to the developer.

(d) NHC deplores the HUD reductions in training and intern programs as part of its staff reduction program. These programs are vitally important to develop the additional trained personnel required and they afford an opportunity for greater minority participation in housing and urban development programs.

CHAPTER DD. OPERATION BREAKTHROUGH

I. Summary of existing legislation

1. About two years ago, Secretary Romney initiated the Operation Breakthrough Program. It is designed to achieve advances in design and planning of housing and to use modern techniques of production, marketing and management. Its purpose is to increase greatly the supply of quality housing, particularly for those of low and moderate incomes.

2. To initiate Operation Breakthrough, HUD solicited requests for proposals for several types of contracts: Type A for design, testing and evaluation, and prototype construction of complete housing systems which can lead to volume production. The program is planned in three phases: Phase I, Design and Planning; Phase II, Prototype Construction, and Phase III, Volume Production. HUD has made awards to 22 bidders for Type A contracts.

3. Type B contracts were solicited for research, development and design of innovative concepts for any individual or group of primary elements of building systems, materials and techniques, land use concepts and business considerations—including legal, financing, processing and management techniques.

4. HUD sought and has awarded contracts for eight prototype sites (from 5 to 30 acres each) to be brought under Government control and used to erect and display the prototypes which HUD selects. HUD intends that the sites will be an effective marketing device to spur demand for projects using the prototype dwellings.

5. Volume production is to be achieved with the aid of one or more of the HUD programs, including Sections 235 and 236. HUD intends to give priority in allocation of funds—under Sections 235, 236 and other programs—to projects using the prototype dwellings.

6. The 1969 Housing Act amended Section 1010(a) of the Demonstration Cities and Metropolitan Development Act to direct the Secretary of Housing and Urban Development to assure—to the extent feasible, in connection with the construction, major rehabilitation, or maintenance of any housing assisted under that section—that there is no restraint by contract, building codes, zoning ordinances 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. The purpose is to stimulate expanded production of housing under such programs, except where the foregoing restraints are necessary to insure safe and healthful working and living conditions.

II. Recommendations

1. NHC favors Operation Breakthrough and the programs of technological development in housing with their objectives to add to the production resources necessary for the achievement of our housing goals also, to help offset the inflationary rise in housing costs. Inflationary increases in housing and financing costs have adversely affected the consumer and made it impossible for many people who need homes to get them at prices or rents which they can afford.

2. NHC has always urged the prompt and full use of all funds authorized by the Congress for housing production rather than withholding funds for uses that will not materialize during the ensuing year. Accordingly, NHC urges that HUD take no action at this time which would withhold funds from use except for specific projects which will use Operation Breakthrough housing that can be promptly delivered and involves a system which has been approved by HUD.

CHAPTER EE. LOAN INSURANCE FOR MOBILE HOMES

I. Summary of existing legislation

1. *Need.* During the past few years, there has been a great increase of interest in mobile homes as a source of lower cost housing. Sales of mobile homes have increased substantially, from about 235,000 in 1967, to over 450,000 units in 1971.

A survey conducted by the Bureau of the Census for HUD revealed that mobile homes contribute significantly to housing supply. However, while the production and sale of mobile homes have expanded greatly in recent years, so that an estimated six million people live in about 2,200,000 mobile homes in the United States, the number and quality of mobile home parks have not kept pace. There is a great deficiency of suitable mobile home park spaces, and generally the ones that exist are improperly designed and provide inadequate community facilities.

2. *Amendments in the Housing and Urban Development Act of 1969.* Section 207 of the National Housing Act is amended to increase the maximum amount of a mortgage which may be insured for a mobile home court from $1,800 to $2,500 per space and from $500,000 to $1,000,000 per project mortgage. The section also redesignates, for greater accuracy, the mortgage insurance program for "trailer courts or parks" as a program for "mobile home courts or parks."

Title I of the National Housing Act is amended to authorize the establishment of a new FHA program financing the purchase of

a mobile home to be used by the owner as his principal place of residence. Under this program, a purchaser can obtain an FHA-insured loan in an amount not exceeding $10,000 which must be repaid over a maximum term of 12 years. The financing charge to the purchaser is to be prescribed by the Secretary of Housing and Urban Development and may vary depending on the amount and term of the loan. In addition, the Secretary is required (1) to prescribe minimum property standards to assure the livability and durability of the mobile home and the suitability of the site on which the mobile home is to be located, and (2) to obtain assurances from the borrower that the mobile home will be placed on a site which complies with the standards prescribed by the Secretary and with local zoning and other applicable local requirements.

3. *Amendments in the Housing and Urban Development Act of 1970—Mobile Home Loans Under Title I.* The 1970 Act amends section 2(b) of the National Housing Act (home improvement and mobile home loan insurance) to provide that when a mobile unit is composed of two or more modules, the maximum insurable mobile home loan shall be $15,000 (instead of $10,000) and the maximum term shall be 15 years 32 days (instead of 12 years 32 days).

4. In March of 1971, the Veterans' Administration announced new standards for mobile home guarantees. These guarantees cover a portion of the principal amount, up to 30%, and a maximum of $10,000 for mobile homes or up to $17,500 if the loan also includes a fully developed lot. Minimum standards require a mobile home to be at least 40 feet long and 10 feet wide, with a minimum of 400 square feet. Pursuant to its flexible authority, the Veterans' Administration has set an interest rate of 10.75% on loans for purchase of the mobile homes and 7% on the part of the loan used to purchase a lot and make improvements.

II. Recommendations

1. NHC recommends that necessary safeguards be established for mobile home parks which will assure that the mobile homes are located in an area that has adequate sanitary and community facilities; also, to assure that the mobile home parks are planned in a manner which is not inconsistent with sound urban development of metropolitan areas. In many cases, mobile home courts are built just outside the cities and just beyond the reach of present zoning and building code authorities. Yet, population growth will result in the expansion of metropolitan areas to embrace the areas covered by the mobile home parks. Accordingly, it is necessary that the mobile home parks conform to the long-range plans of metropolitan areas. Likewise, it is necessary to assure that the mobile homes meet appropriate quality and space standards.

2. NHC recognizes wider and larger mobile homes can be built with substantially the same quality as other homes which qualify for FHA insurance. NHC recommends that such mobile home units be eligible for 40-year mortgage financing under Sections 213, 207, and 221(d)(3) if such projects (a) meet FHA design, construction and durability standards and (b) conform to site planning and engineering criteria that make such projects comparable to other developments which qualify under Sections 213, 207 and 221(d)(3).

CHAPTER FF. EFFECT OF TAX REFORM ACT ON HOUSING

On December 30, 1969, President Nixon signed the Tax Reform Act of 1969 into law. There are several provisions in the Act that drastically altered current tax consequences associated with housing and real estate development; also, the Act adds an important incentive for the production of low and moderate income housing and its sale to the occupants. A summary of these provisions follows:

1. Accelerated depreciation—i e., 200 percent of the straight line rate—will only be permitted for new residential rental housing. However, there are recapture provisions which offset the tax benefits upon a sale to the extent described below.

2. Any excess of accelerated depreciation over straight line depreciation will be subject to recapture for approximately 16 years 8 months instead of the present 10 years. These new recapture rules do not apply, however, to the Section 221(d)(3) and 236 limited distribution programs to serve low and moderate income groups. For these programs, the recapture rules of existing law are retained without change—namely there is no recapture if the project is held for ten years. Thus, the new tax law retains the existing tax incentives for such housing constructed to serve those of low and moderate incomes.

3. Subsequent owners of new residential rental property are divided into two categories: those who acquired used residential property with a useful life of less than 20 years and those who acquired used residential property with a useful life of 20 years or more. Those in the first category are limited to straight line depreciation while those in the second category may depreciate the property at a rate not to exceed 125 percent of the straight line rate.

4. The new tax law provides for deferral of gain upon certain prescribed sales of Section 221(d)(3) and 236 limited distribution projects. On these federally-assisted projects serving those of lower incomes where the investor's return on his investment is limited, the Government will now encourage the sale of these housing projects to the lower income occupants, a cooperative or other organization which will operate the property for their benefit. To qualify for the deferral of a taxable gain upon such a sale of a housing project, the owner is required to reinvest the proceeds in another lower income housing project. The taxpayer's basis from the old property, to the extent of the reinvestment, becomes part of his basis for the new property. This provision provides a necessary tax incentive for the production of low and moderate income housing and for its sale to or for the benefit of the lower income occupants.

5. NHC reaffirms its support for the current tax incentives afforded new and rehabilitated housing for low and moderate income families as provided by the Tax Reform Act of 1969.

6. NHC urges that the present special recapture rules for section 221(d)(3) and 236 limited distribution projects be extended beyond the present end of the experimental program in 1974.

CHAPTER GG. CREATION OF HEALTHY ENVIRONMENTAL CONDITIONS

Housing must be in a suitable environment. We now suffer from the tragic and dangerous effects of air and water pollution and unsafe and inadequate waste disposal. Likewise, recent studies reveal that the high noise level of our cities may prove as deleterious as other forms of pollution. Yet, little has been done to alleviate these pollution conditions which are growing worse.

I. Summary of existing legislation

Before the overt public concern with our environment, Congress passed several significant pieces of legislation aimed at controlling the environment. A summary of the more important laws follows:

1. *Clean Air Act of 1963.* This Act provided for an expanded and strengthened program. It authorized legal actions to stop air pollution. It also authorized matching grants to state, local and interstate agencies for programs of air pollution prevention and control.

2. *Motor Vehicle Air Pollution Control Act—1963.* This Act directed the Secretary of HEW to establish standards on the emission of substances from new motor vehicles or engines which contribute to air pollution. The Act prohibited the sale, manufacture for domestic sale, or importation of any vehicle or engine not in conformity with the regulations and provided fines of up to $1,000 for each new vehicle or engine manufactured or sold in violation of the regulations.

3. *Water Quality Act of 1965.* This Act requires the states to establish and enforce water quality standards for all interstate waters within their boundaries. If a state fails to take necessary action by June 30, 1967, HEW can act and set federal standards. The establishment of water quality standards is designed to prevent pollution before it occurs, since it is now possible to determine whether discharges of wastes and sewage cause unacceptable pollution in an interstate body of water.

4. *Clean Waters Restoration Act of 1966.* This Act provides that a Federal grant could pay from 30 to 50 percent of the construction costs of a sewage treatment plant. The higher grants are conditional on state participation in the financing of treatment plants and the establishment by the state of quality standards for non-interstate bodies of water within its boundaries.

5. *Air Quality Act of 1967.* This Act enlarged the existing federal responsibility for air pollution control. In most cases the Federal Government will not step in unless the states fail to act. The HEW Secretary is authorized in time of "imminent and substantial" danger to public health from air pollution, to seek a court injunction to halt further emissions into the atmosphere.

HEW is also authorized to designate air quality control regions throughout the nation. It can provide full federal financing for regional control commissions to be established by state governors. HEW can enforce air quality standards in the control regions, if the regional commissions fail to enforce an air pollution plan that complies with guidelines for air purity prescribed by HEW.

The Act further requires the registration of all fuel additives with HEW. Fuel manufacturers are required to notify HEW of the type, concentration and purpose of all additives used in their fuels.

The Act provides that automobile exhaust standards can be issued only by the Federal Government, except for California, which is permitted to enforce its own more stringent standards.

II. Recent Legislation

Clean Air Bill of 1970. (a) The Act contains the following deadlines for a 90% reduction of specified automobile emissions:

(1) a 1975 deadline for carbon monoxide and hydrocarbons,

(2) a 1976 deadline for nitrogen oxides.

(b) The Act allows the Administrator of the Environmental Protection Agency (EPA) to control or prohibit fuels or fuel additives which he deems harmful to public health or welfare or which impair a device or system to control emissions.

(c) The Act allows the Federal Government to set "primary" quality standards with the states having control over "secondary" air standards.

(d) The Act includes authorizations of $1.1 billion over three fiscal years. This includes $350 million for research on fuels and low-emission engines; $15 million for long-term research grants; $650 million for state grants and other programs; $55 million for a Federal low-pollution car program; and $30 million for a new noise pollution program.

Recent Actions. (a) This year the Environmental Protection Agency assumed the functions of air and water quality control previously exercised by the Departments of the Interior and HUD.

(b) This year the Council on Environmental Quality was established as an advisory group to formulate broad policies re-

garding parkland, land use and population growth.

(c) This year the Cabinet Committee on the Environment and the Citizens' Advisory Committee on Environmental Quality were established to make recommendations to the President concerning the development, restoration, and preservation of the beauty of the countryside, urban and suburban areas and water resources.

III. Recommendations

1. NHC concurs with the past pronouncements of President Nixon that:

"It is literally now or never . . . A major goal for the next ten years must be to restore the cleanliness of the air, the water, the broader problem of population congestion, transportation and the like."

2. NHC believes that we should have a ten-year goal to end air, water and other pollution and create healthy environmental living conditions. However, it is imperative that we should not let our concern for environment replace our priority concern to fulfill our housing goals. We must avoid the tendency to replace priorities instead of fulfilling them. We must not be diverted from our commitment to meet the need to provide decent housing for all Americans.

3. NHC suggests that HUD and DOT jointly study the impact of airports on housing in close proximity thereto or within flight patterns including:

(a) noise, air or other pollution;

(b) the distance required or other measures needed to assure healthy environmental conditions for such housing; and

(c) the actions required to resettle people displaced from airport impact areas suffering from unhealthy environmental conditions and the utilization of land in such airport impact areas for appropriate purposes other than housing.

CHAPTER HH. RELOCATION

I. Summary of existing legislation

1. *Objectives.* The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 recognizes the needs of persons who are displaced or have their property taken for Federal and federally assisted programs. This legislation establishes a uniform policy for the fair treatment of such persons and requires the heads of Federal agencies causing the displacement to provide relocation payments and assistance to those persons affected by such programs. The policy of the Act is to allow the activities essential to various Federal and federally assisted programs to continue, but not at the expense, inconvenience or hardship of individuals.

2. *Authorization in the Relocation Act of 1970.*

(a) The heads of Federal agencies are authorized to make the following types of relocation payments:

(1) Payment to families and individuals for the actual reasonable moving expenses or a fixed moving expense allowance not to exceed $300 and a dislocation allowance of $200.

(2) Payment to assist in obtaining a replacement housing unit which may be a payment to a displaced homeowner, who has owned and occupied the dwelling for not less than 180 days prior to the initiation of negotiations for the acquisition of the property, not exceeding $15,000 and covering the difference, if any, between the acquisition payment made by the local agency and the cost of a comparable suitable replacement housing unit. Such payment may include an amount to compensate the displaced homeowner for the present worth of any loss of favorable financing and an amount to compensate the displaced homeowner for reasonable closing costs incident to the purchase of a replacement housing unit. Payments may also be made to a displaced tenant who has occupied the dwelling for not less than 90 days prior to the initiation of negotiations for acquisition of such dwelling, to assist the displaced person in making a downpayment toward the purchase of a replacement housing unit or to assist the displaced person in the rental of a replacement housing unit, for a period not to exceed 4 years.

(3) Payments for the displacement of business concerns which may cover, within certain limitations, actual reasonable moving expenses, actual direct loss of tangible personal property and actual reasonable expenses in searching for a replacement business *or* such payments may be a fixed payment equal to the business concern' average annual net earnings, but not less than $2,500 nor more than $10,000, if it is determined that the business cannot be relocated without a substantial loss of its existing patronage and it is not a part of a chain operation.

(b) Each Federal agency whose actions result in displacement must establish a relocation assistance advisory program to determine the relocation needs of displaced persons and businesses, to provide information on the availability of relocation resources, to assure the availability of replacement housing prior to displacement, to assist in the re-establishment of displaced businesses and to supply information to those displaced concerning Federal and State programs which may be of use to them. Persons and business concerns adjacent to the area where the project or program activities are being carried out may also be entitled to relocation assistance.

(c) Project or program funds may be used for replacement housing when it is determined that the required housing cannot otherwise be made available.

(d) The costs involved in providing payments and assistance for displaced persons and business concerns are considered as part of the costs of a program or project for which Federal financing is available. For displacements occurring prior to July 1, 1972, where the Federal assistance is by grant or contribution, the Federal agency will pay a maximum of $25,000 per person. After July 1, 1972, the same requirements for agency matching apply to costs of relocation and other assistance to a displaced person, whatever the amount, as apply to other program or project costs.

(e) Before approving any grant to, or agreement with a State agency under which Federal financial assistance will supply all or part of the cost of the displacing project, there must be satisfactory assurances from the State agency respecting compliance with the Act.

(f) While the heads of Federal agencies are to consult together on the establishment of regulations for the implementation of the Act, the head of each agency is authorized to establish regulations and procedures for the fair and proper provision of the payments and assistance authorized under this Act. The following Federal agencies have issued regulations pursuant to this Act: Department of Agriculture; Department of Housing and Urban Development; Department of Transportation; Federal Highway Administration; Department of Interior; Economic Development Administration; Fish and Wildlife Service; Department of Health, Education and Welfare; Tennessee Valley Authority; Environmental Protection Agency; Department of Labor.

(g) The Act provides for seed money loans for planning and obtaining federally insured mortgage financing to stimulate the construction and rehabilitation of sale and rental housing to meet the needs of displaced families and individuals. The loans may be made to nonprofit, limited dividend, or cooperative organizations, and to public bodies.

(h) Relocation payments are not to be considered as income for Federal income tax purposes or for determining eligibility or extent of eligibility of a person under the Social Security Act or any other Federal law.

(i) To facilitate, encourage, and standardize the acquisition of real property by Federal agencies, the Act establishes the following guidelines for heads of Federal agencies:

(1) The Federal agency shall make every reasonable effort to acquire property by negotiation.

(2) Real property shall be appraised before negotiations and the owner may accompany the appraiser during his inspection.

(3) Before negotiations, the Federal agency shall establish a just amount of payment and offer to acquire the property for that amount. Such amount shall not be less than the approved appraisal of fair market values.

(4) No owner is required to relinquish possession of his property before the Federal agency pays the agreed purchase price, or deposits in court an amount equal to the approval appraisal of fair market value.

(5) Construction shall be so scheduled that a lawful occupant has 90 days written notice before he is required to move.

(6) If the Federal agency permits an owner or tenant to rent the real property for a short term, the rental cannot exceed the fair rental value of the property for such a term.

(7) A Federal agency cannot take coercive action to compel an agreement on the price to be paid.

(8) If eminent domain is to be used, the Federal agency shall institute formal condemnation procedures.

(9) If acquisition of only part of a property would leave the owner with an uneconomical remnant, the Federal agency shall offer to acquire the entire property.

(j) When a Federal agency acquires any interest in real property, it should acquire at least an equal interest in the buildings, structures and improvements. Where the buildings, structures or improvements are the property of a tenant or other person holding legal possession, the head of the Federal agency should pay the tenant the fair value of the property.

(k) The Federal agency shall promptly reimburse the owner for reasonable expenses, including recording fees, mortgage penalty costs for prepayment, and pro rata portion of property taxes.

(l) If the Federal court rules that the agency cannot acquire the property by condemnation, or if the agency abandons the proceeding, the court shall make an award to the owner for reasonable attorney, appraisal and engineering expenses.

(m) As a condition of Federal assistance, state agencies must be guided to the greatest extent practicable under state law, by the land acquisition policies of the Act, and property owners must be paid or reimbursed for transfer of title and litigation expenses.

II. Recommendations

1. Now that we have finally achieved our long-sought objective of uniform relocation assistance, NHC urges its full use and implementation, including the measures required to assure the availability of replacement housing prior to development.

2. NHC recommends legislation to eliminate the provisions of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 which requires a local share contribution for relocation costs. Currently this provision is scheduled to become effective on July 1, 1972. It should be repealed before then.

3. NHC recommends an increase in the dislocation allowance from $200 to $500 as part of the relocation payment to families and individuals.

CHAPTER II. PROGRAMS AND POLICIES FOR GENERAL APPLICATION TO HOUSING

1. *Equal Opportunity for Housing.*

(a) Throughout its entire life NHC has been committed to equal opportunity for all American families to secure good housing in good neighborhoods. It again reaffirms this position. Equal opportunity in housing is

now the law of the land—both by statute and by court decree. Yet this opportunity is still denied to millions of American families throughout every section of the land because of their race, color, creed, or national origin, or because of the myth which exists as to their desire, or ability to pay for and maintain good homes. To overcome this denial of opportunity and to dissipate these myths, an urgent task is facing the nation.

(b) NHC has long supported the principle of a competitive housing market open to free bargaining by all American families without regard to racial or ethnic background. Many localities have been limited in achieving this objective, however, because of inadequate supplies of low and moderate cost living accommodations and by the congestion of many minority group families in limited sections of the community. To provide an adequate supply of housing, it is necessary to raise production to a minimum of 3,000,000 dwelling units per year.

(c) We urge the President and the Congress of the U.S. to take all steps toward providing an equal opportunity for housing. This includes full and adequate appropriations for the administration of the fair housing program under Title VIII of the Civil Rights Act of 1968. Of the $9.25 million requested by the President for fiscal year 1972, Congress appropriated $8.25 million for such expenses of administration for Fair Housing and Equal Opportunity. We strongly urge the larger appropriations required for achieving equal opportunity for all American families to secure good housing in good neighborhoods. We urge the Administration to take all necessary additional actions to achieve this equal opportunity objective. Strong affirmative measures should be taken to enforce the fair housing rights contained in Title VIII.

(d) We should provide an opportunity for freedom of choice in our housing programs. The choice of individual or cooperative homeownership or rental housing and the choice of city, suburban, new town or country living must not be limited by race, color, or religion.

(e) The Assistant Secretary for Equal Housing Opportunities announced the result of a concentrated radio and television campaign which encouraged people to report alleged discrimination in obtaining housing. The results of this campaign, which covered several Mid-Atlantic states, indicated that with proper information, many families will seek HUD's assistance in obtaining housing. NHC urges that this campaign be broadened to cover larger sections of the country and that HUD continue to institute such innovations.

2. *Relocation.*

(a) NHC is gratified that we have finally achieved our long-sought objective of uniform relocation assistance through the passage of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970. NHC urges its full use and implementation including the measures required to assure the availability of replacement housing prior to its development.

(b) When homeowners or tenants are being displaced for urban renewal or other government action, there should be a Federal grant to provide adequate payments as equitable compensation not only to pay their moving expenses, but also to help them obtain decent homes elsewhere.

(c) When a small business is being displaced through urban renewal or other governmental action, affirmative action should be taken to assist its relocation either within the urban renewal area or elsewhere. If it is to be relocated within the urban renewal area, there should be a policy to establish a rental for the small business which it can afford. In order to achieve this, an appropriate write-down should be made in the disposition of property under the urban renewal program. While it is recognized that there are allowances under the present legislation to cover the cost of relocation by a business which is displaced through urban renewal, we recommend this additional action to better assure the continuance of a small business that is being displaced. NHC also recommends the full implementation and use of the 1965 amendments to the Small Business Act for businesses which are being displaced by urban renewal or other governmental actions.

(d) NHC applauds Secretary of Transportation Volpe's declaration that no Federal aid will be approved for construction of highway, airport or mass transit projects until adequate replacement housing is provided for all families to be dislocated. This Replacement Housing Policy contains the following provisions:

(1) Specific written assurance that adequate replacement housing will be available (built, if necessary) before the initial approval or endorsement of any project.

(2) Construction will be authorized only upon verification that replacement housing is in place and has been made available to all affected persons.

(3) All replacement housing must be fair housing—open to all persons regardless of race, color, religion, sex or national origin. In addition, all replacement housing must be offered all affected persons regardless of their race, color, religion, sex or national origin.

NHC also commends the General Services Administration for its announcement of a similar policy requiring assurances of the availability of adequate housing before new Federal buildings are located in any area.

(e) NHC deplores the recent HUD discrimination against relocation payments to displaced persons who seek new homes in cooperatives. Neither Section 516 of the Housing Act of 1968 nor the regulations promulgated preclude replacement housing payments to those seeking replacement housing in cooperatives. However, in a Circular, HUD states that such payments may not be made to a displaced person moving into a cooperative. This discriminatory action should be stopped. NHC recommends that HUD should make replacement housing payments to displaced homeowners who seek to purchase a home in a cooperative.

(f) NHC applauds the passage of Section 510 of the Highway Act of 1970 which allows the Secretary of DOT to include in the cost of a highway project expenses for providing new housing or used or rehabilitated housing for those persons displaced by that highway project. We urge that DOT carry out this mandate and allow adequate amounts for such housing as part of the costs and expenses of all future highway projects. Such housing should conform to sound standards and should have prices and monthly charges within the reach of the displaced persons.

3. *Uniform System for Computation of Incomes by HUD.*

(a) HUD should have a uniform system for computing incomes which could be used by all constituent agencies administering housing programs which involve income limits. To be equitable, income limits should allow appropriate deductions and exemptions like those long recognized and utilized in the public housing program. The Senate Committee on Banking and Currency recognized the appropriateness of such uniformity in its Report on the 1968 Housing Act:

"Although the statute is silent on defining income, the committee is aware of the necessity for the Secretary to establish procedures to assure that fair standards and rules are followed within HUD for determining income (after allowable deductions) for eligibility of low or moderate income families or mortgagors under HUD's various programs. These procedures would apply to those who receive the benefit of subsidies or below-market interest rates to enable them to obtain occupancy, homeownership, or cooperative housing membership."

