Federal Role

AEC will issue criteria for Agreement.

AEC will sign Agreement with qualified States and thereby relinquish authority to do environmental review.

AEC will maintain radiation health and safety responsibility and authority.

AEC will continue NEPA responsibility in States where no Agreement is in effect.

CHANGES TO AEC LICENSING PROCEDURES

AEC is Authorized to:

Receive applications for construction permits and separate the proceeding into parts covering environmental matters and radiological safety, respectively.

Proceed with separate environmental review.

Proceed with radiological safety matters if site has been certified pursuant to Section 275.

Issue a construction permit without a hearing, if the site has been certified or if the AEC has completed its environmental review.

Hold a legislative hearing if requested on radiological safety questions or where standardized plant is used.

Issue an operating license without a hearing unless substantial unresolved health and safety problems exist or major changes in technology have occurred during construction.

ADDITIONS TO AEC REGULATORY AUTHORITY

AEC is Authorized to:

Consider and grant or deny applications for sites in advance of need and prior to receiving construction permit application (where certification does not apply).

Condition site approvals with site related restrictions on construction and operation of the reactor(s).

Assure that no construction permit is issued unless all site related restrictions are complied with.

Grant or deny an application to approve standard units or major components.

Grant a construction permit and/or operating license without a hearing provided the site is approved or certified and standard units are used.

Follow provisions of Section 102(2)(c) of NEPA in the review for approval of early sites.

NUCLEAR POWER PARK SURVEY

The Congress finds it in the National interests to develop Nuclear Power Parks.

The AEC is required to make a National survey to identify and designate a Nuclear Power Park site in each electric reliability council region.

The survey must include Federally held property excluding such property being used or to be used for public purposes.

The AEC is required to report the survey results within one year after enactment of this Act.

LONG RANGE PLANNING

Each electric reliability council is required to issue annually a report to the public which lists all nuclear power plant sites and candidate areas for nuclear power plant sites within its region.

INTERSTATE COOPERATION AND COMPACTS

Encourages cooperative activities by States to resolve issues causing power plant delays.

Grants Congressional consent to States to form interstate compact organizations to resolve regional siting issues.

FOOD PRICES

HON. DICK SHOUP

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 7, 1974

Mr. SHOUP. Mr. Speaker, I call your attention and that of the membership of Congress to a letter I received from a leading rancher-businessman of my district. Mr. Moore brings up some interesting points concerning the plight of the agricultural sector of our Nation in regards to the marketplace and profit margins available for promotion of the farmers and ranchers causes. Mr. Moore's letter deserves your attention and scrutiny:

WESTERN BROADCASTING CO.,
Missoula, Mont., February 28, 1974.

Dr. DON PAARLBERG,
Director, Agricultural Economics, Agriculture Department, Washington, D.C.

DEAR DR. PAARLBERG: I very much enjoyed your article in U.S. News & World Report concerning food prices. I felt both your questioner and you yourself were quite fair to the segment of America which has been all too often forgotten. I speak of rural America—the farmer and rancher. I believe you brought in interesting figures concerning the farmers share of the food dollar. I do have the following questions:

1. For each of the past six years, what has been the average increase in prices paid for beef, pork, lamb, wheat, barley, oats, and corn for the same year, and what has been the average percentage increase in wages paid in the agriculture sector, in the industrial sector, in the government and white-collar industry. Also, what has been the average increase including fringe benefits in the auto, transportation and utilities industries.

2. What has been the average increase, percentage-wise, in net spendable income per family for each of the six years versus average percentage increase in food, generally, and in beef, pork, lamb and chicken specifically.

3. If bread has gone from where it was, which was approximately 25¢ when wheat was $1.80, to 35¢ when wheat is $6.00, and if wheat represents 15%, as you say, in the cost of bread, then certainly it wasn't the so-called high cost of wheat that caused a 50% increase in the cost of bread, and most certainly if your estimates that it would take a $33-a-bushel wheat to justify a $1-a-loaf bread, then I think it is the responsibility of government generally and the Agriculture Department specifically to make more so-called headlines, to the point that the increased cost of wheat certainly does not justify the prices currently being charged for bread, but rather it is the cost of the packaging delivery, and labor which comes back to the unions' exorbitant, inflationary wage and fringe increases as contrasted to the "at the mercy of the market" farmer and rancher.