(b) At the present time, the methods of computing income differ in HUD, although the constituent agencies are administering comparable housing programs involving income limits. Under the 1970 Housing Act, public housing has allowed appropriate deductions of exemptions in computing the family income as follows:

(1) income for any family member below the age of eighteen, nonrecurring income, as determined by the Secretary, and the income of full-time students, living with their parents;

(2) an amount equal to the sum of (a) $300 for each dependent, (b) $300 for each secondary wage earner, (c) 5 percentum of the family's gross income (10 percentum in the case of elderly families), and (d) those medical expenses of the family properly considered extraordinary shall be deducted; and

(3) the Secretary may allow further deductions in recognition of unusual circumstances.

(c) Although these deductions or exemptions are now allowed in the public housing program, they are not recognized uniformly in the FHA program involving rent supplements or below-market interest rates under Section 221(d)(3) or interest assistance payments under Sections 235 and 236. In the interest assistance programs the 1968 Housing Act provides for the deduction from family income of $300 for each minor child and the elimination of the earnings of all minor children. Pursuant to the Congressional intent as evidenced by the foregoing quotation from the Senate Committee Report, HUD has allowed a further deduction of 5% of gross income to cover payroll deductions for social security and compulsory pension funds. However, HUD has not allowed other deductions of the type which have been long recognized in public housing and are now specifically authorized in the 1970 Act. Such deductions should be uniformly allowed in all HUD programs which involve income limits.

(d) NHC is gratified that S. 3248 (introduced by Senator Sparkman after favorable action by the Senate Committee on Banking, Housing and Urban Affairs) contains a provision which would carry out the foregoing recommendation of NHC concerning a uniform system of computation of income by HUD.

4. *Rehabilitation in Slum Areas Not Intended as Containment Program.* Rehabilitation programs for slum areas are not intended to be containment programs which would restrict present residents so that they must continue to live there. They should have an opportunity to move into other areas. The NHC goals contemplate development of new and rehabilitated housing in other areas which would be available for the low and moderate income families now living in slum and ghetto areas. To help assure achievement of this objective, we recommend enactment of legislation providing that no program of subsidy, aid, or assistance by any agency of HUD—including sewer and water facility grants, open space grants, community facilities grants, urban renewal programs, model cities programs, mass transit grants, and FHA insurance—may be carried on within any jurisdiction if a reasonable share of housing will not be available for low and moderate income families. Such legislation would help assure the development of balanced programs of housing in new areas into which the residents of slum and ghetto areas could move.

5. *Adequacy of Housing and Neighborhood for Low and Moderate Income Families.* Federally-assisted housing should provide adequate space and facilities and meet proper standards for comfortable living. The housing should be in a suitable neighborhood. In this way, we can improve the quality of life in Federally-assisted housing as prescribed in the 1968 Housing Act. The following are

among the measures necessary to achieve these objectives:

(a) Better design standards in housing developments.

(b) Dwelling units which provide adequate space and amenities rather than minimum space and facilities.

(c) More housing units of larger size, with more bedrooms and bathrooms, in order to meet the needs of larger families.

(d) Adequate recreational and community facilities with swimming pools, day-care and pre-school centers, all designed to create good neighborhoods.

(e) Air conditioning whenever appropriate, which will encourage families and their children to remain in their dwellings and off the streets during hot summers.

(f) Designs which encourage homeownership such as detached, semi-detached and townhouses.

Housing communities should be pleasant places to live. They should respond to the needs of the residents, with attention to their comfort, convenience, and recreation. By providing children and adults with good homes and with opportunities to engage in wholesome and constructive activities, we can create better communities and reduce juvenile delinquency and crime. With Federally-assisted housing that conforms to the foregoing criteria, we can achieve economic integration, both through initial occupancy and through the upward mobility and continued occupancy of families whose incomes increase.

6. *Uniform System of Tax Exemption and Tax Abatement.*

(a) In some HUD programs there is no requirement for real estate tax exemption or tax abatement. This is true in the new leasing program for the use of privately-owned housing for public housing purposes. It is also true in the rent supplement program for those of public housing incomes. Yet, conventional public housing projects are required to have tax exemptions and they pay only 10% of shelter rent in lieu of taxes. We previously recommended that conventional public housing projects conform with those other publicly-assisted programs which serve low-income families. This would be accomplished by permitting their payment in lieu of taxes to be equivalent to full taxes. NHC is gratified that S. 3248 (introduced by Senator Sparkman after favorable action by the Senate Committee on Banking, Housing and Urban Affairs) contains a provision which would gradually implement and carry out this NHC recommendation over a 10-year period during which payments would be increased annually until they reached the equivalent of full taxes.

(b) There should be a more practical and consistent policy concerning the requirement for tax abatement on privately-owned projects which are federally-assisted either with (i) below-market interest rates, (ii) interest assistance, (iii) rent supplements, or (iv) leasing programs under public housing. Tax abatement should not be required on these projects, even as a means of offsetting the higher costs that prevail in some cities. Such tax abatement is often unavailable because of restrictions in state and local laws; moreover, the cities often face serious problems of inadequate tax revenues and are unwilling to grant tax abatement. Cost limits should be made realistic so that these private housing programs can function in high cost areas without requiring tax abatement.

(c) Where state and local governments grant tax abatements on housing projects which are federally-assisted in the manner described above, there should be an annual Federal grant to reimburse them for their tax losses.

7. *Disposition of Federally-Owned Housing Projects.*

(a) FHA has acquired ownership of rental housing projects upon which defaults have occurred. When requested, FHA should either lease these projects to local housing authorities for public housing or make negotiated sales of these projects for cooperative ownership by low income or moderate income families. Also, sales may be made to public agencies or nonprofit or other properly motivated organizations which will use them to provide housing for low or moderate income groups. The housing should be sold at a price and with a mortgage term and interest rate—on the purchase money mortgage accepted by FHA—which would enable the property to serve these income groups at monthly charges which they can afford. Financing should be made available to rehabilitate these properties. Such properties should be eligible for rent supplements and interest assistance payments. These recommendations also apply to other federally-owned housing.

(b) FHA has also acquired ownership of single-family homes on which defaults have occurred. In the disposition of this housing, FHA should meet the needs of those of low and moderate incomes. The housing should be sold to them at a price and with a mortgage term and interest rate—on the purchase-money mortgage accepted by FHA—which would be within the financial reach of the low and moderate income purchasers. Priorities should be established for sales which would accomplish this purpose, rather than granting priority to cash sales or sales involving conventional loans, as these generally involve purchasers with incomes above those at the low and moderate level. Legislation should be enacted if it is necessary to establish disposition policies in accordance with the foregoing principles.

8. *Acceptance and Accumulation of Applications for Programs.*

HUD has often discouraged the submission of new applications in programs where a backlog of unsatisfied applications exists. NHC is strongly opposed to this discouragement of applications for HUD assistance. Even when there is an unsatisfied backlog of applications, HUD should continue to accept applications. There is no better way by which HUD can learn the needs and demands for programs which it administers, so that it can document and support requests for necessary Congressional authorizations and appropriations.

9. *Construction Work and Employment in Ghetto Areas.* Increased construction volume will require substantial increases in the work force. The large pool of untrained unemployed or under-employed within the ghetto is a large source of additional manpower. There should, therefore, be an effective program to accelerate the training of unskilled groups and to broaden their opportunities for employment in the construction industry. NHC recommends an adequate expansion of the training program of the Manpower and Training Administration of the Department of Labor, together with the full amounts needed as appropriations. We commend the Outreach Program of the building and construction trade unions which has enlisted thousands of disadvantaged and minority workers in skill training in their trades. We urge further extension of these training opportunities for such workers to advance toward skilled employment.

NHC endorses the provisions in the 1968 Housing Act which direct the Secretary of HUD to require:

(a) That opportunities for training and employment arising in connection with the planning, construction, rehabilitation, and operation of housing be given to lower income persons residing in the area of the housing; and

(b) That to the greatest feasible extent contracts for work pursuant to the housing programs shall, where appropriate be, awarded to business concerns located in or owned in substantial part by persons residing in the area of the housing. If bonding is not available to such contractors or subcontractors, HUD should take necessary actions to enable them to obtain adequate bonds. HUD should initiate a program which would assure the availability of bonds to such contractors, with necessary underwritings of reinsurance as is now authorized to enable persons to get other types of insurance in high-risk areas where such insurance would otherwise be unavailable.

In the foregoing programs, we recommend that bids be invited from local contractors which have the participation of minority groups either in an ownership, executive management or direction capacity. In housing construction where the contractor or sponsor incurs additional costs because of utilization of untrained workers from ghetto areas, the additional cost should be recognized as a public cost, with reimbursement therefor by the Manpower and Training Administration.

"In addition in housing construction where additional costs were incurred (particularly when this resulted in increasing the costs above the statutory limits on the mortgage involved) because of the utilization of minority contractors, sub-contractors and the training of minority workers, the additional costs should be recognized as eligible for a grant from HUD or for long-term financing from HUD on a basis where payments are deferred until after the retirement of the HUD-insured mortgage."

In the 1969 Housing Act, there is an extension of these requirements to cover all HUD programs providing financial assistance in aid of housing, urban planning, development, redevelopment, public or community facilities and new community development. Section 3 of the Housing and Urban Development Act of 1968 is amended to require the Secretary of Housing and Urban Development, in the administration of programs providing direct financial assistance in aid of housing, urban planning, development, redevelopment, public or community facilities, and new community development to require (1) that to the greatest feasible extent opportunities for training and employment arising in connection with the planning and carrying out of projects assisted under such programs be given to lower income persons residing in the project area, and (2) that to the extent feasible, contracts for work to be performed in connection with any such projects be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project. Prior to this amendment, these employment and work opportunity requirements were only applicable to the administration of the Section 235 homeownership program, the Section 236 rental assistance program, the Section 221(d)(3) below-market-interest-rate program, public housing, and the rent supplement program. NHC recommends administrative or legislative action to define the "project area" as the metropolitan area in which the project is located.

10. *Surety Bond Guarantees.* The Housing and Urban Development Act of 1970 amends Title IV of the Small Business Investment Act of 1958 by increasing the revolving fund of Title IV from $5 million to $10 million and adds a new provision establishing a program whereby SBA and HUD can guarantee any surety up to 90% of its loss as a result of the breach of the terms of a bid bond, payment bond, or performance bond on account of a contract up to $500,000. NHC urges that the Secretary of HUD and the Administrator of SBA carry out the full intent of this provision and take all steps necessary to provide technical assistance to any contractor or subcontractor for whom a bond is guaranteed under this provision. However, NHC recommends that the law be amended to remove the $500,000 limit on bonds and to allow a bond to be in such amount as HUD requires on the project involved. We further recommend the establishment of an adequate fund in HUD which

can be used to guarantee sureties on bonds for minority contractors and can provide necessary technical assistance to such contractors and training by such contractors.

11. *Support for International Programs for Housing.*

(a) NHC is aware of the critical housing problems elsewhere in the world, particularly in the developing countries. We urge continuation and expansion of our Government's foreign aid programs for housing in the developing countries, particularly cooperative housing to provide ownership by moderate income families as contemplated by the Foreign Assistance Act.

(b) Further, we urge our Government to support effort: (i) to elevate the importance of housing in the economic development process by supporting efforts to establish, within the framework of the United Nations, a specialized international agency dedicated to solving the housing problems of the developing countries; (ii) to increase U.S. financial support to U.S. universities and other institutions for research and training programs to help solve these housing problems and supply the trained personnel so badly needed.

(c) NHC recommends enlargement of the investment guaranty program for housing by increasing the available guaranty authority and by extending the 100% guaranties to other appropriate areas besides Latin America. We recommend legislation providing for the encouragement of cooperative and other homeownership by low and moderate income families in the cooperating countries and for the utilization of financing assistance of the types which have been proven effective in our domestic programs, particularly the establishment of national savings and credit systems specializing in housing and related fields.

(d) NHC supports the proposal for the creation of an International Housing Finance Corporation, which would be associated with the World Bank or the United Nations Development Program, to facilitate the mobilization of capital and the development of housing programs, particularly in the newly developing countries.

12. *Appropriation Authorizations.*

(a) NHC strongly recommends Congressional appropriations of adequate amounts for the administration of all HUD programs, including the additional funds which are required for additional staff to administer the many new programs contained in our Housing Acts. These funds are urgently needed to meet the critical problems of our urban areas and the shortage of adequate housing for persons of low and moderate incomes. We further recommend all of the additional appropriations described elsewhere in this report.

(b) NHC deplores the further staff reductions being made in HUD, in the face of critical deficiencies in the quality of services in the field to communities and the deterioration of technical information and guidance services being supplied in Washington. In addition to NHC's objections concerning Secretary Romney's announcement about drastic cuts in the overall HUD staff, NHC is opposed to any reduction in the staff charged with administering equal opportunity requests and procedures. We recommend that the current level of employees administering this program be set as the absolute minimum and that no reductions be made below this level.

(c) Advance appropriations provide lead time for initiating and planning programs in all authorizations in appropriation bills providing contract authority or funds. The authorizations should cover the succeeding fiscal year in addition to the fiscal year involved in the appropriation act. Appropriation acts have previously adopted this practice for the urban renewal and mass transit programs. We deplore the action taken by the President in discontinuing requests for advance appropriations for the succeeding fiscal year on programs where this practice was previously established, such as urban renewal. It is equally necessary that this practice be resumed and extended to all other programs involving private enterprises as well as public agencies, and we are pleased that President Nixon once made such a recommendation for advance authorizations on the Section 235, 236 and rent supplement programs. The same practice should be followed in all other housing and urban development programs. This will give more lead time for the planning and initiation of programs. Such a practice in the housing program will help avoid the past difficulties experienced as a result of uncertainties and delays in providing funds and commitments. Through advance authorizations for two fiscal years, there will be an uninterrupted flow of funds and commitments at an early enough time to permit advance planning and work in the initiation of housing programs.

13. *Workable Program and Local Approval.* In order to remove impediments to construction of low and moderate income housing, NHC recommends repeal of the requirement for a workable program or local government approval of projects receiving Federal assistance. However, in localities without a workable program, the Secretary of HUD must first be satisfied that: (i) there is a need for the project; and (ii) its location will provide a satisfactory residential environment. The 1969 Act accepts this recommendation on several programs. Likewise the requirement for a workable program or local approval for rent supplement and Section 23 leasing program should be dropped. These programs pay their full share of local taxes and should not be discriminated against.

14. *Recommended Change in Budget Concepts Concerning Mortgage Purchases.*

(a) NHC does not believe in the new concept of the Federal Budget (which was initiated several years ago) that initially reflects expenditures for mortgage purchases in the same way as it reflects expenditures for grants, even though collections on mortgages are later credited as offsetting income. If several billion dollars of mortgages are purchased and retained by a government agency, all of this initially appears as an expenditure in the Budget during the fiscal year when the mortgages are purchased. This has an adverse effect on many public interest and social programs which are dependent upon the steady flow of mortgage financing at reasonable interest rates. The Budget should reflect only the actual cost to the Government of purchasing and holding these mortgages—this would be the differential in interest between the rate of the mortgages held by the Government and the rate on Government borrowings.

(b) *If* the present Budget concepts are retained which initially treat mortgage purchases as an expenditure in its entirety, NHC believes that there should be active encouragement of the sale to private investors or FNMA of mortgages (or participations therein) held by GNMA or other government agencies. Upon such sales, the funds realized can and should be offset against the expenditures for the purchase of the mortgages.

15. *Availability of Land and Support of S. 609.* NHC recommends such measure as are necessary to help assure the availability of enough land, at reasonable cost, to achieve our housing goals. These should include the establishment of appropriate reserves of land for future use to provide the housing, public facilities and recreational areas required to meet these goals. To this end, NHC urges passage of S. 609, the Urban Planning and Housing Assistance Act of 1971, introduced by Senator Javits.

16. *Increases in Housing Costs.* We deplore the inflationary rise in housing costs, particularly the increases in interest rates (which have declined somewhat from their earlier higher levels) and prices of building materials such as lumber. It is urgent that action be taken to achieve a reasonable and stable level of interest rates and housing costs. When interest rates and housing costs increase, many people who need homes can no longer afford them—even though they could have afforded them previously when the interest rates and housing costs were at more reasonable levels. NHC strongly recommends that necessary measures—which are recommended elsewhere in this report—be taken to stop inflationary increases in interest rates and housing costs which adverely affect the consumer and jeopardize achievement of the housing goals established by Congress and the higher goals recommended in this report.

17. *Insurance for Ghetto Areas.* NHC recommends that when a home is purchased in a ghetto area and the mortgage is FHA-insured, necessary federal action should be taken to assure that the home owner obtains all hazard insurance required for his protection. Likewise, on cooperative housing in ghetto or central city areas, federal action is needed to assure the availability of hazard insurance at reasonable costs which reflect the lower losses and risks on such cooperative housing.

18. *Private Investment in Lower Income Housing.* NHC urges the participation of private investors in programs to provide housing for low and moderate income families. NHC recognizes that the tax savings which result from current rules of accelerated depreciation on improved real property are essential to insure the continued flow of such equity funds into investment in low and moderate income housing. NHC opposes any change in such rules which would reduce the already too-low return from investments in housing for families of low and moderate income.

19. *Reduction of Monthly Mortgage Payments.* With past increases in interest rates, people have been excluded from the housing market who needed dwellings but could no longer afford them at the higher interest rates. Elsewhere in this report, NHC recommends measures to increase the flow of funds into the housing mortgage market and to make mortgage financing available at more reasonable interest rates. We are pleased that HUD has taken action to reduce the interest rates (although further measures are needed to achieve a more reasonable rate); also to reduce the monthly debt service on mortgages by providing for level amortization payments instead of the higher initial curtailments of principal which were applicable to certain mortgage insurance programs—e.g., those under Sections 220, 221(d)(4) and 207. By reducing the debt service payments, the level amortization plan will reduce the monthly charges to the consumer and help offset the current high interest rates.

20. *Housing for Indians.* (a) Low and moderate income Indian families living on Reservations have long been denied the benefits of FHA-insured homeownership. Such Indian families have not been able to obtain FHA-insured financing on individual homes. Also, it is difficult for them to obtain FHA-insured mulitfamily housing, such as nonprofit rental housing and cooperative housing under Section 221(d)(3) or Section 236.

(b) There is a great need and market for FHA-insured homes on the Reservations. Many Reservations are now undergoing economic improvement, through increased mineral development and the location there of factories and other sources of employment. Special efforts are needed to bring to the Indians the benefits of programs intended to serve people of low and moderate incomes.

(c) NHC supports legislation to extend housing assistance available through the Farmers Home Administration to Indians who lease rural non-farm land from their

tribe for use only as a homesite. Similar authority now exists where fram land is leased.

(d) NHC recommends that the rehabilitation grant program under Section 115 be extended to include Indian Reservations; and that grant procedures be revised to make the program available to low income rural families of Indians so they can renovate and repair existing housing.

21. *Payment of Prevailing Wages.* In programs involving FHA mortgage insurance on multifamily housing where payment of prevailing wages is now required by law, such prevailing wages shall be established and paid based upon the requirements of the Davis-Bacon Act relating to such housing construction in the the area.

22. *Study of New Type of Mortgage Security to Attract Investments.* (a) Some financial experts have proposed the creation of a new type of mortgage or investment security which would better attract money for fixed long-term investments in housing. They point out that many lenders have withdrawn from the residential mortgage market because:

(1) They anticipate that the dollars repaid on the loan will have a substantially lower value and purchasing power than the dollars loaned initially; and

(2) The amount of return is not attractive as compared with other rates of return available in the current market.

(b) We propose that a study be made of this problem so that recommendations can be made at a later date concerning the advisability of including provisions in mortgages or other housing securities which would meet this problem and attract necessary funds for investments in housing production. Among the measures to be explored are the following:

(1) A clause in the mortgage providing for adjustments yearly on the amount of only the principal which is to be repaid, so that it reflects reductions in the value and purchasing power of the dollar as shown by the Department of Labor price index; or

(2) A clause in the mortgage providing for adjustments yearly in the amount of the monthly payments for both principal and interest based upon changes in the price index; or

(3) A clause in the mortgage providing for adjustments yearly in only the rate of interest which is to be paid on the unpaid balance of principal, so that it reflects changes in the prevailing interest rates or price levels from year to year.

Any adjustment clauses must take into account the ability to pay of the occupants of the housing. While most people will enjoy an increase in their income to reflect increases in the price indexes so that they can afford to pay adjusted amounts on their mortgages, there will be people who have fixed incomes. In their cases, special provisions must be developed to assure that they can afford to make the adjusted payments, such as through an extension of the mortgage term.

(c) In Latin American countries, some systems have been devised for adjustments in mortgage payments which have worked satisfactorily. However, inflationary conditions have been so great in those countries that mortgage adjustments were essential to obtain long-term loans to finance housing production. The proposed study should ascertain whether we need a system of adjustments in mortgage payments in this country, taking into account present and future anticipated changes in the value of the dollar and its purchasing power.

CHAPTER JJ. NEED FOR EFFECTIVE INSTITUTIONS, ADMINISTRATION AND FEDERAL-LOCAL RELATIONS

In itself, the enactment of adequate legislation will not achieve the goals set forth in these recommendations; nor will it meet the needs of the American people or the crisis in our cities. Laws are *not* self-executing. It is necessary to assure the establishment of effective institutions, administration, and federal-local relations. NHC recommends that HUD take the following actions to assure the effective execution of laws relating to the programs under HUD's jurisdiction:

1. HUD should redefine its role to concentrate on major policies and on constructive leadership in executing federal laws and to grant greater local autonomy to local governments and agencies in undertaking and operating projects involving HUD aid. NHC believes this HUD role would constitute creative federalism. The expenditure of federal monies should be subject to broad federal guidelines. Through the years, there has been a continuing increase in the burden and detail of HUD controls over local operations in the conduct of HUD-aided programs. All HUD controls should be eliminated which are not required by federal law. We will never achieve the volume and expedition required in programs authorized by the Congress unless there is a decentralization of responsibility to the local agencies involved. The local agencies can properly be held to account for their responsibilities under programs. There is no reason to assume that there is any less integrity and competence in local officials than in federal officials.

2. As to matters involving public agencies or others which now require prior HUD administrative approval, HUD should expedite programs by waiving such prior approval in cases where the public agencies or others will certify and proclaim that they have complied with all of the enumerated administrative requirements of HUD. Upon such certification covering all applicable administrative requirements, the public agencies or others should be allowed to proceed with their programs, subject to post audit by HUD that the public agencies or others have conformed with their certifications.

3. HUD should accelerate processing, production and decision-making by federal and local officials and by participants in *all* HUD programs, including the establishment of time schedules for all actions required. There should be a time limit for submissions of applications. However, qualified applications should not be rejected because of technical or insubstantial reasons, lack of money or lack of a priority status according to a schedule established by HUD; likewise, applications should not be rejected in order to remove them from the pending work load.

4. After applications have been approved and allocations made, there shall be a time limit for contracting and execution. With respect to requirements for HUD approval after a contract or commitment is issued, there should be a recognition that HUD has a certain period within which to act; and, failing such action on matters requiring HUDs' approval, the proposal to HUD shall thereby be accepted and considered approved.

5. HUD should act promptly in making allocations and commitments of all authorizations and funds made available by Congress. Such allocations and commitments should be based upon:

(a) The requests that are received within a designated time which meet the applicable statutory requirements; and

(b) The respective needs for the communities involved. There should be no impounding or holdback of funds. The money should be allocated and committed as quickly as possible. All monies should be made available based upon the qualified requests that are received within a prescribed time limit. The guideline should be the need for the program in the community involved.

6. HUD should simplify its regulations and conditions attached to HUD aid and eliminate the detailed controls over project development and operations. Such controls are overly burdensome, costly, and time-consuming. They discourage initiative and innovation. They are inconsistent with the achievement of the goals established by law and the larger goals recommended in this report.

7. HUD should eliminate conflicting policies and requirements among its different units, as applied to comparable programs. For example, the methods of determining incomes under the public housing program are different from those under the rent supplement, interest assistance and below-market-interest-rate programs.

8. Civic organizations and citizens' councils have an appropriate role in furnishing advice and recommendations. Where a municipal government has been established whose officials are elected by the voters, the elected officials should give full consideration to the advice and recommendations of such citizens organizations; however, the final responsibility for decisions should properly reside in the elected officials on such programs as urban renewal, model cities, and neighborhood rehabilitation. Otherwise, there will be a division of responsibility which will seriously impede the progress of these programs that are vitally important to the community.

9. To help achieve the housing goals and enlist all available resources, HUD should encourage full participation in its programs by cooperatives and other nonprofit organizations and local public agencies, in addition to limited-dividend sponsors and builders.

10. HUD should consult with representative groups of local public agencies and private participants in each of its programs to identify problems which impede their progress and to develop workable solutions. For this purpose HUD should establish:

(a) A federal-local committee on public housing and urban renewal; such a committee functioned effectively for years until it was discontinued.

(b) A federal-city committee on the model cities program.

(c) Like committees of representatives from the participants in each program; thus, there should be a restoration of the committee of representatives of cooperatives participating in FHA programs.

Each such committee would meet periodically to give HUD first-hand experience concerning the operations of the HUD-aided program involved. Such consultation should result in quick and realistic action in eliminating obstacles and solving problems. Otherwise, such obstacles and problems are long neglected, often because they are not known or because HUD does not get proposals for solutions from those directly engaged in the program.

TRIBUTE

The following was adopted by the membership of the National Housing Conference at its 41st Annual Meeting on March 5, 1971:

IN TRIBUTE TO REPRESENTATIVE WILLIAM A. BARRETT

The National Housing Conference honors Congressman William A. Barrett for his 26 years of vigorous and able representation of the first congressional district of Pennsylvania and Philadelphia in the House of Representatives, and for his foresight and leadership in providing effective housing and community development legislation.

As one of the original members of the Housing Subcommittee of the Committee on Banking and Currency, Congressman Barrett has provided leadership and initiative in all the legislation the Housing Subcommittee has handled in its history.

As Chairman of the Housing Subcommittee since 1965, Congressman Barrett has demonstrated the high qualities of leadership so necessary in the field of housing and community development legislation. Major legislation enacted under his chairmanship includes the Housing and Urban Development Act of 1965, the Model Cities Housing Act of 1966, the Housing and Urban Development Act of 1968, urban mass transportation legislation, and most recently the Housing and Urban Development Act of 1970.

In honoring Congressman Barrett for his distinguished career, we look forward to his continuing leadership in the years ahead.

IN RECOGNITION OF SENATOR ALLEN J. ELLENDER

The National Housing Conference honors Senator Allen J. Ellender of Louisiana for his 35 years of dedicated service in the United States Senate and for his long-term unswerving support for the cause of decent housing for all Americans.

In 1945, Senator Ellender joined with the late Senator Robert Wagner and the late Senator Robert Taft in sponsoring the Wagner-Ellender-Taft Bill. After many vicissitudes this pioneering legislation emerged as the Housing Act of 1949, still the magna charta of the movement for good housing and community development and notable for its first enunciation of the national goal of a decent home in a suitable living environment for every American family.

During the ensuing years, Senator Ellender has maintained his support for this goal. In his present role as President protempore of the United States Senate and Chairman of the Senate Committee on Appropriations, Senator Ellender will be a powerful voice in support of our objectives.

The National Housing Conference applauds his distinguished career and looks forward to his continued leadership.

OBITUARIES—1972

Members of the National Housing Conference, assembled for their 41st annual meeting on March 5, 1972, adopted the statements that follow, honoring members whose careers in housing, urban renewal and related fields were ended by death during the year just passed:

JOHN W. EDELMAN

A charter member of the National Housing Conference, pioneer labor organizer, consumer advocate, and president emeritus of the National Council of Senior Citizens which he helped to found, John W. Edelman died last December 28 at his home in Arlington, Virginia.

John Edelman was a true activist. Born in New Jersey but raised in England, he began his public service at 14 as a local secretary for Britain's Independent Labor Party. At 16 he joined his first labor union, and spent the next 62 years of his life organizing in the public interest. He returned to the United States in 1916, and for the next 20 years he held newspaper, teaching, trade union and research posts.

He was the leading spirit in the creation of Carl Mackley Homes in East Philadelphia 36 years ago, a low-cost cooperative housing project financed with federal and private funds, a pioneer effort to create housing for low-income families. From that effort the Labor Housing Conference evolved, which was later absorbed by the National Public Housing Conference, now the National Housing Conference. He was equally persuasive in union halls, before committees of the Congress, or as an advisor to Presidents. John Edelman gave generously of his talents and his spirit to the National Housing Conference whose members dedicate themselves to helping keep that spirit alive.

JOHN BENNET BLANDFORD, JR.

John B. Blandford, Jr., first administrator of the National Housing Agency, died in Virginia following a heart attack. President Franklin D. Roosevelt, impressed by the administrative competence of John Blandford, as the first general manager of the Tennessee Valley Authority, called him to Washington in 1942 to head the National Housing Agency, which he had created by executive order to coordinate the massive housing effort of World War II. Without statutory powers, he coordinated the efforts of 16 agencies involved in housing financing, slum clearance, low-rent housing, and successfully carried out the gigantic war housing effort which to this day has received little criticism and much praise. It was under his administration that plans were perfected for the conversion of Federal housing efforts to peacetime purposes.

Because of his proven administrative skills, President Truman assigned John Blandford to serve as American Advisor to the Government of China in 1946, a job that even his rare talents could not master at that time. While he never returned as an active participant in housing "Jack" Blandford kept in touch, and his qualities of leadership are sorely missed.

LIONEL F. ARTIS

One of the first low-rent public housing project managers in the nation. Lionel F. Artis of Indianapolis died on September 1. For 31 years he served as housing manager of Lockfield Gardens, built by the Public Works Administration in 1937 and transferred as an operating project to the United States Housing Authority. On his retirement in 1968 Mr. Artis became a visiting lecturer for the graduate school of the Indiana University school of social service, lecturing on community organization. In a television editorial the day followingg his death, an Indianapolis station WFBM reporter said, ". . . he was considered an expert on housing matters. But people were his main interest. Particularly black people and poor people. And to them, he really devoted his life."

C. J. HAGGERTY

The death in 1971 of C. J. Haggerty, President of the Building and Construction Trades Department, AFL–CIO was a tragic loss to Organized Labor and to the Nation. Born in Boston in 1894, Mr. Haggerty spent his adult life in California. When he was rising through the ranks of labor in Los Angeles, California, he was an effective champion of decent housing for families of low and moderate income. He brought informed, articulate support to housing programs at every level of government, national, state, and local.

Mr. Haggerty was a member of the Board of Directors of the National Housing Conference for 20 years, where his counsel was invaluable. His ability to communicate with persons in every walk of life, contributed to his effectiveness as an outstanding leader in the public interest.

M. JUSTIN HERMAN

M. Justin Herman, Executive Director of the San Francisco Redevelopment Agency, died at his home of a heart attack on August 30 at the age of 62. For nearly a quarter of a century Justin Herman served the federal government in various capacities as statistician, economist, community relations specialist, and from 1951 to 1959 as the Housing and Home Finance Agency's regional director in San Francisco. From there he moved into the city redevelopment agency's top spot. From his work in San Francisco he gained national and international recognition. Because he was a doer, a practical dreamer who made great dreams come true, he was often the center of controversy, from which he never backed away.

Mayor Joseph L. Alioto of San Francisco made the following statement as his personal tribute to Justin Herman: "Without exaggeration, Justin Herman was the best public servant I have ever known and probably the best in the country. He added great beauty and greater strength to the city he loved. In his case it is literally true that he is irreplaceable. He set for himself and for San Francisco a standard of excellence from which no human force, virtuous or vicious, could deflect him." His thousands of friends and fellow members in the National Housing Conference, say "amen", and that he did the same for his country.

CHARLES J. HORAN

Charles J. Horan, who served the Department of Housing and Urban Development and its precedessor agencies for 31 years, died on March 25, 1971 at the age of 59. At his death, Mr. Horan was assistant regional administrator for renewal assistance for HUD's Region II office in New York. He entered government service as an economist with the Federal Housing Administration. From 1943 to 1945 he was deputy regional representative in San Francisco of the National Housing Agency, and served the same agency in Chicago from 1945 to 1948. After a brief period in the building business Mr. Horan returned to federal service an area supervisor for the west and southwest of the division of slum clearance of the Housing and Home Finance Agency. In 1955, he became regional director of urban renewal in the New York regional office, and when HUD was organized in 1966 he assumed the assistant regional administrator's post.

Charles Horan was known from one coast to the other as the dean of regional renewal directors who could listen to, communicate with and learn from local officials who were making the program work on the front lines where the action is. His sense of humor, his knowledge of the program, his ability to cut red tape and make decisions brought officials from all levels to his door for guidance. They left his office with a good feeling that the role of the federal government is to help, not hinder. Members of the National Housing Conference are grateful for Charles Horan's 31 years of leadership.

CARL J. MAYERHOEFER

Carl J. Mayerhoefer, an active NHC member for more than 20 years, and executive director of the Cincinnati Metropolitan Housing Authority since 1966, died August 8 of a heart attack. Mr. Mayerhoefer began his long housing career in 1935 with the housing division of the Public Works Administration. In 1938 he was transferred to Washington, D.C. as project auditor of the United States Housing Authority and worked in Cleveland and Chicago as supervising auditor for several states during the next decade. As a traveling auditor Carl Mayerhoefer became vitally concerned with legislative and administrative policies, and how and why they were conceived. He become active in the councils of the National Housing Conference to which he brought a wide variety of local experience.

Carl Mayerhoefer joined the Cincinnati Metropolitan Housing Authority in 1949 as comptroller, becoming assistant director for finance and development before assuming the directorship in 1966. He was also active in local, regional and national activities of NAHRO.

MRS. ANNE MASON ROBERTS

One of the most beautiful people in housing, Mrs. Anne Mason Roberts died October 17 in New York City at the age of 61. She was deputy administrator of the New York region of the Department of Housing and Urban Development at the time of her death.

Mrs. Roberts' first identification with the National Housing Conference came as a representative of the National Council of Negro Women, in helping to plan post-World War II housing strategy and programs. She began her career as a teacher in Cincinnati, and later shifted to federal service as consumer relations officer for the Office of Price Administration. In 1950 she became a racial relations officer under Dr. Frank Horne in the Housing and Home Finance Agency. In HHFA she moved through a series of assignments as housing economist, relocation specialist and deputy regional director of HHFA's New York renewal office. Mrs. Roberts was a former executive director of New York City's anti-poverty program and a member of the national advisory committee on international housing for the Agency for International Development. She was the recipient of the highest award a government employee can received—the Distinguished Service Award.

President Nixon, in eulogy at the time of her death, said of Mrs. Roberts: "She translated her boundless and untiring concern for our less fortunate citizens, and produced enduring benefits in the lives of those to whom she was committed."

At the funeral services for Mrs. Roberts, eulogies were delivered by former HUD Secretary Robert C. Weaver; HUD Under-Secretary Richard Van Dusen; New York City Housing Authority Chairman Simeon Golar; and former executive director of the United Neighborhood Houses, Helen Harris. Her greatest tribute came from the silent tears from countless nameless people whose lives were better because she has passed their way.

JULIUS "JULES" SEAMAN

Julius Seaman, chief of the Bureau of Housing of New Jersey's Department of Community Affairs, died on May 3, 1971, bringing to a close a distinguished career in housing at the level of state government, which had few parallels in the nation. Beginning as an assistant to the late Joseph Nevin, they created a state agency in post World War II years that produced homes for families of low and moderate income, in cooperation with, and not in competition to, local housing agencies.

"Jules" Seaman helped coordinate housing and renewal activities throughout New Jersey in a manner that increased the strength and credibility of the housing program at every level of government, national, state, and local. His counsel was greatly valued by the National Housing Conference.

Members of the National Housing Conference assembled for their 1972 Annual Meeting pause in their deliberations for a moments of silent tribute to their departed members, and direct that their families be advised of our gratitude for having been permitted to share their lives of those they loved.

IN RECOGNITION OF SENATOR ALLEN J. ELLENDER

The National Housing Conference honors Senator Allen J. Ellender of Louisiana for his 35 years of dedicated service in the United States Senate and for his long-term unswerving support for the cause of decent housing for all Americans.

In 1945, Senator Ellender joined with the late Senator Robert Wagner and the late Senator Robert Taft in sponsoring the Wagner-Ellender-Taft Bill. After many vicissitudes this pioneering legislation emerged as the Housing Act of 1949, still the magna charta of the movement for good housing and community development and notable for its first enunciation of the national goal of a decent home in a suitable living environment for every American family.

During the ensuing years, Senator Ellender has maintained his support for this goal. In his present role as President protempore of the United States Senate and Chairman of the Senate Committee on Appropriations, Senator Ellender will be a powerful voice in support of our objectives.

The National Housing Conference applauds his distinguished career and looks forward to his continued leadership.

By Resolution of the Membership of The National Housing Conference, Washington, D.C., March 5, 1972.

IN TRIBUTE TO REPRESENTATIVE WILLIAM A. BARRETT

The National Housing Conference honors Congressman William A. Barrett for his 26 years of vigorous and able representation of the first congressional district of Pennsylvania and Philadelphia in the House of Representatives, and for his foresight and leadership in providing effective housing and community development legislation.

As one of the original members of the Housing Subcommittee of the Committee on Banking and Currency, Congressman Barrett has provided leadership and initiative in all the legislation the Housing Subcommittee has handled in its history.

As Chairman of the Housing Subcommittee since 1965, Congressman Barrett has demonstrated the high qualities of leadership so necessary in the field of housing and community development legislation. Major legislation enacted under his chairmanship includes the Housing and Urban Development Act of 1965, the Model Cities Housing Act of 1966, the Housing and Urban Development Act of 1968, urban mass transportation legislation, and most recently the Housing and Urban Development Act of 1970.

In honoring Congressman Barrett for his distinguished career, we look forward to his continuing leadership in the years ahead.

By Resolution of the Membership of The National Housing Conference, Washington, D.C., March 5, 1972.

EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS BY THE COMMITTEE ON COMMERCE

Mr. ELLENDER. Mr. President, in accordance with the Mutual Security Act of 1954, as amended, I ask unanimous consent to have printed in the RECORD the report of the Committee on Commerce of the Senate concerning the foreign currencies and U.S. dollars utilized by it in calendar year 1971 in connection with foreign travel.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS BY THE COMMITTEE ON COMMERCE, U.S. SENATE, EXPENDED BETWEEN JAN. 1 AND DEC. 31, 1971

Name and country	Name of currency	Lodging		Meals		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar [1] equivalent or U.S. currency	Foreign currency	U.S. dollar [1] equivalent or U.S. currency	Foreign currency	U.S. dollar [1] equivalent or U.S. currency	Foreign currency	U.S. dollar [1] equivalent or U.S. currency	Foreign currency	U.S. dollar [1] equivalent or U.S. currency
Richard J. Daschbach:											
Finland	Markkas	320.00	76.51	299.00	71.50	238.42	57.19	112.80	26.98	970.22	232.18
Germany	D. marks	390.00	110.69	292.30	82.93	158.00	44.78	217.20	61.60	1,057.50	300.00
Sweden	Kroner	1,116.00	215.81	1,185.60	231.24	564.00	108.85	530.40	102.32	3,396.00	658.22
Netherlands	Guilders					3,927.76	1,094.08			3,927.76	1,094.08
Subtotal			403.01		385.67		1,304.90		190.90		2,284.48
Jacob J. Dykstra:											
Switzerland	S. franc	1,038.50	254.53	1,935.00	474.26	733.00	179.66	972.00	238.24	4,678.50	1,146.69
Netherlands	Guilders					3,106.15	873.00			3,106.15	873.00
Subtotal			254.53		474.26		1,052.66		238.24		2,019.69
Robert E. Ginther:											
Denmark	Kroner	262.50	35.00	337.50	45.00	150.00	20.00	375.00	50.00	1,125.00	150.00
France	F. franc	1,104.00	200.00	717.60	130.00	567.02	102.57	165.00	30.00	2,553.62	462.57
Spain	Pesetas	2,088.00	30.00	2,088.00	30.00	1,392.00	20.00	1,392.00	20.00	6,960.00	100.00
England	Pounds	14.40	45.00	20.50	50.00	25.48	61.48	12.34	30.00	72.72	186.48
Germany	D. marks	14.00	4.00	248.50	71.00	2,309.30	659.80	140.00	40.00	2,711.80	774.80
Subtotal			314.00		326.00		863.85		170.00		1,673.85
Vance Hartke:											
France	F. franc	220.94	40.00	607.06	110.00	1,429.54	258.37			2,257.54	408.37
Germany	D. marks	103.40	30.00	248.60	70.00					352.00	100.00
Sweden	Kroner	144.28	28.00	371.32	72.00	451.40	87.52			967.00	187.52
England	Pounds	44.92	109.00	16.93	41.00	50.20	121.70			112.05	271.70
Belgium	Francs	2,450.38	49.00	2,549.62	51.00	7,400.00	149.10	1,800.00	36.27	14,200.00	285.37
Tunisia	Dinars					402.417	766.51			402.417	766.51
Subtotal			256.00		344.00		1,383.20		36.27		2,019.47
Kwan Sai Kheong:											
Singapore	M. dollars					6,288.00	2,082.12			6,288.00	2,082.12
United States	U.S. dollars								150.00		150.00
Subtotal							2,082.12		150.00		2,232.12
Joseph H. Kimmitt:											
Finland	F. marks	259.23	62.62	151.32	36.55	319	77.01	3.45	.83	733.00	177.01
Sweden	S. kroner	390.00	76.85	103.28	20.35	448.67	88.92	14.22	2.80	956.17	188.92
Norway	N. kroner	462.28	67.29	230.96	33.62	588.99	83.18	288.81	42.04	1,571.04	226.13
Denmark	D. kroner	570.00	77.55	150.01	20.41			14.99	2.04	735.00	100.00
Italy	Lire	93,163.00	151.24	30,037.00	48.76	542.10	87.15			123,742.10	287.15

Footnotes at end of table.

Name and country	Name of currency	Lodging: Foreign currency	Lodging: U.S. dollar [1] equivalent or U.S. currency	Meals: Foreign currency	Meals: U.S. dollar [1] equivalent or U.S. currency	Transportation: Foreign currency	Transportation: U.S. dollar [1] equivalent or U.S. currency	Miscellaneous: Foreign currency	Miscellaneous: U.S. dollar [1] equivalent or U.S. currency	Total: Foreign currency	Total: U.S. dollar [1] equivalent or U.S. currency
France	F. franc	664.70	120.85	160.30	29.15					825.00	150.00
Morocco	Dirhan	156.67	31.21	72.84	14.51	121.89	24.08			351.40	69.80
Subtotal			587.61		203.35		360.34		47.71		1,199.01
Frederick Lordan:											
Australia	A. dollars	85.10	74.00	41.17	35.80			17.19	14.95	143.46	124.75
Hong Kong	H.K. dollars	765.60	132.00	562.60	96.90			223.30	38.50	1,551.50	267.40
Japan	Yen	22,686.51	69.00	12,033.71	36.60			8,680.06	26.40	43,400.28	132.00
Germany	D. marks					7,452.90	2,286.17			7,452.90	2,286.17
Subtotal			275.00		169.30		2,286.17		79.85		2,810.32
Frank E. Moss:											
Nigeria	Pound					95.67	268.04	4.94	14.00	100.61	282.04
Nigeria	U.S. dollar		14.30						2.40		16.70
Congo	Zaire	13.83	27.67	11.95	23.90	134.13	408.82	71.07	142.17	230.98	602.56
Zambia	Kwacha	27.85	39.00	17.21	24.10	78.52	11.09	26.35	36.90	149.93	111.09
Tanzania	Shilling	547.19	78.17	41.37	5.91	2,827.44	396.77	756.96	107.99	4,172.96	588.84
Kenya	Shilling	707.00	101.00	132.72	18.96	693.33	97.19	560.28	80.04	2,093.33	297.19
Burundi	Francs					138.88	1.61			138.88	1.61
Burundi	U.S. dollar		20.00		4.40				75.60		100.00
Ethiopia	E. dollar	98.57	39.43	21.91	8.77	386.66	155.85	386.11	154.84	893.25	358.89
Egypt	Pound	15.55	28.00	2.22	4.01	8.85	15.93	38.88	69.99	65.50	117.93
Israel	Pound	175.00	50.00	57.12	16.32	274.65	78.47	292.88	83.68	799.65	228.47
Tunisia	Dinar							52.10	100.00	52.10	100.00
Tunisia	U.S. dollar		60.00		10.42						70.42
England	Pounds	61.98	150.00	24.79	60.00	42.23	102.20	16.53	40.00	145.53	352.20
Hungary	Froints	1,800.00	60.00	1,080.00	36.00			920.10	30.67	3,800.10	126.67
Czechoslovakia	Crowns	861.00	60.00	344.40	24.00			229.60	16.00	1,435.00	100.00
Austria	Schillings	2,930.40	120.00	1,172.16	48.00	8,517.94	348.81	781.44	32.00	13,401.94	548.81
Germany	D. marks	608.58	180.00	243.43	72.00	3,460.69	1,023.57	162.29	48.00	4,474.99	1,323.57
Subtotal			1,027.57		356.79		2,908.35		1,034.28		5,326.99
Karl O'Lessker:											
France	F. franc	1,656	300.00	745	135.00			83	15.00	2,484	450.00
Germany	D. mark	140.8	40.00	140.8	40.00			70.4	20.00	352	100.00
Belgium	B. franc	3,000	60.00	1,500	30.00			500	10.00	5,000	100.00
Sweden	Kroner	154.80	30.00	77.40	15.00			25.80	5.00	258	50.00
England	Pound	89.60	219.00	52.50	126.00	12.90	31.00	2.20	5.00	157.20	381.00
Netherlands	Guilders					2,844.85	799.56			2,844.85	799.56
Subtotal			649.00		346.00		830.56		55.00		1,880.56
A. Daniel O'Neal:											
Denmark	Kroner	262.50	35.00	337.50	45.00	150.00	20.00	375.00	50.00	1,125.00	150.00
France	F. franc	1,140.00	200.00	717.60	130.00	567.02	102.57	165.60	30.00	2,554.22	462.57
Spain	Pesetas	2,088.00	30.00	2,088.00	30.00	1,392.00	20.00	1,392.00	20.00	6,960.00	100.00
England	Pounds	14.40	45.00	20.50	50.00	25.48	61.48	12.34	30.00	72.72	186.48
Germany	D. marks	14.00	4.00	248.50	71.00	2,309 30	659.80	140.00	40.00	2,711.80	774.80
Subtotal			314.00		326.00		863.85		170.00		1,673.85
Michael Pertschuk:											
England	Pounds	48	116.17	50	121.01	3	7.26	19.85	48.04	120.85	292.48
Emanuel Rouvelas:											
Japan	Yen	99,000	275.00	36,000	100.00	7,200	20.00	37,800	105.00	180,000	500.00
Germany	D. mark					5,913.75	1,615.78			5,913.75	1,615.78
Subtotal Seschachar: Subtotal			275.00		100.00		1,635.78		105.00		2,115.78
Seschachar:											
B.R. Seschachar:											
India	Rupees					15,478.50	2,037.83			15,487.50	2,037.83
United States	U.S. dollars								135.00		135.00
Subtotal							2,037.83		135.00		2,172.83
S. Lynn Sutcliffe:											
Germany	D. mark	720	247.00	297	89.00	3,847.45	1,137.96	303	14.00	5,167.45	1,487.96
France	F. franc	425	77.00	290	52.50			114	20.50	829.00	150.00
Subtotal			324.00		141.50		1,137.96		34.50		1,637.96
Leonard Bickwit Jr.:											
Norway	Kroner	525	75.00	420	60.00	175	25.00	257	37.00	1,377	197.00
Germany	D. mark					3070.22	869.75			3070, .22	869.75
Subtotal			75.00		60.00		894.75		37.00		1,066.75
Michael B. Brownlee:											
Norway	Kroner	530	74.87	283	39.97	212	29.94	58.87	8.32	1,083.87	153.10
Germany	D. mark					1,659.10	470.00			1,659.10	470.00
Subtotal			74.87		39.97		499.94		8.32		623.10
H. Crane Miller:											
Germany	D. mark	600	150.00	200	50.00	2,061.84	568.00	400	100.00	3,261.84	868.00
Total			5,095.76		3,443.85		20,717.52		2,640.11		31,897.24

[1] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

RECAPITULATION

	Amount
Foreign currency (U.S. dollar equivalent)	$31,425.12
Appropriated funds:	
S. Res. 25	285.00
Government Department: State Department	187.12
Total	31,897.24

Mar. 30, 1972.

WARREN G. MAGNUSON, Committee on Commerce.

A MODERATE APPROACH TO WILDERNESS AREAS

Mr. HATFIELD. Mr. President, in Oregon, much heated comment has been generated by the recent hearings of the Forest Service regarding proposals to increase wilderness areas in Oregon. Both wilderness supporters and opponents unfortunately resorted, in some cases, to exaggeration, overstatement, and emotionalism in stating their beliefs. Those of us in public service have wrestled with this problem for many years and I believe that such emotional approaches hinder, rather than help, public understanding of the issue.

Recently, the Daily Courier, in Grants Pass, Oreg., carried an extremely thoughtful editorial on this issue. Mr. Harry Elliott, the paper's editor, offered a reasoned voice concentrating on the need to modify differences and avoid extremes of either side. Because of its tome, I believe the editorial is worthy of the review of all of us. I ask unanimous consent that Mr. Elliott's editorial, published in the Daily Courier of Tuesday, March 28, 1972, be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WILDERNESS: BE REASONABLE

Living, as we do, in a timber-producing region, it is easy to see why many people are violently opposed to the concept of wilderness areas, which lock up land from development as a multiple use resource.

Living, as we do, in a society rapidly running out of places unspoiled by the hand of slovenly and destructive man, we can understand why many people are violently opposed to further multiple use of some forests, and want them held inviolate in perpetuity for the nation to use as a quiet and peaceful refuge.

And we can understand, to a degree that the timber producers apparently cannot, that the pro-wilderness forces outnumber the pro-timber cutting factions, and the majority's hopes and aspirations will ultimately, if not immediately, win the wilderness war.

There are many valid, sane, rational and economically sound reasons why most of our forests should not be locked up into wilderness regions.

They include the fact that timber is our only renewable resource. It is the cheapest and in most ways still the best way to build the necessary homes we must have to live.

It also is only fair to the people who live in proximity to the forests and rely on them for jobs that the forests be kept at least partially open for cutting, so that the economic base can be maintained. And this isn't so easy to do when more than half the available land is held in federal ownership.

It also is fair that much of the forest be open to recreation of the type that is required by many people: Developed, that is, to a degree where society and wilderness can meet on neutral ground, with running water, sewage facilities, roads and the like.

But it is not fair to take all forests and put them into the multiple use concept, any more than it would be to close all forests to any productive cutting or management.

This is a point that should be clearly and quickly digested by those who currently are fighting all wilderness, whether they say that is what they are doing or not.