4. I appreciated your point on page 43 concerning 15.7% as a percentage of take-home pay versus 15.9%, but frankly, this was almost lost in the total impact of the article. I think it's high time for the government generally and the Agriculture Department specifically to go on a real positive, hell-bent-for-election program to tell the people how little the increased costs of these farm products really bear to their percentage of their take-home pay. I am sure much could be made about the low percentage of the total American income that is spent for food versus England, Japan, China, Russia, Germany, etc. I think it's time this department of government of agriculture starts stressing this and making the other purveyors, manufacturers, packagers, deliverers, processors, and others more accountable for the exorbitant prices we are paying, even though in the total, it represents an insignificant percentage of the total family budget costs.

The farmer and rancher of America today still faces the same basic problem—that he has since time immemorial—that problem is continuance of penury doesn't leave much of an opportunity for slick advertising campaigns, public relations staffs, advertising/promotion/marketing programs. When you look at the battery of lawyers, advisors, staff, public relations, promotion, advertising people connected with a union, manufacturer, an automobile company, an electronics manufacturer, a bureaucracy of government or any other manufacturing or production sector of our economy, and then look at what the individual farmer, rancher or any group that you can speak of, has for comparable budgets for personnel, then you realize the real scope of the problem to which I am addressing myself. Just as there is no quick way to gain legitimacy, so also there is no quick way for the farmer and rancher of America, representing 7% of the population, can turn around his plight.

Thank you for your consideration of the above and I would appreciate your comments and answers to my questions.

Sincerely,

DALE G. MOORE,
Chairman.

P.S. Since farm subsidies will drop from four to five billion to about 150 million, will number of people and cost of administration also drop drastically? It sure shouldn't cost nearly as much to administer and parcel out 150 million as it does four or five billion.

SENATE—*Friday, March 8, 1974*

The Senate met at 10:30 a.m. and was called to order by Hon. ROBERT T. STAFFORD, a Senator from the State of Vermont.

PRAYER

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

Eternal Father, we thank Thee for the power of the silent forces all about us. We do not hear the Moon rise or set. We do not hear the great force of gravity holding us to the Earth. We do not hear the life-giving warmth of the Sun. May we learn from nature that reason and persuasion are more powerful than boisterous, bombast, or noisy emotion. Teach us that "the still small voice" in the moment of prayer is the most powerful force for personality in the universe. May wisdom, comfort, and hope be Thy gift to us in the sacrament of silence as we open our hearts to Thee. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The second assistant legislative clerk read the following letter:

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 8, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. ROBERT T. STAFFORD, a Senator from the State of Vermont, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. STAFFORD 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 Thursday, March 7, 1974, be dispensed with.

The PRESIDING OFFICER (Mr. ROBERT C. BYRD). 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 PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the calendar.

There being no objection, the Senate proceeded to consider executive business.

DEPARTMENT OF DEFENSE

The PRESIDING OFFICER. The clerk will state the first nomination.

The second assistant legislative clerk proceeded to read nominations in the Department of Defense.

Mr. MANSFIELD. Mr. President, I ask that those nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations will be considered en bloc. Without objection, the nominations will be confirmed en bloc.

DEPARTMENT OF THE TREASURY

The second assistant legislative clerk proceeded to read nominations in the Department of the Treasury.

Mr. MANSFIELD. Mr. President, I make the same request.

The PRESIDING OFFICER. Without objection, the nominations will be considered en bloc. Without objection, the nominations will be confirmed en bloc.

Mr. STAFFORD. Mr. President, I ask that the President of the United States be immediately notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, the President will be immediately notified of the confirmation of the nominations.

LEGISLATIVE SESSION

Mr. STAFFORD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

There being no objection, the Senate resumed the consideration of legislative business.

OCEAN DUMPING CONVENTION IMPLEMENTATION

Mr. MANSFIELD. Mr. President, I ask unanimous consent to call up Calendar No. 703, H.R. 5450 at this time.

The PRESIDING OFFICER. The clerk will state the bill by title.

The second assistant legislative clerk read the bill by title as follows:

A bill (H.R. 5450) to amend the Marine Protection, Research, and Sanctuaries Act of 1972, in order to implement the provisions of the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

ORDER OF BUSINESS

Mr. STAFFORD. Mr. President, I do not seek recognition.

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

The PRESIDING OFFICER. Does the majority leader wish to proceed with morning business first?

Mr. MANSFIELD. Yes, indeed. I withdraw my suggestion of the absence of a quorum.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements limited therein to 5 minutes each.

Is there morning business?

Mr. STAFFORD. 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 (Mr. ROBERT C. BYRD). Without objection, it is so ordered.

ORDER TO HOLD H.R. 11793 AT DESK

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, when received, the bill (H.R. 11793), the new Federal Energy Administration Act, be held at the desk.

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

Mr. MANSFIELD. Mr. President, I may say, for the information of the Senate, that the purpose is to give the Senate committee which reported a similar measure advance knowledge, so that they will be prepared to discuss a bill which, I understand, is somewhat different from the bill which passed the Senate.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The third 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.

CONTINUED REFERENCE OF S. 354— NO-FAULT INSURANCE BILL

Mr. MANSFIELD. Mr. President, after discussing the continued reference of S. 354, the no-fault insurance bill, with the chairman of the Committee on Commerce, the distinguished Senator from Washington (Mr. MAGNUSON), with the distinguished Senator from Mississippi (Mr. EASTLAND), chairman of the Committee on the Judiciary, and with the distinguished Senator from Nebraska (Mr. HRUSKA), the ranking Republican of the committee, I would point out that on the the basis of an informal agreement that while the bill was returned to the Senate Calendar on February 18 of the basis of an agreement achieved between the Committee on Commerce and the Committee on the Judiciary, it was kept within the jurisdiction of the Judiciary Committee for 30 days. The 30 days will expire on March 18. With the approval of the Senators whom I have mentioned, I ask unanimous consent that when S. 354 is reported back on March 18, or thereabouts, it then be considered the pending business.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. 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.

REVISION OF UNANIMOUS-CONSENT AGREEMENT ON NATIONAL NO-FAULT MOTOR VEHICLE INSURANCE ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent to revise the previous unanimous-consent request granted by the Senate to *substitute* the date of March 19 rather than March 18, with the proviso that the leadership on that date or on any date thereafter be given the right to call up S. 354, the no-fault insurance bill, and that it be made the pending business.

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

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

ROTC FLIGHT INSTRUCTION PROGRAM

A letter from the Secretary of the Navy transmitting, pursuant to law, a report of the Naval Reserve Officers Training Corps flight instruction program for the fiscal year 1973 (with an accompanying report), Referred to the Committee on Armed Services.

ARMY RESEARCH AND DEVELOPMENT CONTRACTS

A letter from the Assistant Secretary of the Army transmitting, pursuant to law, a report of the Army research and development contracts for $50,000 or more awarded during the period July 1 through December 31, 1973 (with an accompanying report). Referred to the Committee on Armed Services.

REPORTS OF THE COMPTROLLER GENERAL

Four letters from the Comptroller General of the United States transmitting, pursuant to law, four reports entitled "Assessment of the Food and Drug Administration's Handling of Reports on Adverse Reactions from the Use of Drugs"; "Problems of the Upward Bound Program in Preparing Disadvantaged Students for a Postsecondary Education"; "Improvements Needed in Development Testing"; and "Supply and Demand Conditions for Teachers and Implications for Federal Programs." (With accompanying reports). Referred to the Committee on Government Operations.

REPORT OF THE IMMIGRATION AND NATURALIZATION SERVICE

A letter from the Commissioner of Immigration and Naturalization Service transmitting, pursuant to law, the annual report of the Service for the year ended June 30, 1973, with an accompanying report. Referred to the Committee on the Judiciary.

ORDERS OF THE IMMIGRATION AND NATURALIZATION SERVICE

A letter from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, orders entered by the Service relating to certain persons with accompanying papers. Referred to the Committee on the Judiciary.

PROPOSED LEGISLATION BY THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation to amend the Juvenile Delinquency Prevention Act, and for other purposes with accompanying papers. Referred to the Committee on Labor and Public Welfare.