At recent hearings on the question of studying possible new areas for inclusion in wilderness classifications, the timber-oriented people oppose the very concept. What they should be doing is admitting, loudly, that wildernesses are not all bad, and that some areas are better suited than others for such a use. They should push for the nonproductive land to be included in wildernesses, not just try to block any more wilderness at all.

And they should change their advertising tactics, too. A full-page advertisement in last Friday's Courier probably made more friends for wildernesses than it did enemies.

By implication the ad made us believe that only through wildernesses could we find peace and quiet in the woods—although it was the intention to make wildernesses look bad. And by implication, the ad led us to believe that forests are for local jobs, not for "the needs of the American people," although it quoted the law that establishes need as the rule that governs forests.

There's the key: The forests are held nationally, for all American people, and to guard the local, obviously selfish need for forest jobs, the approach to wildernesses had better change drastically.

We're going to have more wilderness—the New Yorker, the Nebraskan, the Houston dweller are going to demand it. We'd best approach the question in a manner that will help us, not just bray pettily, "no more wilderness." That's self-defeating. H.L.E.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

WAR POWERS ACT

The ACTING PRESIDENT pro tempore. At this time, in accordance with the previous order, the Chair lays before the Senate the unfinished business, S. 2956, which the clerk will read by title.

The legislative clerk read the bill by title, as follows:

A bill (S. 2956) to make rules governing the use of the Armed Forces of the United States in the absence of a declaration of war by the Congress.

Mr. SPONG. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CHILES. Mr. President, in the past year, during the debates over the Hatfield-McGovern amendment and the Mansfield amendments, I thought back to 2 years ago when I was campaigning for the Senate. The people of Florida were telling me everywhere I went that we should get out of the war in Vietnam. I came to Washington apprehensive about being caught in the middle of the crushing issue of the war in Southeast Asia, because I knew that once I took office I would have to share the responsibility for the lives of the men we were sending to Southeast Asia. That is an awesome responsibility to bear, but it is one that each Member of Congress must and rightfully should bear. The men who wrote our Constitution clearly understood the need for Congress, as the direct representative voice of the people and the arm of our Government most easily held accountable, to bear the burden of declaring war.

A man needs to be apprehensive about sending another man to war and that is the way I have felt since taking office, and I would not change it.

As others have pointed out, President Lincoln clearly set forth the reasons why the Constitution was written this way when he said:

The provisions of the Constitution giving the war-making power to Congress, was dictated as I understand it, by the following reasons: Kings have always been involving and impoverishing their people in wars, pretending generally if not always that the good of the people was the object. This the convention understood to be the most oppressive of all Kingly oppressions; and they resolved to frame the Constitution so that no man should hold the power of bringing oppression upon us.

Since World War II, Congress has been coaxed to release some of its constitutional war powers by the argument that the demands of the nuclear age are such that the Constitution is obsolete in this regard and that problems of foreign affairs and warmaking must necessarily be left to the President. The results of such a false wisdom can be clearly seen in the frustrating struggling to withdraw from Southeast Asia.

Our form of government is based on the separation of powers between the three branches and a balance of authority and responsibility between them. Certainly, over a period of time, roles may shift, but that is because the system we operate under is flexible but only to the extent allowed by the Constitution. This is insured by the fact that the Members of Congress must frequently stand for reelection and must be held accountable for their actions and decisions.

One of our most serious mistakes concerning the Vietnam situation was allowing one man to bear the burden for policymaking and control. The inaction of Congress, the failure of Congress, in this area left it in a situation where responsibility for military commitment was not shared between Congress and President; where no opportunity for national debate or public forum existed; where four individual men and their administrations decided a foreign involvement policy, instead of the President with the deliberative will of the people expressed through Congress.

Though our involvement in Southeast Asia is not yet over, our efforts must be directed to the problem of more specifically defining the President's warmaking powers, in an effort to avoid another similar tragedy.

The Constitution granted Congress the power of initiating war; the President was given no power to initiate war, but was limited to exercising his veto power in a congressional declaration of war, to conducting a war legally begun, and to repelling sudden attacks. President Thomas Jefferson interpreted the document as follows:

Considering that Congress alone is constitutionally invested with the power of changing our condition from peace to war, I have thought it my duty to await their au-

thority for using force in any degree which could be avoided. *Message to Congress*, Dec. 6, 1805.

It is over the war powers and specifically the question of "undeclared" war that the area of conflict between Congress and President is centered. What we are discussing here is not solely legislation seeking to limit the President's power, but the setting of guideposts for Congress' reassertion of its own rightful, constitutional powers as well. Congress has learned, I believe, from the Korean and Southeast Asian experiences that it must design a new means to insure its own exercise of the war powers reserved to it in article I, section 8 of the Constitution. No one man can be expected to bear the burden of committing this Nation to war with only tacit authorization of the legislature. No Congress can constitutionally allow one man to determine war or not. Such powers were given to Congress in the Constitution. What is needed is shared responsibility, the shared responsibility of the President and Congress using their balanced constitutional powers.

A reaffirmation of faith in the separation of powers and the shared responsibilities between the separate branches of Government are also a reaffirmation of faith in the basic belief of our Constitution that the people shall govern.

The Constitution is not obsolete. The provisions it contains to prevent tyranny are as important today as they were 200 years ago. The conditions of our world at this time are not so great or so different that we must throw out a form of government that has guided us through 200 years. But the conditions of the world are such that we should seek a reassertion and a reaffirmation of congressional responsibility.

Mr. Justice Jackson once pointed out that—

> With all its defects, delays and inconveniences, men have discovered no technique for long preserving free government except that the executive be under the law, and that the law be made by parliamentary deliberations.

Because the voice and will of the people were provided with a channel for expression through representative government in the Congress, we have the duty to be responsive to that voice and will, a duty to make those decisions for which we have been given the power and the responsibility.

The proposed legislation sponsored by the Senator from Mississippi (Mr. STENNIS), the Senator from New York (Mr. JAVITS), the Senator from Virginia (Mr. SPONG), and others, including the junior Senator from Florida, provides a reaffirmation in the constitutional faith in the people; and it provides a reassertion of Congress authority and responsibility in the war-making powers of our Government.

Mr. SPONG. Mr. President, will the Senator from Florida yield?

Mr. CHILES. I am happy to yield to the Senator from Virginia.

Mr. SPONG. First, I want to commend the Senator from Florida for his remarks here this morning. He appeared before the Committee on Foreign Relations when the various proposals dealing with war powers were before that committee for consideration, and he gave us the benefit of his views. On that occasion, as he has done this morning, he spoke of the necessity for the popular will to be represented in the war-making process through those who are the elected representatives of the people. The Senator from Florida comes to this body fresher from the hustings than some of us. He had the opportunity, during his campaigns, to get as close to the people in his State as perhaps any candidate in modern times running for high public office.

Consequently, I would ask the Senator from Florida if he believes that until very recently the public generally had been under the impression that Congress had participated in the making of use of force decisions by the President—any President of the United States?

Mr. CHILES. I think, in reply to the question from the Senator from Virginia, that the people did feel Congress had participated in the making of those decisions and that Congress had been included. In the deliberations that led up to the making of those decisions, there were certain erroneous reports that led to that feeling on the part of the people. It has been mentioned on this floor during this debate that pictures have been taken showing congressional leaders leaving the White House after consultation. They would show, after a reading, that that was always after the fact.

I can say that the junior Senator from Florida, prior to coming to this body and beginning to participate in this debate and to learn about it, also felt that Congress had been included in the deliberations in the Korean conflict and in the conflict in Vietnam.

Mr. SPONG. Would the Senator from Florida agree that the hearings on the war powers measures and the debate on this bill are just beginning to bring the attention of the American people that it has been a rare instance, indeed, in the past quarter century, when Congress has been consulted at all before troops have been committed?

Mr. CHILES. I think that the Senator from Virginia is eminently correct, that it is new only beginning to seep through to the people that Congress was not consulted prior to these involvements. The people have not been able to understand though, why war was never declared both in the Korean conflict and in the conflict in Southeast Asia.

I remember well the term "police action" from the Korean war. Having been in service at that time, as a young second lieutenant, I remember how most of us in the service, including myself, bristled a little bit to think that we were only in a "police action," when we were actually engaged in a real war that took thousands and thousands of American lives and was a tremendous conflict; and then to have it called President Truman's police action, to fail to recognize that it was a war. The public did not understand that, and I do not understand the Vietnam situation.

Again, just looking at the historical significance of the Vietnam situation, we can talk—and I guess we have and we will continue to talk for years—as to what step actually caused our total commitment. What was the actual step that caused us to become enmeshed in Vietnam? Which President made the decision? What step was it that put us there?

I think that will continue to happen, because at no time did Congress declare war. Had that been done, or had we properly done that, if we were going to engage in that kind of hostility, then, one, we could say that as of such and such a time debate was held, the people spoke through their elected representatives, and this country decided on a course of action in a constitutional way. I think we would have had the country behind such a decision that would have been made, and the country could say that when it happened, debate had taken place and the voices of the people were heard at that time.

As it was, many people said—I continue to hear it, as I know the Senator from Virginia does—"I warned about this." "No one will listen to me." But when do we pick the time? When do we pick the event?

Now we are talking about history. I believe that the concern of those in this Chamber concerned with this piece of legislation is that we are not going to do this in the future, that we are going to insure that we do follow the constitutional way, to see that there is an opportunity for national debate, that the people do have an opportunity to have their voices heard by way of national debate and that, henceforth—God forbid that it will happen again—if we enter into such a conflict or such a war, we will have a united country at the time we do it.

Mr. SPONG. Would the Senator from Florida agree that this legislation seeks to set up a procedural system whereby responsibilities would be imposed upon Congress to share in the making of the decisions which affect the making of war and peace?

Mr. CHILES. I think it certainly does that. I think it does set up a procedure whereby we could be assured that Congress would be consulted and would share in the deliberations.

Mr. SPONG. Would the Senator agree that Congress has in many ways, especially during the past quarter-century, been the instrument of the erosion of the constitutional powers—that Congress has often preferred to second guess rather than to participate early in use of force decisions when the burden should be shared with the President of the United States?

Mr. CHILES. I think that it is the inaction of Congress and the failure of Congress in being able to say later, "We did not have to make that decision." Which is certainly one of the major reasons for this legislation. I do not think that we can point the finger at a Chief Executive and say that it is the Chief Executive's fault.

I think that Congress feels it did fail for over a quarter-century to do anything to reassert its powers, to say that it did follow its constitutional duty and responsibility to share in the deliberations and to be actually the body that declared war.

Mr. SPONG. Some of our colleagues who have spoken on this legislation seem to have the opinion that the legislation seeks to amend the Constitution in some way. Does the Senator from Florida share that view?

Mr. CHILES. No. The junior Senator from Florida does not share that view. It is my feeling that the legislation simply spells out what is very clearly in the Constitution. But because we have failed to carry out our duty under the Constitution, in effect we are now instructing ourselves under the pending bill that henceforth we shall carry out our duties and responsibilities and set forth in perhaps a little clearer way the procedure by which it will be done. So we chart a course of action that we must follow. But in no way do I see that this limits the power of the Chief Executive. In no way do I see that it adds to the power of the Congress in what is actually spelled out, a grant or a limit in the Constitution itself.

Mr. SPONG. Mr. President, I have one other question. There have been indirect suggestions that although the proponents of the pending legislation are well meaning, they inevitably may be impairing the security needs of the United States.

The Senator from Florida and I come from a part of the country that has very proud military traditions, although we have not won every war we participated. However, our part of the country has never been regarded by anyone as lacking in patriotism or determination to see that this country is well-defended.

Does the Senator from Florida feel that the pending legislation in any way impairs the security needs of the United States?

Mr. CHILES. No. The junior Senator from Florida feels that nothing in this legislation would impair the security of the United States. And in no way would it limit the authority of the Chief Executive in carrying out his responsibility to provide for the security of the United States. In no way would it limit his immediate response to carry out the protection of the United States. Rather, I think that what it does do is to give the President of the United States the assistance of the wisdom of the Congress. Aside from both the junior Senator from Florida and the junior Senator from Virginia, Congress is that body which the Constitution provides and allows to provide continuity to the Government.

The Chief Executive comes into office, and he is going to serve 4 years, and perhaps 8 years. He is limited by the Constitution itself from serving a term longer than that. His experience, in many cases, certainly is not equal to the experience of the Congress.

In Congress, by the way it is provided in the Constitution, there is always a great body of experience, men who have witnessed World War I, World War II, the Korean war, and the war in Southeast Asia, some of whom have been in this body for almost most of that time.

They can see the mistakes and the failings. They can see the advantages of the policy. Certainly the Constitution was set forth to provide the Chief Executive with the ability to take advantage of that experience and also to provide the temperament in the Chief Executive with that experience.

I think what the pending legislation seeks to do is to reassert the wisdom of the Founding Fathers when they provided in the document that the President should seek the experience of the Congress, which certainly has a much vaster and greater storehouse of knowledge and experience than the Chief Executive is going to bring to the office at any particular time.

Mr. SPONG. Mr. President, I am glad that the Senator from Florida referred to the wisdom of collective judgment. I might call to his attention the fact that no two Senators have been more supportive of the unfortunate effort in South Vietnam than the late Senator Richard Russell, of Georgia, and the Senator from Mississippi (Mr. STENNIS), who is a cosponsor of the pending legislation. I think the record is fairly clear that on occasion they counseled against involvement at very sensitive times prior to the time, our country became so involved that it became difficult to extricate itself.

Mr. CHILES. I think they certainly did. And had we had a debate at that time, perhaps the tragic events that have followed would never really have occurred, because once we were there in a total commitment, then a voice could not rise for a long period of time for fear of sounding unpatriotic or un-American or unsupportive of the efforts of our country because we had men in arms who were giving up their lives.

Over a period of time, I think this was the dilemma that the country was in. To begin with, people did show support for the conflict. It was only after an agonizing period of time and after thousands and thousands of lives were lost, that finally the country and the Members of this body reached the point of saying, "We should not be there. We should not have been there, and we should not be there now."

If that debate could have taken place prior to the time that we had a total commitment, and if we could have heard the voice of experience from many of the Members of this body who could have counseled and pointed out the dilemma that we were getting ready to involve ourselves in, perhaps this would have been averted.

I want to say one other thing in answer to the Senator's question about whether this would limit our involvement. I remember very well many years ago, as a small boy, when this country was attacked on December 7. Congress on December 8, at the request of the President of the United States, declared war—1 day after that attack.

I just have enough confidence in the wisdom of the people in electing their representatives in Congress to believe that the people are going to be responsive to the security needs of this country.

Mr. SPONG. Mr. President, I again thank the Senator for his statement here this morning and his response to my questions.

Mr. CHILES. I thank the Senator from Virginia. And I am delighted to have had this opportunity to participate with the Senator from Virginia.

I think the Senator from Virginia has added much to the debate on the pending bill. I think his writings and the speeches he has made on this subject have added much to the illumination not only of this body, but also of the people in the country regarding the measure pending before the Senate.

Mr. SPONG. I thank the Senator from Florida.

Mr. President, I suggest the absence of a quorum.

Mr. GOLDWATER. Mr. President, would the Senator withhold that request?

Mr. SPONG. I withhold my request.

Mr. GOLDWATER. Mr. President, I would like to comment very briefly on the colloquy which has just taken place. It does not have any particular impact upon the pending bill. During the course of the discussion it was brought out that the American people never were fully behind the war in Vietnam, but they responded overwhelmingly when the Japanese attacked us at Pearl Harbor. I think the very fact that this has not been a slogan war is one of the major reasons the American people have not responded to it or understood it; nor have the leaders of this country gone to any great extent to try to explain why we were in Vietnam.

Had this been done, I think this would have had a good impact on the American people, but it was not done and it has not been done yet.

We think of slogan wars—"Remember the Maine," "Make the world safe for democracy," and "Remember Pearl Harbor"—and these slogan wars united the American people. I dare say that in the course of the 192 conflicts this country has been engaged in, all but four or five would have been very, very unpopular wars, and they were.

The Mexican War was a very unpopular war and, as we look back on it, it was a very unjust war. We have had many conflicts that had they occurred in this time and age they would have been unpopular.

There are other reasons though that the war in Vietnam has not gone well with the American people, and lest I sound political on this I must admit that the troubles in Vietnam started when President Eisenhower, a Republican, sent advisers there. The biggest fault with the war in Vietnam is that we have never allowed those men who have spent a lifetime learning warfare to practice their art in that area. I have said for years and years and years that if we were allowed to use our conventional weapons in the way they were designed and for what they were designed, if we had been allowed to attack strategic targets, this war would not have lasted more than a month. In my estimation, if we had done so, and properly, when President Kennedy felt it wise to send troops over there, I think the very exhibit of our air power might have caused the North Vietnamese to decide war would be fruitless with us. If they had not, the strategic bombing of the North, which is our

enemy, would have resulted in a quick capitulation.

But we had men go to Vietnam and come back and say that the war would be over in 2 weeks. Those statements made headlines and came from the lips of commentators every evening, and the American people began to think they were being fooled. People with authority who traveled over there would come back and say that the war would be over in 2 or 3 months, but now it has been going on for over 10 years.

So I do not like to let this debate go along with the insinuation that anything we might do in this bill could forestall future Vietnams.

The thing that can forestall future Vietnams, and the disasters that can be and have been worse, is the very fact of our historic division between civilian and military. It has been so exercised in this case that military decisions and desires have been overruled by civilians who frankly knew nothing about the concept of strategic warfare, ground warfare, or anything about tactical warfare. I do not think there is any group of people in this country that hold in higher regard the separation of the civilian and the military than the man in uniform.

I think it is wrong, and I think it has been shown to be wrong when the civilian tries to make strategic and tactical decisions which result in the chaos we are witnessing over there today, the chaos which I believe caused President Thieu to express properly yesterday could result in collapse of the Government of South Vietnam. We hope and pray that is not true.

I merely wanted to make this observation on the floor of the Senate when we had a little time and not too much is going on, because I do not want the American people to feel that this war has been fought properly. It has been fought wrongly, and I do not care what kind of war powers bill we write, if we allow a President who knows nothing about war and a Secretary of Defense who knows nothing about war to make these decisions, then we are going to have future Vietnams, and I do not care what Congress does.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield to the Senator from Florida.

Mr. CHILES. I think I understand the point the Senator from Arizona is making in regard to the fact that the war powers bill could not do anything to forestall a future Vietnam. I understood the distinction between allowing the military to run the war as opposed to having the civilians run the war, once the war started.

But what we are attempting to do in this bill is to provide that before the military is called upon to have to run a war, we are going to see that a little more deliberation goes into whether it would be wise for this country to involve itself in a war, whether we are fighting from the high ground and protecting our country from the best place, and that always would be the decision of the civilians. The military does not decide when we fight or whether we are going to fight a war, but they conduct a war after that.

Mr. GOLDWATER. I hope it was clear that what I said today, in the context of how a war is conducted, rather than how it is initiated, had no particular bearing on the subject we are discussing here. When I say we could not forestall another Vietnam, I use "another Vietnam" merely to characterize a war that we never should have fought in the way we fought it. What I was trying to get across, again not in relation to the bill, is that even if Congress approved future action of the President, such as Vietnam, or a small war far away, that if we allow the civilian to have complete control I say we cannot avoid the mistakes we made because we will make them in the future.

Now, to get back to this bill, although I have no fear at all about this bill doing anything like this, because it does not—it has no language with respect thereto—what I am fearful of is that in the future we might have amendments or other legislation that would not only give Congress the power of determination whether we should go or not go to war but also the power of strategic and tactical decisions. We have, for example, an amendment to be offered by the Senator from Arkansas (Mr. FULBRIGHT), that I understand the committee heard fully and rejected—and I think rejected wisely—that would turn over to Congress determination of the use of nuclear power. This is the kind of long-range danger I see, not in this bill, but in what might come up in the future.

Mr. SPONG. I would like to say to the Senator from Arizona that I think this legislation is consistent with positions taken during the very lengthy debate on the Cooper-Church amendment. I think the collective judgment of this body was made very clear then that we had no authority to tell the President as Commander in Chief how to conduct a war.

But we did have a power and a responsibility under the Constitution to determine whether or not an existing war could be expanded or a new war created.

I would now like to read to the Senator from Arizona what I said yesterday as far as this legislation and Vietnam is concerned:

> I do not believe the legislation will of itself prevent future Vietnams or whatever situation will arise next. But, it will establish procedure and methods whereby the Congress can know about and review use of force decisions and whereby the Congress can participate in those decisions which might involve our Nation in war, and thereby, hopefully, help preclude unwanted involvements.

I think the principal distinction between what the Senator from Arizona has been saying in his appearance before the committee and the remarks he has made on the floor here is that he views this legislation as somehow changing or reducing the constitutional powers of the President of the United States as Commander in Chief. I do not share that view. I think this legislation—and it has been very well stated by the Senator from New York, the principal patron—delineates a methodology whereby, hopefully, there will be consultation, but in emergency situations the President is empowered to act and then consult.

I am not at such divergence with some of the views the Senator has expressed. I do not participate in this in any way to represent it as a cure-all for mistakes made in Southeast Asia. I do believe, as I believe the Senator from Arizona believes, that if we cannot find a way—and that is what we are endeavoring to do here, that is to see that the Constitution is carried out properly—then we may have to amend the Constitution.

Mr. GOLDWATER. I can certainly understand the Senator's position. I have to say that I agree with a lot of his thoughts. I think any President would be wise to keep the Congress informed of what is going on. I do not think it should be necessary, for example, for the Foreign Relations Committee, as it will this afternoon, to be briefed on what is going on in North Vietnam. I think some committee—whether it is the Armed Services Committee or a foreign policy or a special committee formed during the course of a war—could be briefed daily and the President tell this body daily just what is going on.

The thing that worries me about the approach taken by the bill, which lays down policy rules for the future, is that if that is to occur, I think it should occur through a constitutional amendment. As I said before the committee, I would be glad to join in offering such a constitutional amendment, but I would probably vote against it.

As I will say later today, probably one of the greatest hurdles the Founding Fathers had in framing a constitution was to decide who was going to have the responsibility of making war. As Senators will recall, it rested for a while with the Continental Congress, and then the framers seemed to lose faith in the collective judgment of so many people, and the Constitutional Convention gave the new Congress the power to declare war and the President the power to make war.

I am in accord with the feeling that the Congress should know more about what is going on. I am not in accord with the method that we are trying to use in this bill. I would hope that out of all this would come a better method that is not going to leave in the minds of foreign nations any idea that we are backing off of our world responsibilities and our commitments to, I think it is, some 57 different nations, treaties that go all the way from promising a pat on the back to treaties which, in my estimation, promise war.

I do not think at this precarious time in history, where we now find five super powers either existing or coming into being, that we can indicate—and I think this is an indication—that we no longer want to shoulder our responsibilities in the world.

I can say to the Senator from Virginia, who I think is doing an excellent job in leading this battle, that he might think it strange that I ever got so interested in this subject. I would remind the Senator,

because he has probably forgotten it, that I once sought the Presidency of the United States. When I began to realize the awesome responsibilities that went with that job, I started to study this subject. And when I studied the reasoning of the Founding Fathers and I studied the nearly 200 years of constant efforts to change the intent of the Founding Fathers in many different fields—not drastically, but to change them—I felt more and more that even though those powers were awesome, I would rather put my faith in one man, in the field of national defense, whose whole life would hang on it, than I would in the hands of some 500 people in Congress, many of whom would have no particular interest in it, and some of whom might have an interest in it only because of political pressures that could be brought by minority groups whose countries would be interested in our getting into some war.

I do not find any fault with the efforts to do this. I just hope that out of this we will find a way to accomplish what I think we all want without trying to, in effect, amend the Constitution, in my belief, by legislation. That is my whole feeling in it.

I shall discuss that a little later, when we get into the constitutional aspects.

Mr. SPONG. I shall look forward to joining in at that time.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BURDICK). Without objection, it is so ordered.

Mr. WEICKER. Mr. President, I rise in support of the war powers bill offered by the distinguished Senator from New York (Mr. JAVITS) and other Senators. I should like to commend the Senator from New York for focusing on one of the great issues confronting this Nation today.

It would be much easier and maybe politically smarter, for men like the Senator from New York to allow a crisis to occur and then come rushing in with a remedy. That is the usual political modus operandi in the United States.

It is much more difficult to anticipate a crisis and make provision for it. It is also duller and not so sensational; but, for the future of this country, it is important that such be the character of our work product here in the Senate.

Accordingly, I commend the Senator from New York for his anticipation of what could happen and in trying to avert a crisis. The essence of what the Senator from New York is doing; he is trying to make sure that we do not slide into another war—another Vietnam.

It is important to recognize the concurrent framework of this bill. As I recall, this matter was first raised at a time when we had before us bills and resolutions calling for the withdrawal from Vietnam by a date certain. We were trying to remedy the immediate situation in which we found ourselves. I had occasion at that time to talk to many people as to what their stand was on the issues raised by Vietnam. Many were against a withdrawal resolution—and I was among those. They then pointed to the war powers bill as evidence of their desire to see that we did not get into another situation like Vietnam. They said that they would go ahead and support such legislation when it came to the floor of the Senate. Many that were for the withdrawal resolutions were too preoccupied with putting their names to such resolutions to be concerned with what the future might hold.

A year or so ago, I talked to the protesters who came to Washington to visit with their Representatives and Senators on the subject of the Vietnam war.