REPORT OF THE ECONOMIC DEVELOPMENT ADMINISTRATION

A letter from the Secretary of Commerce transmitting, pursuant to law, a report on the achievements and activities of the Economic Development Administration for the fiscal year 1973 with an accompanying report. Referred to the Committee on Public Works.

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. FULBRIGHT:

S. 3133. A bill for the relief of Raul Arriaza, his wife, Maria Marquart Schubert Arriaza, and their children, Andres Arriaza and Daniel Aivouich Arriaza. Referred to the Committee on the Judiciary.

By Mr. HASKELL:

S. 3134. A bill to amend the Internal Revenue Code of 1954 to impose an excessive profits tax on the excess petroleum profits income of certain domestic corporations engaged in multinational operations. Referred to the Committee on Finance.

By Mr. METCALF:

S. 3135. A bill to establish a Federal Employee Labor Relations Board to regulate Federal labor-management relations, and for other purposes. Referred to the Committee on Post Office and Civil Service.

By Mr. DOMENICI:

S. 3136. A bill to authorize the National Endowment for the Arts to make grants to States for the establishment and maintenance of State centers for American arts and handicrafts, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. CRANSTON (for himself and Mr. WEICKER) (by request):

S. 3137. A bill to clarify the authority of the Small Business Administration and for other purposes; and

S. 3138. A bill to amend the Small Business Act. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. JAVITS:

S. 3139. A bill to amend the Public Health Service Act to assure the development of a national health policy and of effective State health regulatory programs and area health planning programs, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. McCLURE:

S. 3140. A bill to prohibit increases in rates of pay to Members of Congress until fiscal balance is achieved. Referred to the Committee on Post Office and Civil Service.

By Mr. DOLE:

S. 3141. A bill to authorize construction of the Clinton Parkway, Douglas County, Kans., and for other purposes. Referred to the Committee on Public Works.

By Mr. HUMPHREY:

S. 3142. A bill for the relief of Robert Braun. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HASKELL:

S. 3134. A bill to amend the Internal Revenue Code of 1954 to impose an excessive profits tax on the excess petroleum profits income of certain domestic corporations engaged in multinational operations. Referred to the Committee on Finance.

THE FOREIGN PETROLEUM INCOME TAX ACT OF 1974

Mr. HASKELL. Mr. President, on several occasions, I have spoken of my concern with the adequacy and effectiveness of the windfall profits and price rollback provisions that we have contemplated including in the Energy Emergency Act. The recent veto by the President of the Energy Emergency Act doubles my concern: It is apparent beyond question that the President is of the view that the current crisis should be shouldered by the American people, by the consumers of petroleum products, and that the oil industry should unfairly profit from the Nation's crisis.

I reject once again, as I have in the past, the President's view of the energy crisis. I reject the suggestion that the current price levels of crude oil leave no room for a price rollback. I reject categorically the President's view that a price rollback would diminish the exploratory incentive of the industry and hence contract the supply of oil and gas. I introduced in the RECORD, well over 1 month ago, opinions expressed by those who should know, the oil industry's executives and spokesmen, to the effect that long before—very long before—the price of new crude oil reached $10 a barrel sufficient incentive to explore new sources existed. There is room for, there is reason for, and there is an understandable popular demand for a price rollback and a program of continued, meaningful price controls.

As I have said before, Mr. President the American people are reasonable and cooperative in times of crisis. They are willing to roll back their demand for petroleum products. They have cooperated in turning thermostats down, in slowing down highway speeds, and in taking whatever steps they can to conserve energy supplies. But, the American people are also accustomed to the fundamental principles of fair play—and their willingness to cooperate should be met halfway by the President and the oil industry. The ceiling that the President has put on the real earnings of the American people with his high inflation-high unemployment economic policy should be recognized and responded to by the President's energy policy. If he can limit the incomes of ordinary Americans, why can he not support a limit on prices? If he can ask the people to limit consumption, how can he also ask them to pay higher prices for what they consume while the industry makes record profits? The answer is obvious: The "crisis" belongs to the people in the President's mind, not to the industry. The people shall pay more, he says, and the industry shall profit more.