I turned to them and said, "The crucial issue before this Nation today is not withdrawal by a date certain from Vietnam, because we are getting out of Vietnam. The real issue is to set up the laws of this Nation in such fashion so that we do not repeat such a commitment the second time around."

I further said to them, "Unless we go ahead in Congress to enact this legislation now, in this session of Congress, it will never be enacted."

I think the Senator from New York and the Senator from Virginia and others will agree with me on this point. That unless this legislation is passed and now, it will never be passed until we come face to face with the next emergency. A next "Vietnam," and then we will start to talk about war powers legislation all over again.

Mr. JAVITS. Mr. President, will the Senator from Connecticut yield?

Mr. WEICKER. I yield.

Mr. JAVITS. I do not like to hinge this legislation on an emergency. The Senator was gracious enough to say that we were trying to anticipate an emergency and the Senator was kind enough to mention me; but, as a matter of fact, this measure is the composite work of half a dozen Senators including those who principally worked on it; namely, the Senator from Mississippi (Mr. STENNIS), the Senator from Virginia (Mr. SPONG), the Senator from Missouri (Mr. EAGLETON), the Senator from Ohio (Mr. TAFT), the Senator from Texas (Mr. BENTSEN), myself and others; and then it was all fashioned actually in the Foreign Relations Committee.

But I do agree that while our memory is still very fresh and aware of the kind of crises we can face in this country when we do not use everything that we have in the way of governmental machinery to bring about concurrence of the will on a question so serious as war, that when the incident becomes a war, if we lose that moment, then another moment like it will only be brought against the cost of the terrible suffering.

No one knows, I must say to the Senator, whether the Senate and the House would have come to a different decision than President Johnson did or whether it would have gone on and developed the Tonkin incident and developed the incident into a war.

However, this is the best we can do, considering the awful cost to our people in blood and treasure. We have no right to do less. Hence, we have the right and the need for this bill.

Finally, I say to the Senator from Connecticut, who is very graciously supporting this effort with respect to this measure, that I believe that rather than weaken our credibility, it will strengthen the credibility of the United States in the world and among other nations who could easily be shaken in terms of whether we honor our commitments, a matter which caused the divisiveness to which the Senator has referred that was apparent in 1970 and even in 1972 as to the question of whether we should support an ongoing war. It was almost unheard of in this country.

I believe that the Senator, as he speaks, should be aware of our deep feelings on the subject, that when an incident becomes a war—which is what we are talking about—the greatest responsibility requires the maximum concurrence of the people, through their governmental organ, the House and the Senate.

I point out also to the Senator that one of the important points the Senator from Virginia (Mr. SPONG) and I have especially emphasized is the importance of having the concurrence of the House. Just because the Senate can approve treaties, that does not mean that we can do this. So we want a bill that definitely calls for joint action of the House and the Senate and for the concurrence of the President in making this a regular law in order to authorize us to ask the people to undertake these unbelievable sacrifices which are involved, not in an incident, but in a war.

Mr. WEICKER. Mr. President, I thank the Senator from New York. I repeat, not so much for the benefit of my colleagues in the Senate, as for the people of this Nation, that it is essential to the Nation to understand the crucial nature of this legislation. The legislation, it seems to me, does not seem to invoke the same emotions as other resolutions before the Senate have invoked. The fact is that we are well on our way out of Vietnam. That issue has been resolved. What has not been resolved is whether we will get ourselves into other situations such as Vietnam. That is what the legislation is directed at.

Mr. President, I have listened to the debate over the past several days. And I commend the Senator from New York and the Senator from Virginia for being very gracious in the debate that has taken place on this floor. However, I think I can enjoy the freedom of bluntness, because it is not I who will probably have to achieve the necessary compromise to get the measure through.

The President is limited to the role of Commander in Chief, of carrying out the orders and the wishes of the Congress of the United States, and therefore the people of the United States.

In no wise do I interpret his power under the Constitution as a power to determine the commitment of American troops

and American lives in pursuance of a policy of war.

The war powers of the Congress are set out in article I, section 8 of the Constitution. It is provided in that section that Congress has the power:

> To provide for the common Defense and General Welfare of the United States; to define and punish Piracies and Felonies committed on the high Seas, and Offenses against the Law of Nations; To declare war; To raise and support armies . . .

There are the powers of the Congress of the United States. Congress has the power:

> To make Rules for the Government and Regulation of the land and naval Forces; To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions; To provide for organizing, arming, and disciplining the Militia, and for governing such Part of them as may be employed in the Service of the United States . . .

I will bet that my children do not even realize that this power exists in the hands of the Congress of the United States, because they have grown up during a time when these powers have been usurped by Presidents of the United States.

These are the powers of the Congress of the United States. The Constitution is very specific.

The Constitution sets forth the powers of the President of the United States. The President shall be the Commander in Chief of the Army and the Navy of the United States and the militia of the several States when called into actual service of the United States.

I was interested in that piece of legislative history which the Senator from New York pointed out in his statement wherein be described the history of our country, the drafting of the Constitution, and the selection of George Washington initially as our Commander in Chief. He pointed out that Washington was given a commission by the Continental Congress which commission stated:

> . . . and you are to regulate your conduct in every respect by the rules and discipline of war (as herewith given you) and punctually to observe and follow such orders and directions from time to time as you shall receive from this or a future Congress of the said United Colonies or a committee of Congress for that purpose appointed.

It is very clear as to who was giving the orders. Of course, that is a situation that has been reversed over the years and it is a situation which we are attempting to bring back into focus today.

I need no tortured reasoning to explain where this power is vested. I have read articles by individuals who try to justify their past actions by a present twisting of the Constitution.

The language of the Constitution is simple. The part that I have just read, states the situation concisely.

During the course of the debate I have heard those who oppose this measure give the impression that those of us who support it seem to be impervious to the security needs of the Nation. From time to time they indicate that we are willing to play politics with the safety of the Nation. The safety of the Nation, quite frankly, is the job of the Congress along with the President of the United States.

The difficulty that arises is because we have made the assumption that the safety of the Nation is solely the function of the President of the United States. It is because of that fact that the necessity for today's legislation arises. We should all be in the business of protecting the Nation. We are all involved with the safety of the Nation.

But safety implies many things. It is not a question of whether a man has a hand on the nuclear button. It is the state of mind of an entire people. The people are not only strong because of the arsenal we possess. They are strong because of their state of mind and the state of life within the Nation itself. That is as much a part of the armament of any Nation as the metal and powder of which it is possessed.

I come, of course, from a section of the country which has long believed, for many years, that people should run their communities. In New England, we ran our communities by town meetings. Anyone in a town could participate in the government. Then someone said, "You know, this is not very efficient. Maybe we ought to break it down a little." Then there was a representative town meeting in which they had one individual representing x number of persons.

Then, somebody said, "Even that does not work too well; cut it down more." So then we went to the mayor and council form of government. Somebody said, "That takes too long; let us just have the mayor." Lately we have come full circle when various community organizations began to spring up and they want community representation. We are back where we started, and the point that should not have been left in the first place. It is clear that the more people who participate in government the better off that government will be, and it is why in the conduct of our affairs at home and abroad there must be a partnership of the legislative branch and the executive branch.

I do not buy that belief that one man can do the job more efficiently. I think we all understand the logical ramifications of the statement that one man can do the job more efficiently or one woman can do the job more efficiently. Maybe in a time sense faster, but the real question is whether it can be done better. That is the issue. The safety of the Nation will be enhanced by the Nation participating. It will mean the people of the United States have shared in making the decision to send their sons and daughters on a mission that risks life.

I think clearly the President has a major role to play in the area of foreign policy, but does he have the right to declare war? No! I think we have gone beyond that point. The people want to be told the reasons for war. The old arguments of security no longer dominate in the decisionmaking process though being a part of the entire puzzle. It is far better that the people of the United States know exactly the reasons behind the actions of their elected officials and then go ahead and participate in the actual decision itself.

Mr. President, prior to concluding I again repeat the urgency of the resolution before us. It is not something to be referred back to the committee. It is not something we can postpone until the next session of Congress. This legislation has to be enacted now. It is simple. It states that in the business of declaring war, Congress, the House and the Senate, shall participate in such decisions and that there will be no more one-man decisions to commit this Nation to the travails we have experienced over the years just past.

I hope we understand that in taking this kind of step we do not change the Constitution; we bring it back to its original purposes and intentions. We strengthen our Nation because the people of the country, not just one man, will be making the decisions of life and death.

That may be unspectacular. I do not know where the next Vietnam will occur. No one has a son or daughter committed to the next Vietnam. But the situations that gave rise to Vietnam are still with us, and they will remain so unless this bill, the war powers bill, is passed.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. WEICKER. I yield.

Mr. JAVITS. Mr. President, I am very grateful to the Senator for the things he said about this measure, and I think the Senator was very perspicacious to have pinpointed the time element, that is, this is the time to act. If the Senate for any reason is dissuaded from acting now, it is going to be difficult to recreate a frame of reference in which memories are vivid enough to induce us to act. I think that is very important for a substantive reason.

It is very clear that the opponents of this measure are not pressing the opposition with any degree of alacrity. They think we are going to carry it. I do not know why. If they have amendments they should produce them; if they have motions to refer the matter to another committee, they should be made. We are quite ready to make our arguments and leave the matter to the judgment of the Senate. So I think the Senator put his finger on a critically important point. We are ready. I am ready. As a matter of fact, I have to be excused from the Senate one of these days for a critically important purpose abroad of very long standing, but the Senator from Virginia (Mr. SPONG) and others will be here and we are ready to act.

I think it is very important to underline the point the Senator from Connecticut has made that we will not be dissuaded. This is the time. There seems to be a very mature development of opinion within the Senate as to its attitude or the attitude of individual Senators on this issue; so this is the time to act. Whatever may be the requirements under the rules on closing debate or whatever else is required, we are trying to give the Senate an opportunity to act on this measure now. The Senate will

then have the opportunity to work its will, but I do not feel we have any right to forgo our duty, the matter having been dealt with and brought up on the floor, and to amble along with it because those who oppose it are not ready to come to issue in respect to it.

Mr. SPONG. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SPONG. I commend the Senator from Connecticut for his contribution to the debate. He is correct that this measure is not being acted upon with an air of emotion similar to others we have seen in past years which touched on the war powers.

It is also clear that there is an urgency about this matter. There is no urgency about this debate as far as the Senator from New York and I are concerned. If anyone has anything to say about this legislation, we want to hear it. We are somewhat in the position of lawyers who have led off. We have tried to spend the last few days in making our case. We now await whatever motions may be forthcoming whatever amendments may be brought forward.

We have said from the beginning of this debate that we did not come to the floor convinced that we had the panacea to a very grave constitutional problem, a problem that is also a political problem. We made it clear that we would welcome comments and suggestions from any Member of this body. We think the war powers dilemma is a serious matter which should be discussed seriously.

We thank the Senator from Connecticut for his contribution. We await what might be forthcoming.

Mr. WEICKER. Mr. President, will the Senator yield?

Mr. SPONG. I yield.

Mr. WEICKER. The burden is also on the Senate of the United States to act. There is going to be no initiative from the executive branch of Government. This has nothing to do with President Nixon. Those of us who have been in State legislatures know that the Governor likes the State legislators to go home as soon as possible so he does not have to deal with them. There is the same situation with the council of the city. The mayor likes them to close up shop and go away so he can deal with problems in his own way. The same holds true of the executive branch of the Federal Government as compared with the legislative branch.

If we are going to enact this legislation, we are going to do the pushing. It is not going to be pushed at the executive level, whether by a Democrat or Republican. But is there one man who can stand on the floor of the Senate and look at the powers given to the Senate of the United States under the Constitution and say that we have been exercising those powers over the past several decades? The answer is clearly "No." Is there one man who can dispute the fact that these powers have drifted into the hands of the President, Republican or Democratic? The answer is "No."

The system has been criticized over the past several years. There is not a thing wrong with the system—if we follow the system. The only time we get into trouble is when we deviate from it.

There is nothing magical or spectacular about the proposal of the Senator from Virginia and the Senator from New York. As a matter of fact, it should have the support of the strict constructionists of the Constitution. It should have the support of the conservatives, because, in effect, it enunciates the Constitution as originally written. What it argues against is the practice of the past several decades, where slowly and gradually, we drifted further and further away from the provisions of the Constitution.

What I am saying and what the Senator from New York and the Senator from Virginia are saying, is that national opposition is not to the system as written by the founders of this country, but to the system as followed by the practice of the Congress and the Executive.

I definitely fear for this legislation. As I said when it was originally introduced months ago, there was great enthusiasm for it, but my predictions made then are coming to pass.

If this legislation is not passed in this session of Congress, there is no one standing on the floor here who will see this legislation pass until and unless—God forbid—we get into trouble with another situation like Vietnam. Then there will be a great hoopla for it. As soon as it subsidies, we will get back to business as usual.

I hope this legislation will be moved forward in this session.

Mr. JAVITS. Mr. President, I assure the Senator that, if I can help it and if the Senator from Virginia (Mr. SPONG) can help it, we will.

The PRESIDING OFFICER. The question is on the committee amendment, as amended.

Mr. GOLDWATER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McGEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1105

Mr. McGEE. Mr. President, this afternoon I am submitting an amendment to the pending legislation, and I do not intend to call it up until late in the procedures in our dialog on this question.

I have made my position clear, I think. I do not believe the right way is to go about it as we are doing now, addressing ourselves to as momentous a possible change in the process as this portends. Nor do I think we are wise, given the changing times of which we are very much a part at the present moment, to apply band-aid to an instrument nearly 200 years old in the hope that, somehow, the wounds caused by our changing times will, in the minds of many, heal itself, and not leave a wound even more serious.

I intend to oppose the pending Javits measure. I think we ought to go about it in a different way. But likewise, Mr. President, I am a realist, and I understand and appreciate, though I do not agree with it, the feeling of a great many of our colleagues here, that somehow we have got to go on record with something in order to quiet the comments back on the homefront and in order to quiet our own apprehensions about what might happen tomorrow, next Tuesday, or a year from now—that somehow we have got to make an effort to get somewhere.

Mr. President, again and again I have spelled out my position on that. I think we are long overdue for a restructuring of the whole allocation of responsibility, and the process of exercising that responsibility in decisionmaking in this Government of ours, in a world that is so radically different—and I mean radical in the generic sense of that term—from anything the Founding Fathers ever dreamed of or could have imagined, and certainly so much more complex than they could have addressed themselves to in all their wisdom, including the Constitution that has survived rather nobly over these many years.

So the amendment I am sending to the desk, Mr. President, is one that I propose to hold until we are near the end of our deliberations. Should it be the judgment of this body—which I would respect very much—that we should adopt the Javits amendment, which I shall continue to oppose, but should we adopt it, my amendment would propose a supplement as a working part of the amendment that would require, through the authorization of this body, the creation of a Presidential commission to have a cold, hard look at this whole question on the highest possible level. We should have done it years ago.

Such a commission, Mr. President, might well come out with the view that the way we have it now is the best way we can hope for under the requirements that we lay down in our present Government. Or it may decide that we ought to scratch the whole thing and start over again. I do not wish to circumscribe the latitude of such a commission's deliberations nor, certainly, to prejudge the question. I do not know, myself. I wish I did.

What I am saying is that the difference between now, 1972, and Philadelphia in 1787, is so great that we are kidding each other if we think that, by putting another band-aid on a 200-year-old instrument, somehow we are going to avoid another crisis a year from now or a week from now, or go at meeting it in the proper way, because I think the record is fairly clear that we have gone at meeting these crises in irrelevant ways. Obviously, the reason why the problem has all surfaced so quickly is that the solution did not turn out as everyone had voted for and hoped it would. So therefore, in hindsight, we have all kinds of motivations, a sense of pique, a sense of frustration, a soul-searching, and a sense of guilt in some instances, I suppose, that motivate us to apply another patch; and I suppose in another crisis we would try another one.

and wonder why we had not really come to grips with the question.

This amendment, through a Presidential commission, would require the President to appoint 12 public members to a commission, naming one of them as chairman, reserving to the President of the Senate and the Speaker of the House of Representatives six members each, to be divided equally between the two parties, as a core group to address themselves to this matter for 2 years.

It is easy for some of us to say in hindsight that we should have done this many years ago, but the fact is that when World War II came to an end, we found our own country in a new role, thrust right into the center of the stage of the world by the forces of history—not by the forces of American aggrandizement, nor by a sense of the arrogance of power, but largely by the thrust of history itself. At that moment, had we been as wise as we are now in hindsight, we ought to have been addressing ourselves in some such way as I propose, by a 24-man commission, to an examination of this whole question of war powers, decisionmaking in the foreign policy field, the responsibility, and the mechanism for preserving and establishing that responsibility. For without any intention, Mr. President, of derogating anyone, anything, or any task in our country's rich history, I would say that someone ought to sit down, unencumbered by the Philadelphia Convention of 1787, unencumbered by what the Founding Fathers may or may not have intended in that exciting day, unencumbered by the traditions or the development of court decisions in the nearly 200 years since that momentous time in our country's rich history, and address himself to the central question.

That question is, What ought we to have a right to expect, in fact to demand, as a mechanism, as a formula, as a distribution of powers and responsibilities, in the world of 1972, one that we would have a chance to survive, one that we can deliver ourselves of with the deepest sense of history as well as of responsibility to our own time and our own generation?

It is with only this in mind that I submit this amendment, Mr. President, as a supplement to the pending legislation. However we choose to handle the war powers bill that the distinguished Senator from Virginia has had a great hand in helping us to influence and to shape as it proceeded on its course to the floor of this Chamber—I repeat once more, I think that the bill now pending comes much closer than any of the other bills we had before the Committee on Foreign Relations, and would be less disastrous or more responsible in approaching this question—I still oppose it because I think it fails to come to grips with the real central issue, and that is that gap between 1972 and Philadelphia in 1787. Because, let us face it, Mr. President: In the Constitution, the Founding Fathers were thinking specifically and brilliantly in terms of the good old days when wars were declared and waged as wars, and won or lost as wars. They could not have envisioned a nuclear age. They could not have envisioned a time in our history when it might be necessary to risk war and wage war, but not declare it. That is why a good bit of the static has surfaced in regard to who has done violence to whom in the crises that we have faced in these last 25 years.

In my judgment, I think that the proponents of the pending legislation on this floor have overdrawn, have multiplied those fears. I think we have proceeded in an orderly way, but many disagree on that, and I respect that disagreement. What I am saying here this afternoon is, if the Javits bill passes—and it well may, I gather from the mood of the Members of this body—that we dare not stop there. We dare not stop there, and if it turns out, as its proponents argue, that this at least does something now, to hold the line for the moment, I say it behooves us all the more to get busy with a searching examination of all that is at stake in the question of war powers and responsibility and the distribution of responsibility among the various bodies involved in policymaking in this country.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. GOLDWATER. Mr. President, I want to congratulate the Senator from Wyoming for having said some things that I think need emphasis on this floor.

I do not think that any of us have too much quarrel with the overall purposes of the proposed legislation as stated. I think that those of us who are opposing the measure oppose it because we think that it tampers with the Constitution; and we feel that when the Constitution is tampered with, it should only be tampered with by the American people in their State legislatures and not by 500 people in Washington.

I have said time and again that I have to speak as a layman, but I think that anyone who reads the Constitution, particularly article I, section 8, the powers of Congress in the event of war or hostilities and our responsibilities thereto, can be confused. I find that many of my friends believe that the power to declare war means that Congress can make war. We cannot. I am going to discuss in a speech later today or tomorrow the fact that the Founding Fathers discussed this one point as much as they discussed any other point in the Federalist Papers.

Making war is one thing—this is the power the President has. Declaring war is another thing. Yet, I can understand how my colleagues can believe that to declare war would give us the power of going to war. As I can understand trouble in construing the power to raise and support armies. I can understand a misinterpretation of that, just as others can accuse me of a misinterpretation of it. It means exactly what it says, which is what we do every year, which we are going to do within a few months—authorize money to raise and support armies and, in doing so, to make policy decisions about what our dangers are and our commitments should be. Congress also has the power "to provide and maintain a navy; to make rules for the government and regulation of the land and naval forces." Some might try to construe this latter clause as the power to make strategic and tactical decisions in the use of our forces, but it actually relates to things such as courts-martial.

I rose to compliment the Senator from Wyoming because we already have an amendment before us that would do in some ways what the Senator from Wyoming is suggesting. I feel that because there is such a wide difference between those of us who oppose the measure and those who propose it—not in what they want to do but in the method by which it is to be done—that the wisest thing we can do, if we decide that this measure is proper, is to submit it to some commission or committee that would study it more fully.

I became interested in this subject 8 years ago, and I have had what I consider to be very learned people in law trying to decide what the Founding Fathers meant, trying to decide what the Constitution meant. There is no clear-cut decision.

I can think of only two members of the Supreme Court who have ever spoken out on it. I think Charles Evans Hughes was one, but I know that William Howard Taft was another who completely opposed the idea that is suggested in the proposed legislation.

I suggest that when learned men in this country cannot agree on the rightness or wrongness of what we are doing, I think we are treading on some mighty thin ice—and dangerous ice—if we go ahead and assume that we can conquer all the ills that have existed for 200 years between the executive and the legislative branches vis-a-vis war.

Even before we had a Constitution, the Western World had some 107 conflicts, and I believe that only 10 carried any type of declaration. Mind you, this was in the 18th century. So this is nothing new. My research shows that this argument has been going on, literally, every year for the entire history of this country. I think it is time that we give it some real, academic, judicial study, although it might be wise, I suppose, to pass this measure and let the Supreme Court decide upon its constitutionality. I think, however, as does the Senator from Wyoming, who is a distinguished member of the Committee on Foreign Relations, that this day and age is no time to be tinkering in this field.

As I have said repeatedly on this floor, I am very fearful of what our allies are thinking at this moment and what our enemies are thinking at this moment, as we go through, in all appearances, an effort to isolate this country—although I know that will be resisted—an effort to change the powers of the President, even though it would not destroy his power to go to war. I think an enemy would be delighted to know that his adversary would fight for only 30 days or that there is a very good chance that he would fight for only 30 days. The enemy would be most happy.

So I congratulate the Senator from Wyoming on offering this amendment. I hope that either his amendment or the Taft amendment will be a part of this

measure if it is passed, because I do not believe that it has had enough study. In fact, yesterday, after we were told that this matter had received months, even years, of diligent study, the authors of the bill made three changes. If three changes are necessary in 2 days of debate, Lord knows what is going to turn up if we continue this debate at any length. I certainly have no desire to do that, nor do I even threaten to do it. I think we are doing this in a slipshod, hurried way, and I agree with the Senator that this is dangerous. I commend him for his action.

Mr. McGEE. I thank the Senator for his generous comments.

I would hasten to add that I have no fixations with respect to this matter; that, in fact, this is part of the problem that I feel in regard to the question—that is, a conspicuous absence of certainty as to what is the wisest approach here. I have certain misgivings about what we are debating here at this time as one of the approaches. I wish I had something wiser to offer. But we find our great scholars in the land, our deepest students on constitutional principles, or those with experience in government, also divided on this matter. It is the fact of their division that ought to be saying something to us; and that something is that we are not going to bail ourselves out of the present situation with the simple resolve of the Senate, in a statutory way, to take the step that is advocated in the proposed legislation.

But I also understand how important it is that we at least take some kind of step soon. I think a great deal of psychology is hanging over the country in this regard, and certainly over many of our colleagues. But I want to make certain that we do not fall into the habit that this may tempt us to fall into, and that is the habit of patching and then patching and then patching, hoping that we can patch our way out of crisis. The time has long since come when we really ought to put our best effort, our maximum intellectual capabilities, and our practical political good sense to searching out the possible new answers to the constantly frustrating problem of the division of responsibility and of decisionmaking in times of crisis.

Such a commission, I think, ought to be totally free, no holds barred, unencumbered by the past, literally. For the moment at least, such a commission ought to be able to start in the vacuum of a theoretical moment that you are putting together a new government, a new responsibility that addresses itself to a great nation, bearing the responsibility for world leadership in a positive and constructive way, and see what they come up with. Then we here in this body and in the other body can weigh it alongside the traditional and constitutional past and present, and where we are, and all the other matters that properly concern people.

Suppose we were the Founding Fathers today, and we were asked to structure a mechanism in foreign policy that would be realistic in the kind of world we know today, not the world of 1787? What would we put together without the past to color our judgments or our "druthers"?

We should start with a theoretical ultimate and them examine at the next stage how that should be implemented in realistic ways in regard to the great traditions of our land.

Such speculating might lead a commission to suggest that the Senate should not have a role in it, or that the House of Representatives should not have a role in it, but that there should be some other kind of body created to make the decision. I do not know. Perhaps it will decide that the President should be cut out, leaving everything to committees of the Senate. I cannot imagine that, but that has to be one of the theories that would be carefully explored; or they might decide that the way we have it now can be spelled out more carefully and made to work. I do not know. What I am saying is, it is time we search out the answers to those questions and weigh the options in realistic terms.

It is incumbent upon us, regardless of what we do with this measure. If this measure is defeated today, we should still create a commission, not as a substitute, because it does not substitute for anything but as a basic step forward to bring us to grips with the question which we have ducked too long, hoping that someone would come up with the right answers in decision-making that would bail us all out. We may not have time for such a luxury or a choice another time.

We have already had a searing experience, public opinionwise, and with divisiveness in our own body here in the Senate, during this most important crisis.

Surely, we can learn from that experience at least how not to do it from here on. How not to do it is to put it off, hoping that we do not have to face up to something at a later time. So all I am saying here is that if this measure passes, we should attach to the measure an amendment providing for the creation of a commission of 24 members, such as I am describing in my amendment here, to be appointed by the President, made up of 12 public members, with the chairman of the commission from that public group and designated by the President, with six members appointed by the House, and six members appointed by the Senate, by the Vice President and the Speaker of the House, respectively. They would explore all the ramifications of this subject.

I am suggesting in the amendment that this be confined to a 2-year interval. That is arbitrary judgment in itself. It may not be possible in that interval of time. But at least it will be notice to our people that we are not trying to put things off or to procrastinate. If the Javits measure passes, we will be taking an expeditious step, as the proponents of the pending legislation contend, but we will have followed it up with more than a piece of adhesive tape—something just to hold a 200-year-old structure together in the desperate expectation that it might continue to hold through another test in another crisis.

I think we should have the courage and that we owe it to our people to have a searching examination of this subject made, and not to expect through habits of thinking that they will come up with something convenient to accept. We should challenge them to address themselves to an ideal structure in a world of 135 sovereign nation states, in a world of governments which are mostly monolithic, and in a real world which still knows no law internationally but only knows an association of sovereignties to whom the law itself is so carefully independent.

I think that world security, not alone of our own country, depends upon this. The chance for some reasonable stability in the world hangs in the balance.

I would hope that my colleagues in this body would give a closer look at the proposal of a supplement to and with the Javits amendment, to create such a commission at the very highest level, to which the President of the United States could address himself and, thus, a commission given to the members of such a proposed Presidential panel.

I believe that we, in this way, would have a better chance, whenever a crisis hits us the next time, to be closer to a procedure and an operation that would equip this country to face its sometimes unpleasant and often costly but nonetheless continuing and real responsibilities in a world of great trouble.

Mr. President, today I am introducing an amendment to the War Powers Act—the proposal which is currently the subject of considerable debate on the part of this body.

My amendment would in no way alter or change the content or thrust of S. 2956. It would serve only as a supplement to the bill. My amendment calls on the President and Congress to commission a high-level panel comprised of our best minds of diverse background and philosophy to undertake an intensive and in-depth study of the decision-making processes of our Government as they relate to the formulation of foreign policy, national commitments, and the war powers.

I would again like to emphasize that my amendment in no way affects or alters the substance of S. 2956. This is not to say that I still do not have misgivings about the War Powers Act. I believe that although this proposal comes closer to anything else we did in the Foreign Relations Committee to realistically and constructively come to grips with one facet of governmental decisionmaking, it still does not go far enough.

My amendment calls for the establishment of a 24-member commission. In addition, the President of the Senate and the Speaker of the House would each appoint six members to the Commission from their respective chambers—three from the majority party and three from the minority party.

My colleagues may note that my amendment does not limit the scope of the proposed Commission's study to just the war powers issue. The study would also encompass the decisionmaking processes involved in the formulation of our foreign policy and national commitments. This is what I feel we should

really be addressing ourselves to right now—the updating of our mechanisms for responsible policymaking in our system of representative government. We should do this armed with all of the wisest judgments this country can command.

The proponents of S. 2956 have maintained that this piece of legislation does nothing more than to restore the constitutional balance between the executive branch and legislative branch of our Government. And although S. 2956 is not being offered as a constitutional amendment, its purported thrust is to correct what proponents feel have been significant constitutional abuses on the part of the executive branch of Government, particularly since World War II.

Much has been said during the debate on this bill regarding the intent of our Founding Fathers as they sat down to draft the Constitution in Philadelphia in 1787—their intent in framing a workable relationship between the executive and legislative branches of Government in the area of war powers.

However, the world that our Founding Fathers confronted as they drafted the Constitution is not the world that Members of this body are compelled to face in 1972 and succeeding years.

The Founding Fathers provided a specific mechanism for declaring war—article 1, section 8—leaving the initiatives of the event which preceded war clearly to the President. They provided that only the Congress finally could declare war. This was framed in a period of time when nations dared to, and could afford to, consider declared wars as an instrument of national policy. However, many students of government feel that we have long since passed the time when we can afford to declare war without running the risk of an ultimate nuclear holocaust. Therefore, one of the issues raised centers around the phenomena of undeclared wars and the question regarding the role of the executive and legislative branches of Government in this critical area of policy responsibility. I do not feel that we have found a solution to that problem, although we are heading in that direction with S. 2956.

What my amendment seeks, hopefully, is to arrive at the answer to the question of what a nation like the United States, with all its dedications and responsibilities, should have in its mechanisms for policymaking that would be realistic in the world as it is in 1972 and as it will be in the future.

Rather than attempting to patch up the Constitution because of past events, as I believe S. 2956 attempts to do, we really should be inquiring into what the Constitution should say in 1972. A band-aid approach to a constitutional structure put together nearly 200 years ago is not enough; indeed, it could be a costly ploy delaying a long overdue reexamination of our policymaking mechanisms.

We have put off far too long the process of updating our Constitution and updating the mechanisms of a representative republic in the field of foreign policy. We owe the country an honest attempt at arriving a some workable solution. I am not saying that I have the answers to these questions. I do not. It may well be that this Commission would conclude that the present mechanisms are satisfactory and do not need to be changed or altered in any way. I would be the first to accept that conclusion. On the other hand, if there is even the slighted possibility that we need to refine or change our decisionmaking processes in order to enable us to more effectively function in the world as it is, we owe it to ourselves and the nation to pursue an in-depth study utilizing the best minds we have in the country.

My proposal provides that a high-level panel be commissioned to make the kind of searching inquiry, hopefully, as to what a great nation conceived in 1972 should do with the awesome power and responsibility it has in the world that we have today, and what kind of mechanism may be written into the theoretical constitution for that kind of new republic.

Once a conclusion is reached by the panel, it will then be up to Congress to accept or reject its findings. If the findings are accepted and if they recommend constitutional changes, then it would be up to Congress to measure the recommendations and determine how they can best be fitted into our Constitution and our tradition.

The times have changed the relevance of what our Founding Fathers said or did in Philadelphia. We have not yet honestly assessed if the times have changed to the extent that we might also need to change, in any way, our Constitution. There is really no way of answering that question at this point in our history. However, no one is really measuring the role of the various branches of Government and sorting out the respective roles in light of the new events and the new responsibilities that we did not seek, but nevertheless have, in trying to make it possible for our system to survive the impact of change and the demands of the modern world.

We have continually put this modernizing process off again and again, apparently in the hope that we will come to grips with it once more when we have another crisis. But our experience with this indulgence should compel us to take positive action in establishing a mechanism that would prevent future crises or at least confront them in a more effective manner, rather than addressing ourselves to crises of the past.

The question before this body is the operability of our Government during a crisis in the 1970's and future years, and not our Founding Fathers understanding of, and experience with, world events and relations between nations in 1787.

When I first raised the issue of commissioning a study of this nature, it was stated in this body that we did not have the time to await the report of this proposed panel. It was said that we have to do something now. This might well be the case, but I am as yet not convinced that it is. However, if we do have to do something now, and that something is S. 2956, then I think this legislation should contain my proviso creating a Presidential Commission to examine the larger questions of constitutional structures and procedural processes in the national security and foreign policy fields.

Mr. President, I send to the desk a copy of the proposed amendment with its ramifications.

The PRESIDING OFFICER (Mr. FANNIN). The amendment will be received and printed and will lie on the table.

Mr. WEICKER. Mr. President, I rise to comment on some of the remarks made by both my colleagues from Wyoming and Arizona.

First of all, with his usual firm belief in this Nation and his moderate and sensible approach, I cannot disagree with any of the comments made by my colleague from Wyoming. But I can answer one question: What would the Founding Fathers do if they were confronted today with today's circumstances?

The fact is that today's circumstances are almost identical with the circumstances with which they were confronted, because they had come over from Europe and they had seen wars waged by themselves and their people, which wars were decided by one man, specifically Kings.

That is why, when they wrote the Constitution, they made it specific as to who has the power to go ahead and declare war. They had a fresh memory of what it meant not to have citizen participation in the declarations of war, when they wrote the Constitution. The circumstances into which we have drifted today are almost identical.

I do not see, in response to my colleague from Arizona, what is so complicated about the powers of Congress as written in the Constitution. Congress shall have the power to declare war. Let me read further from article I, section 8 of the Constitution:

> To define and punish Piracies and Felonies committed on the high Seas, and Offenses against the Law of Nations;
>
> To declare War, grant Letters of Merque and Reprisal and make Rules concerning Captures on Land and Water;
>
> To raise and support Armies, but no Appropriation of Money to that Use shall be for a longer Term than two Years;
>
> To provide and maintain a Navy;
>
> To make Rules for the Government and Regulation of the land and naval Forces;
>
> To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions;
>
> To provide for organizing, arming, and disciplining the Militia, and for governing such Part of them as may be employed in the Service of the United States, reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress;

That is very clear. It needs no contorting to make it understandable to my mind as to what the war powers of Congress are.

When the statement is made that we are about to tamper with the Constitution, let me say that it has been tampered with silently for some decades now. That is why we are on this floor now, trying to rectify it.

Mr. GOLDWATER. Mr. President, as I indicated, the great division here is among those who feel that the Constitution says one thing and those who feel that it says another.

I would ask the Senator if he feels that the powers which he has read from article I, section 8, of the Constitution gives this body the power to go to war.

Mr. WEICKER. The Senator reads exactly what it says; the Congress shall have the power to declare war.

Mr. GOLDWATER. That is my question. In the mind of the Senator, the declaration of war means that this body, or the whole body, controls the power to send troops wherever they care to.

Mr. WEICKER. It is definitely in my mind that it gives to the Congress of the United States the responsibility of determining whether the United States of America will commit troops into any area of the world.

Mr. GOLDWATER. I do not see anything that says that.

Mr. WEICKER. Once that decision has been made, it is then the Commander in Chief who directs its implementation. But the initial power to declare war and to commit those troops lies in the hands of the Congress. What does it say as to the power of the executive branch

Mr. GOLDWATER. It says that the President is the Commander in Chief of the forces. And the interpretation has always been placed on that, that the Commander in Chief is the only person that can commit our troops to war in the national defense or the only person that can bring peace, on the other side of the coin.

As I say, this is a big argument. In fact, it was the big argument over the articles of the Confederation that passed on whether Congress should have the power to make or to declare war. As I recall, it was mostly because of the difficulties Washington had with his legislature in getting support. It was mostly out of that experience, as I understand it, that they changed it. Originally the language was "make war" and they changed it "declare war."

We have only had five declarations of war. There is nothing new about that. It has been going on, as I mentioned earlier, since before we had the Constitution. Since we have had the Constitution, we have had 192 cases of involvement, and only 5 declarations of war.

There is nothing to prevent us from declaring war.

I note an amendment from the Senator from Alaska that would attach to the pending legislation a declaration of war against Vietnam. There is no reason that we cannot do that. That power has never been taken from us.

In fact, in the Gulf of Tonkin resolution, we in effect declared war, or gave all of the powers of a declaration of war—at least, President Johnson thought so.

I do not disagree with the language here at all. I just do not feel that the language gives us the power to make war. To declare war, yes.

Mr. WEICKER. Let me ask the Senator from Arizona what he thinks the statement "declare war" means.

Mr. GOLDWATER. Just precisely that. I was going to discuss it later. I looked this up in the Samuel Johnson's Dictionary of English, which was in use when the Constitution was written. It says that the word "declare" is understood to mean "make known, or to proclaim." The term "make" was considered to make or bring into any state or condition."

When we declare war, I think it is exactly what is understood. We make known to the world that the Congress of the United States stands with the President, at the request of the President usually, in dedicating this Nation's purposes to war.

Mr. WEICKER. Mr. President, I cannot agree with the Senator. I think the Constitution is very clear. It is the decision of the Congress of the United States to commit this Nation to war. Once that commitment has been made, the conduct of the war rests in the hands of the President of the United States.

Mr. GOLDWATER. Let me ask the Senator a question.

Mr. WEICKER. If I might continue for a moment first.

In the remarks of the Senator from Arizona, some comment was made yesterday and today that those who support this legislation are somehow giving some sort of comfort or glee to our enemies and discomfort to our allies. I would like the Senator to clarify that for me.

Mr. GOLDWATER. It is very difficult for me to make that statement in a way that is not offensive. I merely state, as a student of this particular subject for a long time, that if I knew any action that my enemy was going to make, or would have to make, fighting my war would be made a lot easier. For example, if some nation chose to provoke us to the point that the President would go to war or move troops or forces, and if that enemy knew that it was fairly safe in doing this, because at the end of 30 days, during which 30 days the subject would be debated by the American Congress, the chances are good that he would have to discontinue the war and thereby the enemy would be victorious.

I know that is not the intention of the framers of this legislation and has nothing in the world to do with it. However, I am merely stating an old exiom of warfare, that one does not want to let his enemy know what he will do or will probably do. And we are giving the enemy a partial answer in this legislation.

Mr. WEICKER. Mr. President, of course there is no question in my mind that it is always difficult for a democracy to wage war, and it always will be. The most efficient war that can be waged is one that is declared, directed, and ended by one man. In my mind, that is the reason the Constitution was drafted in the manner in which it was. It was drafted by men who came from Europe where such wars were declared, directed, and ended by one man. They sought to end that situation and to give the people a voice in whether they should have such conduct continued.

That is my understanding. This reinforces my interpretation of the Constitution.

Yes, it is going to be more difficult from a security point of view for this Nation to engage in armed conflict. On the other hand, when it does not have the participation of citizens, then we arrive at the point which has been the case in our Nation during the past several years. We have a nation that disintegrates.

I would ask the Senator from Arizona, at exactly what point in time would the people of the United States share in the process of whether we should be in conflict?

Mr. GOLDWATER. I think we have had a good example of that throughout the last 4 or 5 years of the Vietnam war. The American people have become divided. I do not think a division was necessary. I do not think this legislation is going to help a division such as that which might occur in any war in the future unless it be in what we call a slogan war or a war of national interest. This war has certainly not been that.

Commenting briefly on the remarks of the Senator concerning the Founding Fathers, I would say that the fact that they were engaged in war is probably the last of the reasons why they ever did this. Our people came to these shores to get away from a bureaucracy, or let me say from a monolithic government. And the whole structure of the Constitution was to prevent the gathering of power in any one place, be it the executive branch, the judicial branch, or the legislative branch.

Mr. WEICKER. I agree with the Senator.

Mr. GOLDWATER. I want to point out here that I am very concerned about a transfer of power from this body to the executive branch. And I would stand shoulder to shoulder with anyone who would want to return the power that we have given to HEW, for example, to run our schools, or the many other domestic powers we have taken from the legislative branch and given to the administrative branch. That has destroyed the real strength of our Constitution, which has been the division of power.

Now we get back to this particular point. I know that the Senator believes the danger of war was not one of the major points of discussion; but who would make war was, and it was one of the major reasons the articles collapsed and it was one of the big stumbling blocks in the writing of the Constitution.

As I will point out later, there was probably as many papers among the Federalist Papers on declaring and making war and defending the safety of the Nation as any other subject, and as a result of debate they decided the Commander in Chief would be the only person who would commit troops in defense of the Nation.

I would hate to think, and I know the Senator agrees, that this body could by resolution control war. I think it would be a total disaster.

Mr. WEICKER. No, I do not agree with the Senator. I think that is the function of this body; that is, the determination of whether or not the United States of America is going to be committed to a course of action, which course of action is war.

Referring to the comments of the Senator, he is correct when he refers to the monolithic type society which was built up in Europe at the time of the founding of this Nation.

He knows as well as I know that every

single country there was under a form of monarchy with one man making the decisions. It was a key part of the thinking in this country at that time that such decisions as involved the destruction of human life would no longer be placed in the hands of one man but rather in the representatives of the people.

I point out to my colleague from Arizona the commission which was given to George Washington by the Continental Congress:

> And you are to regulate your conduct in every respect by the rules and discipline of war (as herewith given you) and punctually to observe and follow such orders and directions from time to time as you shall receive from this or a future Congress of the said United Colonies or a committee of Congress for that purpose appointed.

So actually there was the intimation that Congress was going to direct the conduct of the war. I do not go that far. That is the job of the Commander in Chief, but the determination of whether we are going to go to war is the job of this Congress. I grant it is not a duty we have taken on with eagerness; we have let it slip into the hands of the executive branch and the State Department, and, in fact, participated very little in that essential determination. But certainly the times have taught us that this much the people of the country expect. They have confidence in their military forces once the decision is made the country should go to war, but the restlessness and division we have seen from the Vietnam war are due to the fact that the essential decision had no broad based support and was essentially made by one man.

Mr. GOLDWATER. I find myself in complete agreement with the desires of thew riters of this bill to be kept better informed on the progress of war. We have not given up one power that is contained in the powers of the President. In fact, if we want to make a confession, we have not used those powers.

We go through the process of raising and supporting armies every year. We did not have to do that. We could have said to the President at any time during the Vietnam war, "We are not going to provide nearly so much money to support the Army or the Navy." That is one way we could have handled it. I doubt Congress would ever do that. I certainly would not advocate it, but, nevertheless, that is in the power.

If we are guilty of anything, and we are guilty of it, we have not paid enough attention to this subject. It is not new. A study of this subject will show that back to the days of Washington the declaration clause has been a subject of dispute. We have never been able to get the Supreme Court to rule on it definitely. I can think of only two Justices who ever declared on it squarely, both in favor of the situation as it now operates and both in law review articles, not court decisions. There has been no change in the last 10 or 20 years. This has been going in since we have been a republic. At one time President Lincoln decided he might be a better field commander than the one he had and he almost assumed command of the Armed Forces, which the Commander in Chief can do. He can put stars on his shoulders and sally forth.

To get back to the comment on George Washington, it is true he was charged with this commission, but Congress gave him such a bad time when he was trying to win the war that this experience turned the entire thinking of the Constitutional Convention about retaining in any other legislative body, whether it be called the Congress or whatever, the right to make war because Washington had this terrible lack of support by Congress.

I do not advocate returning to that. I would not even consider voting for it, once the President committed this country to war. We can declare war and pass on treaties and do many other things. We have not done them. I think any Senator can keep himself abreast of the conduct of the war by asking for a briefing from the Pentagon. I do that weekly and I find it beneficial.

So we are not basically in a lot of difference. We are in different positions when we assume, one, that this situation is something new, because it has been going on since we have had a Republic; and, two, that by passing legislation it will change things.

As I have asked the sponsors of this bill, let us say after 30 days Congress says this war is wrong; we are going to continue it. How are we going to stop the President from using force? We can say, "We will not give you additional money," and he would have only enough left to use for a year or so until that was exhausted.

Mr. WEICKER. I could not imagine the President disregarding being told by Congress that the war is wrong. If that directive comes from Congress I suggest the war would end in fast fashion.

Mr. GOLDWATER. I suggest Presidents have come pretty close to this. I remember Franklin Roosevelt saying at the time of the passage of the draft that no American boys would be sent from the Western Hemisphere and all of a sudden we found Iceland in the Western Hemisphere.

Mr. WEICKER. I do not deny the situation has been going on. I agree it has been going on and that is why we are debating the matter here today and trying to bring it to a halt.

The Senator from Arizona made an interesting statement, and I think I noted it correctly, when he said, "Once the President committed the country to war."

Does the Senator believe that is the right of the President?

Mr. GOLDWATER. I think it is the only way the country can be committed to war.

Let me make clear we can declare war, but there is only one man that can move troops, the Air Force, the Navy, or the Marines around the globe, around this country, or around any place, and that is the President. I do not think the framers of the bill have any quarrel with that.

Mr. WEICKER. I have a great deal of quarrel with it. There is no question in my mind that once war is declared the President must make the necessary commitments.

But do I understand correctly the Senator when he said the determination of the war is first that of the President of the United States?

Mr. GOLDWATER. I do when it is in the national defense and this is historically so. I have never seen this questioned seriously by any legislative act. I know it has been tried before. It has never been successful.

The only way we can move forces in this country or in this world is by order of the Commander in Chief, the President.

Now we may, as a body, declare war and visit the President and try to convince him that we really think we should go to war and he might concur with us.

On the other hand, the President's major responsibilities today are, as I think they have always been, one, the protection of our country; and in the protection of the country and its people and its freedoms, this one man has the decision of what forces to use and where to use them.

I would not like to see this changed so that the Congress would interpret the power of declaring war to be the power of making war. I think the Senator from Connecticut would be as violently opposed to that as he seems to be against the present situation.

Mr. WEICKER. Well, the Senator from Connecticut and the Senator from Arizona I think are in basic disagreement here, because I think the commitment of this country to war is one that should be made by the Congress of the United States, obviously working in conjunction with the President, but certainly not to the point that now exists, where, in fact, the commitment is made, we are asked for a rubberstamp decision, and then he gets on to his next duty, that of Commander in Chief. That is why we have this separation.

For example, I have voted against every single one of the withdrawal-by-a-certain date proposals, because that is not our function. It is that of the President as Commander in Chief. To me it would be breaching security when we start laying our cards on the table to show where we are going to move.

We are talking here about a situation that would avoid another one like Vietnam, and to avoid the situation referred to by the Senator from Arizona, created by President Roosevelt. The determination, the commitment, belongs to the people of the United States. It belongs to the people of the United States through their Congressmen and Senators, acting jointly with the President. This is not something that can be held to be the decision of the President of the United States alone. That is the reason why we are in trouble. I do not believe Vietnam is singular. It was just the last straw. We have slowly been going in the direction of getting further and further away from the will of the people. Believe me, one more decision such as Vietnam without the support of the people and without the support of Congress and perhaps we will have people leaving

our Nation to set up a new nation with a new constitution. Such was the case at the time of the founding of our Constitution, where the job of commitment was determined to be the job of Congress, and the job of prosecuting war was the job of the President.

Mr. GOLDWATER. What disturbs me is that if we were to follow the Senator's reasoning in this field, we find we have no treaty to go to the aid of Israel should she be attacked. Now, let us assume that the President does not have the power of committing forces in the usual Middle East crisis, which is what the bill now provides, as I read it. Let us assume that the Soviets, together with the Arabs, attack Israel, and the Congress, in an indignant way, would have a declaration of war resolution introduced. The resolution would be debated, in all probability, because there are people in the Congress who feel that we should support Israel and there are others who feel we should not support Israel. If the Senator wants to see real division in the country, I cannot think of a better way it would be created than to have this condition of Congress, supposedly representing the people, being divided. Let us say that debate goes on for 2 or 3 weeks. The war could well be over and Israel could be wiped off the face of the globe.

I am afraid that the reasoning of the Senator, if applied to situations around this world where we feel we have an interest, even though we do not have treaties, or other specific legislative authority, would create all manner of havoc.

Mr. WEICKER. May I respond?

Mr. GOLDWATER. One moment. The Congress is constantly exercising a voice in this field. We ratify treaties. We have ratified 57 treaties since I have been here. I think that is the approximate number. 17 of them have been with NATO countries that I feel take us to war. We did that, I think, without a dissenting vote.

We also pass appropriations. We do not have to do that. We can reduce them to force a change in policy. We enact area resolutions, which we did in the case of the Gulf of Tonkin. We also have a very important hold on the operation of the military by being responsible for the initial size of the military. We took that power away from the executive branch just a few years ago.

I outlined this one hypothetical situation because this could happen, and happen in a disastrous way, if we were to let 500 people in Congress decide whether we were going to defend Israel.

Mr. WEICKER. I would like to respond to the Senator from Arizona. First, suppose we do not have a treaty with Israel. Unfortunately, the Senator directed that question to the wrong Senator, because I have advocated that we ought to have some specific agreement, because we are going to drift into a situation like Vietnam——

Mr. GOLDWATER. I agree with the Senator.

Mr. WEICKER. Now, in the name of efficiency, can we afford to have debate on the floor in order to determine whether we should participate? I assure the Senator, in the name of efficiency, is not a sufficient reason to turn over a concept embedded in our Constitution to one man to engage in hostilities. We had better devise better procedures than giving such power to the President. We should not say that, in the name of efficiency, we had better leave it in the decision of one man rather than that of the representatives of the people.

So my response to the Senator from Arizona is "Yes." If we have a treaty, do I think we should sit here and debate the commitment of this Nation anywhere in the world? My answer is "Yes." I am not willing to leave that in the hands of one man. I do not think the writers of the Constitution were, either.

Mr. GOLDWATER. To get back to it, of course this is the basic disagreeemnt between those who, as the Senator from Connecticut, feel that the Congress must have the power of making war and those of us who feel the power of making war should stay with the President. If I understand the debate correctly, the framers of the bill do not take away any powers of the President; they merely say at the end of 30 days Congress should be called upon. I think the Senator from Virginia would agree with that.

Mr. SPONG. Mr. President, I will ask the Senator from Connecticut if he will yield to me.

Mr. WEICKER. I yield.

Mr. SPONG. I would like to amend what the Senator from Arizona has said. The proposed legislation does not take away any constitutional powers that the President already has. I want to make that very clear. We have been talking in terms of the President's powers as granted by the Constitution. The bill does not remove any Constitutional powers given to him.

I do not want to argue with the Senator from Arizona, but he has taken the alternative words "declare" and "make" and concluded that because the word "declare" was substituted for "make" during the Constitutional Convention that the President as Commander in Chief acquired all the power suggested by "make."

To understand the meaning of the change, all we have to do is refer to the Founding Fathers' debate. It is very clear in Madison's notes what took place. Mr. Elbridge Gerry of Massachusetts moved to insert "declare" in the place of "make," war . . . "leaving to the executive the power to repel sudden attacks." I repeat—". . . leaving to the executive the power to repel sudden attacks." That is a direct quote from Madison's notes. The change of words did not mean that the making of offensive wars was thus conferred upon the President of the United States. And, that is a major point of this whole legislation.

I did want to remind the Senator from Arizona that we are not taking away any powers granted to the President as Commander in Chief by the Constitution. We are quarreling in retrospect with powers which Presidents, going back to President Truman——

Mr. GOLDWATER. Oh, past that.

Mr. SPONG. Well, in terms of actions, I would go back to President Roosevelt and his unilateral exchange of 50 destroyers for bases with Great Britain, but I think for the purposes of this argument the first President who claimed inherent power to act in these matters was President Truman.

What the sponsors of this legislation are saying is that the Constitution calls for the sharing of the "power to make." Constitutionally, we are not taking anything away from the President.

And, if I may nit-pick one more time here, the Senator from Arizona has on two or three occasions today said that only two Supreme Court Justices have spoken out on this issue. Let me begin by saying that the Senator from Arizona is quite right in implying that the Supreme Court has had very little to say on this subject, because they have generally not addressed themselves to it; they have regarded it, on most occasions, as a political question. But the fact of the matter is that in the Eliza appeal alone, three Justices addressed themselves to the question. I quoted, in remarks made earlier, from Justice Story's decision in Martin against Mott and referred to several other cases. Justices have implied that the President does not have reserved to himself all of the war powers.

As I noted before, however, the courts have not addressed themselves to this subject generally; they have shed very little light on it in the past 25 years. But there have been, particularly in the earlier years of the Republic, more than two justices who addressed themselves to the problem.

Mr. GOLDWATER. I will admit that the Senator is correct. I thought I said there were at least two that I could remember.

I would also agree that the Court has consistently refused to review this question during an ongoing foreign hostility, for the reason that they think it is political and does not come under their jurisdiction.

I said earlier that if a bill like this is passed, the only benefit I could see is to have the Court determine whether or not it is constitutional, and then we could go to work and correct it.

Mr. SPONG. Perhaps I misunderstood the Senator. I thought he said only two. But the main point that I want to interpose—and I thank the Senator from Connecticut for yielding to me—is that we are not taking away from the President the powers conferred upon him by the Constitution. We may not be condoning actions of past Presidents—actions which that some of us here might agree or disagree with—but constitutionally, we take nothing away from the President as Commander in Chief.

Mr. WEICKER. Mr. President, I concur with the Senator from Virginia, but the question which I asked the Senator from Arizona then comes back into play: At what point in time, according to his reasoning, should Congress participate in this decision? That is exactly what this resolution does; it sets a point in time when we share in the determination of commitments to war.

That is the question, I repeat: At what point in time should Congress share in this decisionmaking?

Mr. GOLDWATER. I could have answered that before. We can go into it at

any time, under the many powers that we have under the Constitution.

For example, we did not have to pass the Gulf of Tonkin resolution or the SEATO treaty. We did not have to continue to support the war in Vietnam with appropriations. But we did. In fact, the majority of the people who are the authors of this bill have repeatedly supported the President in Vietnam. I think this is the way that Congress can say yes or no to the President.

The thing that troubles me about a time certainly is, first, it is going to be the wrong indication to our allies, and second, it would give an enemy a great advantage over us, depending upon the type of war we became involved in. If we got into another Pearl Harbor type of war, I do not think there would be any question of it. If we got into a Vietnam type of war, or a Dominican Republic type of thing, or any of the dozens and dozens of small conflicts we have had—I put a list of them in the RECORD yesterday—then I could expect Congress to be very divided.

I do not think, for example, that Congress would have been divided at the outset of President Kennedy's sending troops into South Vietnam. I do not think it would have been divided even at the time that President Johnson increased the troop strength over there. But the country did become divided, and as a result, reflecting the country's feelings, Congress became divided.

I do not believe the 30-day limitation provision is correct, and to get back—I do not want to delay this—I think it is perfectly obvious that the big argument between those of us who believe that the President has the only power to go to war and those who do not is in the interpretation of the language "to declare war"; and I think any reading of the Federalist Papers or any reading of the rather scant debates on this subject will indicate that there was great argument about these words "declare" or "make."

They are entirely different. The American people do not understand that, and I do not think the majority of the Members of Congress do. To declare war, yes, we have that power. To go to war, we do not have that power. I think this is a great difference, and I think there is no clearer reason of why this thing should not go through the legislative branch, but should first be studied at great length by academicians, by professionals, and by members of the legislature, in an effort to really come up with an answer that, if we feel an answer is needed, will provide a solution for today; because, as the Senator from Connecticut has suggested, I think that this debate has been going on for nearly 200 years, and it would be interesting to see how much difference there is between the debate today and the debate nearly 200 years ago.

I appreciate the Senator's yielding to me. I thank him very much for it. Later on today, I shall present a short discussion of the constitutional aspects of this matter from my own position.

Mr. WEICKER. Mr. President, in response to the statement of the Senator from Arizona, when he says that at any time the Congress of the United States can interject itself, the Senator knows as well as I do the difficulty of such action. Once the initial decision has been made, from there on it becomes a bootstrap operation; one act justifies another.

We make the commitment to war. Then, having made the commitment to war, we have to make sure those we have sent over there are adequately protected; so we send more. Then we make other decisions, one always depending upon the other. It is very difficult to get into the act.

That is the very reason why the Senator from Connecticut has refused at all times to do anything other than support the President of the United States in his conduct of the withdrawal from Vietnam, because this is no time to interject ourselves into the conduct of the war. There is no question about that.

The time for the minds of Senators to be utilized to maximum effectivness on behalf of their constituencies is not when we are in the middle of a war, but at the time the decision is being made as to whether we are going to go to war at all.

For that reason, it is clear that we cannot interject ourselves at any time. That has been proved here on the floor of the Senate time and time again, ever since the outset of the Vietnam war.

I ask the Senator from Arizona one question: Does the Senator from Arizona have any difficulty with this legislation because he feels that the timing of the legislation might be embarrassing in international circles at this moment in our history?

Mr. GOLDWATER. I think I would have to say yes, but that would not be my major objection.

Mr. WEICKER. Does the Senator put this on the same level as the resolutions for withdrawal at a time certain that have come before this body?

Mr. GOLDWATER. Yes, I would have to say that I do, because if we are going to debate it publicly, or even in executive sessions—which do not exist any more—it gives our enemy, whoever he might be, an excellent opportunity to understand why we want to go to war or why we do not want to go to war. And, as I have said—and I do not infer anything by this—if I were an enemy commander, I cannot think of anything better that I would want than to have the Congress of the United States become embroiled in whether or not the United States is going to react to any overt action that a country, whatever country it might be, might take. That is a greater fear in my heart than what our allies or potential enemies might feel or how they might be affected by this. It gets down to the disagreement of "declaration" and "make."

For example, the Senator and I might disagree as to the necessity of going to war. I happen to feel that we should have a treaty with Israel. I think the American people would back our supporting those people. But if we had to stand here and debate it for 4, 5, or 6 days, there would not be any Israel left.

The same would apply to any small country that might get into trouble, and if we went to help it, the people might not understand it and might object to it.

I would much rather rely upon the judgment of one man, but I will add this: I think the President makes a big mistake when he forgets to discuss these things with the leadership of Congress.

I recall that during my campaign I repeatedly said that any decisions such as this would be made in full discussion with the leaders of Congress.

I can recall another incident—the Cuban missile crisis. I think most Members of this body knew about the massing of Russian missiles in Cuba for a month before that action was taken. I cannot say what might have happened had the President conferred with our leadership and said, "Look, we have to erase this menace, but I have to have your approval." If we went through a long debate, even if the debate lasted only one day, we would undoubtedly show a division as to what we should do or when we should do it and how we should do it.

So I say that I think we are much safer in having this power of defensive war remain with the President, as it always has been; but I would advocate, as I have discussed with presidents, that they should take the leadership of Congress into their considerations—not that they necessarily would be affected by doing so. But the President confers with the Joint Chiefs of Staff, with the Security Council, with the Department of State. I would see only sense in enlarging that to include Members of Congress—not all Members of Congress. But I think to allow Congress the opportunity to debate it would work great havoc to our country.

Mr. WEICKER. In response to those matters, of course, we go back to the Israel situation. What I am saying—perhaps we are not so far apart in this—is that the debate should take place right now, while there is time to decide.

Mr. GOLDWATER. I agree with the Senator.

Mr. WEICKER. Then there will not be any problem in case an emergency arises. This is the purpose of taking our treaties out into the open for close examination by this body, so that we can hear from our constituencies and so we know exactly what this Nation is committed to, rather than have Presidents run around and declare emergencies and buffalo everybody into committing this Nation to war.

Mr. GOLDWATER. I tell the Senator that I have suggested that so many times that I cannot remember how many. I have asked the Chairmen of the Committee on Foreign Relations to bring into light all the treaties we have and to what we are really committed. I do not think the average American has any idea of the commitments we have made.

As I understand this bill, even though we have a treaty with a NATO country that, in my opinion, calls upon us to go to their defense—some will argue that—and the President executes our obligations to a treaty, within 30 days Congress has to say, "You are right" or, "You are wrong."

I would agree with the Senator that if there were some way in which we could

review these treaties—remember, it takes two to dance and it takes two to change a treaty, and once we begin reviewing treaties, we are going to lose friends all over the world—but at least review them to the extent that the American people know that if X country is invaded, our chances of going to war are excellent; that if Y country in invaded, our chances of going to war are practically nonexistent.

I think this is a duty that the Committee on Foreign Relations should discuss in the open, at great legnth. What are the areas of the world about which we are really serious?

Are we going to go to war again in some small part of the world because a treaty indicates that we could go to war by stretching the imagination as to our responsibilities; or would we not be better off if we knew, for example, in the case of Israel—which I think all Americans would back—that, yes, we execute a treaty with Israel, and it says, "We will come to your defense the minute you ask for it." Then the President goes to the defense of Israel, and in 30 days Congress has to say he is right or wrong. I do not think that in his case they would say he is wrong; but there could be other cases in which this would be true, and this lack of firm decision would not be beneficial to our cause.

Mr. WEICKER. I gather from the Senator's comments that he is reinforcing the point I am trying to make, which is that he recognizes full well the responsibilities upon this body to share in such commitments as could lead this country into war.

Mr. GOLDWATER. We have, in one sense, under our powers of advice and consent, that direct charge.

I would say, frankly, that we have ratified a great many treaties here in a rather unintelligent way. I think we have ratified treaties, in the 18 years or so that I have been in the Senate, on which 20/20 hindsight probably would cause me to change my vote. I do not think that, as a body, we pay as much attention to the seriousness of treaties or their implications as we should. Once we sign the treaty, this is a solemn obligation on the part of the United States to perform the treaty; and if we do not, the rest of our treaties become valueless, as does the so-called friendship we have created through these treaties which we feel will help us and the world if we are called upon to go to war.

Mr. WEICKER. If we are supposed to share in commitments that could possibly lead us into war, why should not this body share in the actual commitment to war?

Mr. GOLDWATER. I think we are talking about two different subjects.

Mr. WEICKER. We end up at the same place.

Mr. GOLDWATER. The Senator probably is right as to that. But if the decision to go to war is left to 500 people, I can see some wonderful opportunities for politicking that could go on forever.

Mr. WEICKER. By that reasoning, then, the fastest decision could be made by one person.

Mr. GOLDWATER. That is a pretty difficult point to argue, because one could respond that a dictatorship, therefore, is the best and most efficient government, as Winston Churchill observed in the time of World War II. That was his thought. We do not agree with that.

My feeling is this, and I think that any student of war has to come up with this conclusion: Regardless of who decides to go to war, whether it be Congress or the President, the quicker we get that war over, the better off we are going to be. If it can be ended in one day by the massive use of our weapons, it should be fought that way. It never should be fought as we fought in Vietnam, by saying that we have a limited war and cannot attack certain targets because this might be offensive to potential enemies. That is wrong. Whether the President makes his mind up to go to war, or we do, the rules must apply. I would rather have one man making that decision which requires speed and decisiveness than a Congress that can dilly-dally.

I think, for example, of Korea when Harry Truman took us to war there. I think he was right. Had he asked Congress to consider that emergency situation, we could have gone on forever because not many people in this country even knew where Korea was, or even how to spell it. There are many cases like that where decisions have to be made and they have to be made quickly.

I can think, for example, under this bill, that if we are engaged in a war, let us say, with North Korea and we have approved the war, and all of a sudden Red China shows up, so we have a whole new war, and Congress decides that taking on Red China would not be wise, so they say we will confine ourselves to Korea, with Red Chinese help to the North Koreans, we could possibly be defeated in Korea.

Thus, the bill, to me, is dangerous, in that it tampers with a system which has historically worked in this country. We might not agree with it and we might not like some of the things done.

I have always thought that the war with Mexico was a mistake, even though I live in a part of the country that came about partially as a result of that war. Many people question the wisdom of the war with Spain. We can always argue about these things. But I think the necessary ingredient in a successful war is a quick decision, whether to do so or not to do so, and then to make the decision to get it over with as fast as we can. In that process, I think we can envision amendments being offered to a resolution on war in which they may say, "Fine, we are going to go to protect X country but you cannot use the air force, you cannot use the navy. You can only use 50,000 troops"—and so forth.

Those are some of the things I see as being wrong with this approach.

Mr. WEICKER. Well, to the Senator from Arizona I would say this, that ours is a small country, small in population compared with many other areas of the world. That is true today, and has been the case throughout our history, where we have been confronted with enemies of far greater size than ourselves and with far greater power, yet we have prevailed with our strength way beyond our numbers because the people of this country believed in what they were doing, and they fought beyond their actual members or armaments or money. Why? Because they made the decision to offer their lives on behalf of their Nation.

The difficulty now is that when we take away participation in that decision and, for the sake of efficiency, leave it to one man, we again become only so big as our actual numbers or our actual stockpile.

When we arrive at that day, we will no longer be the leader of the world.

So there is a basic disagreement here. I appreciate our colloquy. I know the commitment that the Senator from Arizona has, to the Constitution and maintaining the strength of the Nation and the voice of each person in it.

But, Mr. President, I stand here this afternoon very clearly setting forth what my beliefs are, insofar as our future course of action is concerned, and not insofar as just Vietnam is concerned.

We are all of one mind when we say that 435 members of the House and 100 Senators can't run a war.

But, do I think the initial decision to go to war should be made by those 535 members of Congress? Do I believe that Congress should debate the matter? Do I believe that we should amend?

Yes, I do.

Because, when those representatives chosen by the people speak and when they debate and when they argue, then in fact, all 200-million-odd people in the United States are also speaking and deciding.

So far as the resolution of the Senators from New York and Virginia are concerned, believe me, it in nowise inhibits the security of this Nation or the ability of the President to respond to an emergency situation. It is all there. He is given such powers under this resolution. But it does set a point in time very close to such a decision when Congress has to examine and pass upon a President's commitment to destruction. If not done at that point, it becomes a bootstrap operation. Because we have A, send B. Because we have A and B over there, we have to send C and D, and on and on it goes.

I can only repeat, speaking on behalf of myself, and, I hope, of my constituents, that I want as many camel noses in the tent as possible when we make such a commitment of human lives, be it here or anywhere else in the world. Once that commitment has been made, then the elements of security and efficiency enter the picture; that is the point, the commander in chief comes into play under the Constitution.

Mr. GOLDWATER. Well, that is our basic disagreement. I would like to clarify here that the President is an elected official. He is not a dictator, although I have to say, as I did in some of my comments earlier, that the powers we have turned over to him every time we voted for a Federal aid project of any nature, from my studies of the powers of the President, leads me to conclude that with the wrong person in the White House we would have the makings of a dictator. The power is there. Let me add also, that the President is always open to

criticism from a free press, which a dictator never is.

Also, I remind the Senator, who served so well in the other body, that every 2 years the House stands for reelection. That is one of the great accomplishments of the Constitution, in that every 2 years the people of the country can say to the President, "We like what you are doing," or "We do not like what you are doing," by whether they return a man to Congress or send him back home.

I wish there was an easy way to settle this matter. There is a grave question in my mind as to what this would do to any joint forces under the United Nations if we were asked to participate, as other countries have participated in helping us. It would require debate by Congress. If we tried to mount another rescue mission into the heart of Africa to relieve a situation affecting American lives, that also would require approval by Congress. There are many of these actions I can see the President can take today in the defense of Americans, wherever they may be, or in defense of this country and its freedom, which would be jeopardized by this action.

I am fully aware of the desire to bring about a closer rapport between the executive and the legislative branches. I would lend every moment of my life to bringing that about. I just do not agree that this is the way to do it.

I have said that this is of such vast import, the American people should be allowed to vote on it as a constitutional amendment. I think that I would vote against such an amendment, but I also think that the American people should certainly have an opportunity to say whether they believe the interpretation of the Constitution is as we see it, or as you see it. Then we will all live with their decision. I do not think that a legislative approach will solve anything.

I can remember, before we ever got into World War II, when we supplied destroyers to Great Britain and we supplied troops overseas with materiel. We did the same thing in World War I. In fact, the last debate on the authorization bill before the Senate in 1917 was when President Wilson wanted to arm the Merchant Marine and the Senate said no. So we armed them anyway. That is pretty much, I think, what will happen in any case, should this bill pass.

I do want to thank the Senator for allowing me to discuss this matter with him. I am sure that the discussion has added something to an understanding of our beliefs, and we will have to see what happens.

Mr. WEICKER. Mr. President, I commend the Senator from Arizona for standing here and coming to grips with the essentials of the problem. As a result there will be a fuller understanding of the different points of view.

I commend the Senator for an excellent presentation of his speech, even though we do not agree. I only hope that I can rise to his persuasive ability in presenting my case.

The PRESIDING OFFICER (Mr. GRIFFIN). What is the will of the Senate?

Mr. GOLDWATER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BELLMON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. FANNIN). Without objection, it is so ordered.

(The remarks that Mr. BELLMON made at this point on the introduction of S. 3456 are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

CALL OF THE ROLL

Mr. BELLMON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

[No. 133 Leg.]

Allen	Goldwater	Mondale
Bellmon	Griffin	Ribicoff
Boggs	Javits	Spong
Buckley	Jordan, Idaho	Talmadge
Cotton	Mansfield	Weicker
Ellender	McGee	Young
Fannin	Miller	

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the presence of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion is agreed to, and the Sergeant at Arms is directed to execute the order of the Senate.

After some delay the following Senators entered the Chamber and answered to their names:

Aiken	Dole	Montoya
Allott	Eagleton	Nelson
Beall	Eastland	Packwood
Bennett	Ervin	Pearson
Bentsen	Fulbright	Pell
Bible	Gurney	Percy
Brooke	Hansen	Proxmire
Burdick	Hart	Schweiker
Byrd, Harry F., Jr.	Hartke	Scott
Byrd, Robert C.	Hatfield	Smith
Case	Hruska	Stennis
Chiles	Hughes	Stevens
Church	Inouye	Stevenson
Cook	Jackson	Symington
Cooper	Jordan, N.C.	Thurmond
Cranston	Kennedy	Tower
Curtis	Long	Tunney
	Mathias	Williams

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Nevada (Mr. CANNON), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Washington (Mr. MAGNUSON), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Utah (Mr. MOSS), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH), and the Senator from South Carolina (Mr. HOLLINGS) are absent on official business.

Mr. GRIFFIN. I announce that the Senators from Tennessee (Mr. BAKER and Mr. BROCK) are absent to attend the funeral of a friend.

The Senator from Colorado (Mr. DOMINICK), the Senator from Hawaii (Mr. FONG) and the Senators from Ohio (Mr. SAXBE and Mr. TAFT), are necessarily absent.

The Senator from Delaware (Mr. ROTH) and the Senator from Vermont (Mr. STAFFORD) are absent on official business while attending an interparliamentary meeting in Tokyo.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The PRESIDING OFFICER. A quorum is present.

WAR POWERS ACT

The Senate continued with the consideration of the bill (S. 2956) to make rules governing the use of the Armed Forces of the United States in the absence of a declaration of war by the Congress.

Mr. MANSFIELD. Mr. President, just as a point of information, with such a good attendance in being at this time, does any Senators have an amendment or a motion or speech to make on the pending business?

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MANSFIELD. Yes.

Mr. JAVITS. As far as the sponsors of the bill are concerned, I think I can say authoritatively that we have made our case, and as far as we know those who wish to speak have spoken. We have profited from the debate, in the sense that we have perfected the bill in matters that we believed the bill spelled out, but others did not; so, under the guidance of Senators STENNIS, SPONG, and EAGLETON, we amended the bill to say it in words instead of leaving it to discussion.

Now we find the following situation: We were told by a letter from the Senator from North Carolina (Mr. ERVIN) and the Senator from Nebraska (Mr. HRUSKA) that there would be a motion to send this bill to the Committee on the Judiciary. We are ready, willing, and waiting for such a motion. It has not occurred. There are four Senators who have introduced amendments: the Senator from Alaska (Mr. GRAVEL), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Wyoming (Mr. MCGEE), and the Senator from Maryland (Mr. BEALL). I gather that Senators GRAVEL and FULBRIGHT feel they cannot, or they choose not to, whatever may be the situation, call up their amendments until next week. I gather that Senator MCGEE has substantially the same view. Senator BEALL has already announced that he cannot bring up his amendment until after the motion to refer is voted on.

Mr. President, I would say to the majority leader that I can understand the

reluctance of Senators to bring up substantive amendments until the Senate decides whether it wishes to be seized of this issue here and decide it here. In all fairness, the Senate should not be debating the language of a bill which it may decide to refer to another committee. So I think for all of us the first proper motion is to refer the measure to another committee, and once the Senate has expressed its will on that, we will then, I believe, move forward with action on these amendments, and when that it cleared up, if Senators still wish to debate, we will know what we are up against.

So I think the question very clearly is, when will this motion to refer be made? We have no indication of that whatever.

I wish to state that on Tuesday it was suggested to me that we consent to a vote today at 3:30. I said I had to consult my colleagues who are joined with me in the handling of the bill. I did consult them, and I advised those who have asked me that we were ready to vote today at 3:30, provided no impediment was thrown in our path in connection with the perfecting amendments which we put in yesterday.

We have done that, and we are through. We are entirely agreeable to any reasonable time to vote on the motion to refer. We have no desire to engage in maneuvers to marshal or not to marshal our forces. We are completely ready at any time from now on, and we feel, in fairness to all Members of the Senate, that we should have some idea as to when that matter will be called up and voted on. I do not think anyone around here would want to be moved by surprise.

That, I think, is our situation. The Senator from Vermont (Mr. AIKEN) says, "Make the motion." I suppose I could do it myself. But again, we are not given to tricks around here, or to doing things which are insincere. I do not believe this matter should be referred, and it would be insincere for me to make it, although I could make it, and thus pose the issue and abort the mission. But that is not the way we work here.

On the other hand, it is true we are entitled to some consideration, too, if we are going to play the game fairly, the way we all wish it.

With that, I lay the situation before the majority leader.

Mr. MANSFIELD. Mr. President, may I say that the Senate is entitled to some consideration, and should not be guided or judged by the whims of individual Senators who are either for or against the pending legislation. Too often in this body, the whims of individual Senators take precedence over the welfare, the well-being, and the continuity of the Senate.

There is nothing much that can be done about that, unfortunately, because each Senator, if he so desires, is, to put it bluntly, a little king in his own right, and sometimes Senators seem to exercise a prerogative of that sort. I have no one in mind, may I say to my distinguished friend from Arizona, who has been most considerate and tolerant, nor do I have anyone in mind at this moment outside the Chamber.

What I have in mind is that we have been wasting a lot of time through quorum calls. We have also had a good deal of spirited and worthwhile debate, and I would hope that in the interests of the Senate, primarily, we would come to some sort of an arrangement whereby individuals who lay down amendments and say they are going to call them up the next day will be here the next day to call them up.

The important thing is the Senate as an institution, not the whims, the wills, or the wishes of individual Senators, because, unfortunately, that is what on too many occasions tends to hinder the legitimate consideration of debate.

I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I just wanted to explain the position in which those of us who are opposed to this bill find ourselves.

Only two amendments have been offered, one by the Senator from Wyoming and one by the Senator from Maryland, that would receive favorable attention from the opponents of the bill.

Senator HRUSKA, who has been absent this week, I believe, on Senate business, has indicated that he and Senator ERVIN will move to refer this bill to the Committee on the Judiciary. It is true that anyone can make that motion. I feel that it would be very inappropriate for me to do it, because I am not a member of the Judiciary Committee, although I would vote to refer the bill to that committee.

Senator HRUSKA and Senator ERVIN, who thought they would be here by now, are tied up in an effort to accomplish just what the majority leader stated the other day he felt should be accomplished—namely, to vote on the nomination of Richard Kleindienst to be Attorney General. They are at a meeting; they have been there all day. They both said they thought they would be here by the middle of the afternoon. My latest check indicates that they are still in session.

I can assure the majority leader that I, who stand in opposition to this measure, have no desire to continue debate on it. We have no desire to filibuster it. I have one or two short speeches to deliver on the subject which I want to do after the motion has been made to refer the bill to the Judiciary Committee. I know of no organized attempt on our side to slow down this matter.

As to the amendments that are at the desk, I understand that Senator FULBRIGHT has reconsidered the one on which I told the majority leader I would oppose controlled time. If the Senator wants to call up his other amendment, on which I understand there is disagreement between the authors of the bill and the Senator, he can do so at any time.

The majority leader, in his wisdom, has conducted this body in as good a way as he can, with most of the membership out seeking another job, and I have sympathy for him. But might it not be possible to take up some other business we have while we are waiting for something to happen on this measure? I would hope to get a vote this afternoon, if we could.

Mr. MANSFIELD. Do I correctly understand the distinguished Senator from Arizona to say that there is a possibility that the Senators from North Carolina and Nebraska may at least start this afternoon on the motion to refer the pending business to the Judiciary Committee?

Mr. GOLDWATER. Senator HRUSKA told me at lunch today that he would be on the floor as soon as the Committee on the Judiciary ended its hearings today. As the Senator from Montana knows, they are trying to decide whether or not to continue the hearings in the ITT case and enlarge it into other areas.

If we are still in session—I have not checked lately, and I do not know whether anyone else in the Chamber has—there is every possibility that these two Senators will be here and will make the motion.

I would imagine that if this came late today, we could expect a vote tomorrow. I have not heard anyone express a desire to object to a specified time or hours of voting. I certainly would not oppose it.

Mr. MANSFIELD. The Senator is not known and never has been known for his dilatory tactics. He always has been most cooperative and understanding of the problems which confront the leadership. I am delighted by what he has just said. I am hopeful that when the Committee on the Judiciary completes its meeting this afternoon, the two Senators mentioned will come to the Chamber and at least make their motion to refer the measure to the Judiciary Committee; and at that time we can get on with the work at hand.

There are other measures, but unfortunately there are inhibitions inherent in almost every one of them. Some Senators do not want them brought up until a day certain, which I think is a most unfortunate occurrence in this Chamber. Others have various reasons why the measures should not be considered now. But it would be nice if the Senate could come to a conclusion on this most important measure, which I think has been very thoroughly debated, and in good spirit.

Mr. GOLDWATER. If the Senator will yield, I have asked the Secretary on our side to inquire of the Judiciary Committee as to when we might expect adjournment; and as soon as he brings that information to me, I will impart it to the leader.

Mr. MANSFIELD. I would appreciate the courtesy.

Mr. GRIFFIN. If the Senator will yield for an observation, I think it would be unfortunate if this colloquy left the impression that there was some blame being directed at the Senator from North Carolina or the Senator from Nebraska because they happen to be tied up in a meeting of the Committee on the Judiciary.

Mr. MANSFIELD. Before the Senator goes further, nothing was further from the thoughts of the Senator from Montana, who is well aware of the fact that all day both Senators have been in committee, understandably so, dealing with a difficult subject, and hoping to be able to

help in arriving at a reasonable conclusion of this long, drawn out set of hearings.

Mr. GRIFFIN. The observation I want to add is that the committee is meeting by reason of the fact that unanimous consent has been given for the committee to sit while the Senate is in session. We do this quite routinely. Yet, I think we ought to realize that Senators cannot be both in committee and on the floor at the same time, and they are going to be absent in one place or the other. All of us are faced with this dilemma day after day, because we often come in at 10 o'clock in the morning and committees are meeting; yet, we are expected to be on the floor. I think this is a very good example of the situation.

Mr. MANSFIELD. The Senator from Arkansas is in a very important committee meeting. I do not know where the other Senators are. The Senator from Wyoming was here this afternoon, but I understand that he does not want to call up his amendment seeking to create a commission until the question of referral has been disposed of; and I would assume that the distinguished Senator from Maryland (Mr. BEALL) is in somewhat the same position.

Mr. BEALL. If the Senator will yield, I am in that position. My amendment would create a commission, and I thought it was a logical order of events that we first dispose of the matter of whether the referral should be to the Committee on the Judiciary. I was waiting until that matter was disposed of before calling up my amendment.

One of the reasons why I proposed this amendment is that, for myself, I am not opposed to the idea of having a war powers resolution. I just thought that adequate discussion had not taken place as yet, and this discussion has been taking place all this week. I am not satisfied yet as to all the reservations I have, but I think it still is in order to consider the Hruska-Ervin point before we get down to amendments such as mine.

Mr. MANSFIELD. I understand, also, that the Senator from Alaska has two amendments and that just lately the Senator from New York (Mr. BUCKLEY) has offered another amendment. Surely, some of these amendments could be taken up now, in the interim, even though seeking to create a commission. I see no reason why we should wait to see what happens to the pending business before we call up an amendment of that nature which would be in order at any time. I certainly do not see any need for two amendments seeking to accomplish the same objective. Thus, I would hope that the Senators from Maryland and Wyoming would consider the possibility of offering their amendments before the referral motion is made.

Mr. GOLDWATER. Mr. President, I have been informed, in conversation with the distinguished Senator from Nebraska (Mr. HRUSKA), that there is no time certain when he feels they might get out of the committee meeting which is still in session, but that he will lay down his motion this afternoon if the Senate is still in session. He does not want to vote on it tomorrow. He wants to talk on it then. That is the extent of the information that I have been able to get from the Judiciary Committee, so I cannot go much past that.

Mr. MANSFIELD. The Senator from Arizona has been most generous, most considerate, and most thoughtful in giving the Senate that much information, which we did not have before.

It is true that the joint leadership has been most considerate to allow committees to meet during sessions of the Senate. There is only one exception to that which I can recall in this session, and that applied to only one committee; but if it means that in order to get enough Senators into the Chamber and enough business underway it will be necessary to foreclose meetings in the afternoons, then that will be given every consideration, because the main job of Senators while the Senate is in session is not in committees but, rather, on the floor of the Senate.

I would say, however, that the meeting in the Judiciary Committee is of a special nature, and I would exclude that meeting because of its importance at the moment from the general category of objections which may be raised if the Senate does not take it upon itself to act as it should in the consideration of legislation.

Mr. McGEE. Mr. President, the sponsors of S. 2956 have gone to great pains to reassure the Senate that the passage of the war powers bill would not affect the President's ability to respond quickly, effectively, and decisively to a future crisis in the Middle East, in the heart of Europe or elsewhere.

In his initial presentation last week discussing this bill the distinguished senior Senator from New York explained—March 29, S. 5155-56—that—

> The intent of the final clause of subsection (4) is to uphold the validity of the three area resolutions currently on the statute books. These are: the Formosa Resolution—House Joint Resolution 159 of January 29, 1955; the Middle East Resolution—House Joint Resolution 117 of March 9, 1957, as amended; and the Cuban Resolution—Senate Joint Resolution 320 of October 3, 1962.

The sponsors say that these resolutions are preserved and that their preservation accords to the President the necessary specific authority to commit Armed Forces to hostilities in those areas.

A brief examination of the resolutions involved, and their history, raise the question as to whether they are of any utility in this area.

The War Powers Act clearly provides, in section 3, subsection (4), the last phrase, that—

> No provision of law in force at the time of the enactment of this act shall be so construed (as specific statutory authorization for, or a specific exemption permitting, the introduction of the armed forces of the United States in hostilities) unless such provision specifically authorizes the introduction of such armed forces in hostilities or any such situation.

The question, therefore, is whether any of the existing area resolutions in fact grants the specific authorization required by the war powers bill for the President to introduce the Armed Forces into future hostilities in those areas.

It must first be remembered that all of these resolutions are more than 10 years old and were addressed to particular circumstances which no longer exist in the same framework.

The Middle East resolution, for example, was introduced March 9, 1957, though amended September 4, 1961. On March 12, 1970, the administration, in a letter from Acting Assistant Secretary of State for Congressional Relations, Mr. H. G. Torbert, Jr., to the chairman of the Senate Foreign Relations Committee, referred to section 2 of the resolution, which provides that—

> The United States is prepared to use armed forces to assist any nation or group of such nations requesting assistance against armed aggression from any country controlled by international Communism.

And stated that—

> The Administration would not construe it as a source of authority for any decision which might involve the United States in a conflict in that area.

In any event, as a reading of the resolution indicates, even when it was effective, its authorization was limited to cases involving "armed aggression from any country controlled by international communism," a limitation obviously excluding many potential situations.

Insofar as the Cuban resolution is concerned, which was approved October 3, 1962, the only apparent authorization contained therein which could be of relevance here is the operative phrase that the United States is determined:

> To prevent by whatever means may be necessary, including the use of arms, the Marxist-Leninist regime in Cuba from extending by force or threat of force, its aggressive or subversive activities to any part of this hemisphere.

Even this limited authorization of nearly a decade ago did not and does not today have the effect that the distinguished senior Senator from New York has indicated it possesses. As stated by the administration in the letter of Acting Assistant Secretary Torbert that I alluded to previously:

> The Cuban Resolution of October 3, 1962, was above all a statement of U.S. policy toward Cuba. It was not intended to add to the President's powers or to authorize any particular action he might take in the future. Consequently, we do not consider that the Cuban Resolution in any way affects the powers of the executive and legislative branches. It has never been relied upon by the executive as the legal basis for any action. President Kennedy's 1962 order for the interdiction of the delivery of offensive missiles to Cuba cited as atuhority only the Constitution and statutes of the United States, while adding that the President was acting "in accordance" with the Cuban Resolution as well as the resolutions of the Organization of American States on the subject.

The Formosa resolution, approved more than 17 years ago, provided, insofar as it is relevant here:

> That the President of the United States be and he is hereby authorized to employ the Armed Forces of the United States as he deems necessary for the specific purpose of securing and protecting Formosa and the Pescadores against armed attack, this authority to include the securing and protection of such related positions and territories of that area now in friendly hands and the

taking of such other measures as he judges to be required or appropriate in assuring the defense of Formosa and the Pescadores.

I think it reasonable that one might have difficulty in relying on a 17-year-old resolution, addressed to a set of circumstances then existing but no longer pertinent, to act in an undefined future crisis. Therefore, the administration has stated, and I think quite reasonably, again in the letter of Acting Assistant Secretary Torbert that—

In the event of a new crisis in the Formosa Strait, this Administration would not view the continued existence of the Formosa Resolution as a source of Congressional authority.

Finally, while the distinguished Senator has not specifically mentioned Berlin, I think it is worthy of brief discussion since recurring crises involving Berlin have presented one of the most serious security problems in Western Europe. The Berlin resolution, which likewise is nearly 10 years old, is a concurrent resolution expressing only the sense of Congress and therefore would in any event not constitute the "specific statutory authorization" required by the bill now before the Senate. Thus, one of the historical crisis situations which could arise in the North Atlantic Treaty Alliance area would not be covered by an existing specific authorization at all.

I think the enactment of this war powers bill would have disquieting effects in the North Atlantic area and in other areas where our interests are engaged. Otherwise, I assume the senior Senator from New York (Mr. JAVITS) would not have felt it necessary to offer reassurance in this regard. I respectfully suggest, however, the reassurances are illusory in that they are premised on outdated resolutions a decade or more old which the administration has stated it cannot and will not be regarded as constituting congressional authority for the use of U.S. Armed Forces in any given future situation.

That being so, we must face the possibility that if this bill were to become law the President would not have the requisite specific authority to react in situations which concern us most.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FANNIN). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. AIKEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. AIKEN. Mr. President, I believe that the Senate has been acting irresponsibly during the past few days. To find out where we stand, I make the motion—which I shall vote against—and that motion is to lay the pending business on the table; and I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the bill (S. 2956).

Mr. GOLDWATER. Mr. President, a parliamentary inquiry. Would the Chair please restate the question?

Mr. AIKEN. My motion was to lay the entire subject matter on the table.

Mr. GOLDWATER. I thank the Senator from Vermont.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont to lay the bill (S. 2956) on the table.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Nevada (Mr. CANNON), the Senator from Missouri (Mr. EAGLETON), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Iowa (Mr. HUGHES), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Washington (Mr. MAGNUSON), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Utah (Mr. MOSS), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH) and the Senator from South Carolina (Mr. HOLLINGS) are absent on official business.

I further announce that, if present and voting, the Senator from Georgia (Mr. GAMBRELL), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Washington (Mr. MAGNUSON), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Rhode Island (Mr. PASTORE), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Iowa (Mr. HUGHES) would each vote "nay."

Mr. GRIFFIN. I announce that the Senators from Tennessee (Mr. BAKER and Mr. BROCK) are absent to attend the funeral of a friend.

The Senator from Colorado (Mr. DOMINICK), the Senator from Hawaii (Mr. FONG), and the Senators from Ohio (Mr. SAXBE and Mr. TAFT) are necessarily absent.

The Senator from Delaware (Mr. ROTH) and the Senator from Vermont (Mr. STAFFORD) are absent on official business while attending an interparliamentary meeting in Tokyo.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

On this vote, the Senator from Colorado (Mr. DOMINICK) is paired with the Senator from Ohio (Mr. TAFT). If present and voting, the Senator from Colorado would vote "yea" and the Senator from Ohio would vote "nay."

The result was announced—yeas 13, nays 58, as follows:

[No. 134 Leg.]

YEAS—13

Bellmon	Dole	McGee
Bennett	Goldwater	Thurmond
Buckley	Gurney	Tower
Cotton	Hansen	
Curtis	Hruska	

NAYS—58

Aiken	Ervin	Packwood
Allen	Fannin	Pearson
Allott	Fulbright	Pell
Beall	Griffin	Percy
Bentsen	Hart	Proxmire
Bible	Hartke	Ribicoff
Boggs	Hatfield	Schweiker
Brooke	Inouye	Scott
Burdick	Jackson	Smith
Byrd, Harry F., Jr.	Javits	Spong
Byrd, Robert C.	Jordan, N.C.	Stennis
Case	Jordan, Idaho	Stevens
Chiles	Kennedy	Stevenson
Church	Long	Symington
Cook	Mansfield	Talmadge
Cooper	Mathias	Tunney
Cranston	Miller	Weicker
Eastland	Mondale	Williams
Ellender	Montoya	Young
	Nelson	

NOT VOTING—29

Anderson	Harris	Mundt
Baker	Hollings	Muskie
Bayh	Hughes	Pastore
Brock	Humphrey	Randolph
Cannon	Magnuson	Roth
Dominick	McClellan	Saxbe
Eagleton	McGovern	Sparkman
Fong	McIntyre	Stafford
Gambrell	Metcalf	Taft
Gravel	Moss	

So the motion to lay the pending business on the table was rejected.

Mr. AIKEN. Mr. President, I acknowledge defeat for my motion, and I move to reconsider the vote by which the motion was rejected.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HRUSKA. Mr. President, I move that the pending business, S. 2956, be referred to the Committee on the Judiciary.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. JAVITS. Yeas and nays.

Mr. MANSFIELD. What is the motion?

The PRESIDING OFFICER. The motion is to refer the pending business to the Committee on the Judiciary.

Mr. JAVITS. Yeas and nays.

ORDER FOR RECOGNITION OF SENATOR HRUSKA TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the distinguished Senator from Nebraska, who is the sponsor of the motion now pending, be recognized immediately after the conclusion of the morning business tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT TO 9:45 A.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 9:45 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR PACKWOOD TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the joint leaders have been recognized tomorrow the distinguished Senator from Oregon

(Mr. PACKWOOD) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR SPONG TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that following the recognition of the distinguished Senator from Oregon tomorrow the distinguished Senator from Virginia (Mr. SPONG) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

WAR POWERS ACT

The Senate continued with the consideration of the bill (S. 2956) to make rules governing the use of the Armed Forces of the United States in the absence of a declaration of war by the Congress.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. HRUSKA. I yield.

Mr. JAVITS. I am in the dark at the moment as to the intentions of the Senator from Nebraska, not that he need disclose them to me. But I asked for the yeas and nays and I gather that the distinguished majority leader did not want that.

Mr. MANSFIELD. No, I wanted to get the other business taken care of.

Mr. JAVITS. Could the Senator enlighten us as to when he will seek a vote?

Mr. HRUSKA. I understand no votes would be contemplated for tomorrow, inasmuch as there will be debate at length on my motion. It is not contemplated we will reach a vote tomorrow or even on Monday. From there on we will see what develops.

Mr. MANSFIELD. I express the hope that tomorrow or Monday there might be votes on other amendments because, as everyone knows, a motion to refer is a simple motion. There is considerable debate. I hope at this time the Senator from Wyoming (Mr. MCGEE), the distinguished Senator from Maryland (Mr. BEALL), the distinguished Senator from New York (Mr. BUCKLEY), the distinguished Senator from Arkansas (Mr. FULBRIGHT), the distinguished Senator from Alaska (Mr. GRAVEL), and others would be prepared if there is a lapse or gap to offer their amendments so that the Senate can keep busy and dispose of amendments after opportunity for debate in reasonably good order.

Mr. JAVITS. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. MANSFIELD. I yield.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Are amendments in order under the existing order of business before the Senate?

The PRESIDING OFFICER. Amendments would only be permitted by unanimous consent.

Mr. JAVITS. Amendments would not be in order unless there is unanimous consent?

The PRESIDING OFFICER. The Senator is correct.

Mr. JAVITS. Mr. President, will the Senator yield so I may get the yeas and nays on the motion?

Mr. MANSFIELD. I yield.

Mr. JAVITS. Mr. President, I demand the yeas and nays.

The PRESIDING OFFICER. The yeas and nays are ordered.

Mr. JAVITS. Mr. President, would the Senator from Nebraska in any way be prepared to agree upon any time, say Tuesday, when he would wish to vote? Maybe that would facilitate business for everyone.

Mr. HRUSKA. I would be happy to consider that tomorrow after consultation with my colleagues.

S. 3323—UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I understand S. 3323, concerning a major heart and lung program, has been reported unanimously by the Committee on Labor and Public Welfare. This is a very large authorization bill, well over a billion dollars. Tomorrow is World Heart Day.

I ask unanimous consent that during the conduct of morning business tomorrow it be in order to take up S. 3323, either at that time or tomorrow at any time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation of 20 minutes, the time to be equally divided 10 minutes to a side, the time to be under the control of the distinguished Senator from Massachusetts (Mr. KENNEDY) and the majority leader, or whomever he may designate.

The PRESIDING OFFICER. Does the Senator desire to waive rule XII?

Mr. MANSFIELD. Yes.

Mr. JAVITS. Could we designate the ranking member of the Subcommittee on Health?

Mr. MANSFIELD. It would be up to the minority leader to do so.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRIFFIN subsequently said: Mr. President, I would like to state that the time which has been allocated to the minority leader with regard to the bill about which unanimous consent was requested is designated or allocated to the ranking member of the Subcommittee on Health.

Mr. JAVITS. That is correct. I will supply that for the record.

Mr. President, I ask unanimous consent that Members who wish to file statements on the bill do so and have them as part of the record in the debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that it be in order at this time to ask for the yeas and nays on S. 3323.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MANSFIELD. I thank everybody.

LEAVE OF ABSENCE

Mr. JAVITS. Mr. President, I ask unanimous consent that I may be absent on official business dealing with NATO tomorrow, from my duties in the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the distinguished Senator from Virginia (Mr. SPONG) has completed his remarks tomorrow, there be a time period of not to exceed 45 minutes for the conduct of morning business, with a time limitation of 3 minutes on speeches attached thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO CONSIDER HEART AND LUNG BILL, S. 3323, TOMORROW

Mr. MANSFIELD. Also, Mr. President, I ask unanimous consent that during that 45-minute period it be in order to bring up the heart and lung bill, S. 3323.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO LAY UNFINISHED BUSINESS BEFORE THE SENATE AT CONCLUSION OF MORNING BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of morning business tomorrow, the unfinished business be laid before the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the program for tomorrow is as follows:

The Senate will convene at 9:45 a.m. After the two leaders have been recognized under the standing order, the distinguished junior Senator from Oregon (Mr. PACKWOOD) will be recognized for not to exceed 15 minutes, and he will be followed by the distinguished junior Senator from Virginia (Mr. SPONG), who

will be recognized for not to exceed 15 minutes, after which there will be a period for transaction of routine morning business for not to exceed 45 minutes, with a limitation of 3 minutes on statements therein. During the period for transaction of routine morning business, the Senate will proceed to consideration of S. 3323, the National Heart, Blood Vessel, Lung and Blood Act of 1972. There is a time limitation of 20 minutes on that bill, and a rollcall vote will occur on passage of the bill.

At the conclusion of routine morning business, the Senate will resume its consideration of the unfinished business, S. 2956, the war powers bill. The pending question at that time will be the motion by the distinguished Senator from Nebraska (Mr. HRUSKA) to refer the bill to the Judiciary Committee.

Senators are alerted to the fact, therefore, that at least one rollcall vote will occur tomorrow, that being on the heart and lung disease authorization bill. It is possible that other rollcall votes could occur with respect to tabling motions or amendments connected with the war powers bill.

ADJOURNMENT UNTIL 9:45 A.M.

Mr. MANSFIELD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until tomorrow at 9:45 a.m.

The motion was agreed to; and at 4:34 p.m. the Senate adjourned until tomorrow, Friday, April 7, 1972, at 9:45 a.m.

EXTENSIONS OF REMARKS

DISTINGUISHED SERVICE AWARD PRESENTED TO JACK HALEY FOR PRINTING ACCOMPLISHMENTS WITH U.S. GOVERNMENT IN 1971–72

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 29, 1972

Mr. O'NEILL. Mr. Speaker, in reading the February issue of the Mid-Atlantic Graphic Arts Review, it gave me a great deal of pleasure to see on the cover the photograph of Jack Haley, the staff director of the Joint Committee on Printing. It points out that he is to receive that excellent printing publication's distinguished service award at the Joint International In-Plant Printing Management Association Convention and seventh Mid-Atlantic Litho Club clinic and exhibits, April 5, at the Sheraton Park Hotel, in Washington, D.C.

The magazine is nationally famous and the 3-day annual convention in Washington is one of the largest printing exhibitions of its kind in the country. I mention that simply to show that this special honor, as extended to our good friend, Jack Haley, is one that is highly prized. It has also given great pleasure to the very many people who are friends of Jack's. I know they will enjoy reading the excellent biographical account which it is my intention to insert as part of these remarks.

The account is clearly a success story of an unusual type depicting the career of a man in a skilled trade and chosen profession—a printer and administrator. His success is singular because his progress has been steady and constant—and from all accounts—provenly well deserved. He is popular with Members and staffers throughout the Halls of Congress, and especially the House of Representatives where he worked for so many years. He is recognized as an able and cooperative associate with all printing and publication specialists of Government and industry. In a letter of recommendation to Chairman Carl Hayden of the Joint Committee on Printing, House Leader John McCormack, writing for himself and Speaker Rayburn, told the eminent Senator Hayden in 1961 that the House leadership was mutually endorsing one of the most capable and popular employees in the House of Representatives.

I once represented the congressional district wherein he resides and have been friendly with him since I came to Congress. I know firsthand of his great popularity and influence in his hometown of Brookline. He often states:

I never really moved from my hometown, and I have not missed voting in 35 years.

I have been with him at many Greater Boston functions which were widely attended by hundreds of Jack's friends and neighbors. I will always remember the support and encouragement they extended to me. With all that in mind, it now gives me extreme pleasure to insert the biographical account of a "printer's printer" who has done so much for the U.S. Government printing programs, and pursued his own successful and accomplished career in honor and pride:

JACK HALEY

Named to receive the 1972 Mid-Atlantic Graphic Arts Review's Distinguished Service Award is John F. Haley, Staff Director of the Joint Committee on Printing of the United States Congress.

Presented annually to a member of the graphic arts community who has contributed significantly to the industry's success, the award is a tribute, this year, to a man who has played a tremendously important role in opening up new business opportunities to the entire industry, and particularly to printers and typesetters in the Mid-Atlantic region.

Mr. Haley's role as Staff Director of the Joint Committee on Printing is a highly important and responsible position that requires him to manage and coordinate the operations and activities of the Joint Committee. Under his guidance and leadership with the closely coordinated support of his staff colleagues, the Government Printing Office officials and officers of the Federal department printing operations, the total printing program of the Federal Government has seen the introduction of more significant projects than has been experienced in the past half century.

Mr. Haley's long association with the printing industry began in 1926 when he became a printer with the composing division of the Boston News Bureau, an affiliate of the Wall Street Journal. He had attended school in his native Brookline, Mass., and, later, studied business administration so that he could soon operate his own job shop at night.

In 1937, he accepted an appointment with the Composing Division of the Government Printing Office, working on the Congressional Record and other publications of the Congress. He was appointed to the staff of the Daily Digest of the Congressional Record ten years later. This was a new improvement in presenting accounts of the legislative procedures.

An important appointment in his career occurred in 1954 when he became staff director of the House Select Subcommittee to Study Federal Printing and Binding. The reports and findings of that group resulted in sweeping changes in the Federal Depository Library law and other areas of publication and printing where needed reforms were revealed.

In 1958, he became printing and library clerk to the main committee on House Administration. Two years later, in April, 1961, Mr. Haley was elected to his present position—Staff Director of the Joint Committee on Printing.

Under the guidance of this committee, Mr. Haley has skillfully utilized his staff ability and authority to guide the entire Federal printing program. In what has been called "a quiet revolution," Mr. Haley has moved Government printing operations into the area of electronic composition and research which has culminated in the creation of a highly successful program in high-speed quality using the latest available equipment. It is significant that Jack Haley is now recognized as having put the Federal Government in the forefront of this electronic printing endeavor.

Another of Mr. Haley's accomplishments in the Federal Printing program has been the creation of stronger and more effective technological and administrative ties between the Government and the printing paper industry. Reforms made under his direction have been designed to update the Government's position with a large, cooperative paper manufacturing and distributing industry. Certainly, the procurement of paper for the Federal printing program is one of the major responsibilities of the entire operation.

However, the one advance that has given Jack Haley the greatest acclaim in the graphic arts industry has been the establishment of much of the National Printing Procurement Program, which has been called the most forward-looking step taken in Federal printing purchase philosophy in many decades. Its success is best demonstrated by the cooperative efforts of the commercial printing