I reject, once again, the President's permissive attitude toward unreasonable profiteering by a few corporations at the expense of the already financially hard-pressed American consumer. I am pleased and encouraged by reports that concerned Members of the House, as well as the distinguished Senator from Washington (Mr. JACKSON) are moving ahead to find another way to once and for all gain approval of the vital rollback and price control provisions of the recently vetoed Energy Emergency Act.

Still, Mr. President, as I stated on the floor over 1 month ago, price control is simply not enough. Keeping prices down without inhibiting future exploration, and more importantly, taking steps to see that the burden of this crisis is shouldered fairly and equally, will require that steps beyond price controls and a rollback be taken.

Accordingly, I am today introducing a bill that will impose an excess profits tax on the petroleum profits income of multinational oil companies. Let me say at the outset, Mr. President, that I am not fond of excess profits taxes; as a general rule, I recognize that they are often extremely difficult to administer, that they are not a substitute for effective and rigorous price controls. But, the bill that I am introducing is not designed to be a substitute for price controls—rather, it is meant to be complementary to such a program. This bill is directed at that segment of the petroleum industry—the overseas operations of domestic corporations—that price controls cannot regulate.

Neither controls nor a rollback can effectively spread the burden of the energy

crisis to multinational oil operations simply because they are able to direct their costs and profits to foreign subsidiaries that are beyond the reach of the price control programs that have been contemplated. Were these companies truly competitive and operating within a free market, the controls contemplated by the Congress and the measure I am today introducing might be unnecessary. Such, however, is not the case, as all in this Chamber well know. The petroleum market is, at this time, a market that has been distorted by a sharp cutback in supply which was unaccompanied by a parallel reduction in demand. The continuing great disparity between supply and demand has left the American petroleum consumer—who long ago became utterly dependent upon this industry for so many of life's necessities, including light to see by, warmth to be sheltered by, and fuel to travel to work by—completely vulnerable to price exploitation.

And, it is vital that we realize that price controls, necessary as they are, are not sufficient to protect the American consumer from the part of the petroleum industry that has much of its operations located overseas. For years, we have witnessed the multinational oil industry tuck-away profits in foreign subsidiaries that do business with the parent corportations located here in the United States. They accomplish this simply by, in effect, charging themselves higher prices for various petroleum related products and services and then taking their profits in the form of dividends from their subsidiaries. It is this corporate enterprise that price control will not meaningfully touch and to which my bill addresses itself.

I believe, Mr. President, that the bill I have put together is a workable and effective one. It says to the multinational oil industry, "We have a crisis, and you will not be given the opportunity to unfairly take advantage of that crisis by exploiting an already economically hard pressed American people. You shall share with all of us the burden of this crisis, although we shall not prevent you from taking your fair profit, nor shall we inhibit you from taking the development initiatives that are necessary to an ultimate solution to this crisis." It says to the American people, "You will not be gouged during this energy crisis. We shall control prices and roll them back where necessary, but where that is not possible we shall impose excess profits taxes so that unreasonable profits will be channelled to the common good."

The bill is workable because it will not allow profits to be hidden abroad. All domestic corporations which receive 20 percent of their "petroleum profits income" from abroad will be subject to the tax. And, the income that is earned by foreign subsidiaries would be included in the taxable income of the domestic corporation in proportion to the value of the foreign corporation's stock that is held by the domestic corporation. The rate of taxation on the excess profits is 80 percent and the term excess profit is defined as the amount by which the corporation's income exceeds the larger of the corporation's average annual petroleum profits income for the base period—defined as years 1970 through 1973—or an amount equal to a return for the taxable year of 10 percent on capital invested.

Under my proposal, it is only the petroleum related profits that are subject to the tax. If a domestic corporation holds a foreign corporation's stock and that foreign corporation is engaged in activity that is unrelated to the petroleum industry then the profits of that foreign corporation will not be considered in the imposition of the excess profits tax. On the other hand, the bill would include the profits of those foreign corporations that, while not themselves in the petroleum business, supply necessary services, such as insurance, or products, such as pipeline material, to the domestic corporation, provided, of course, that the domestic corporation holds the stock of the foreign supplier. And, the bill allows considerable flexibility to reflect changes in the volume of petroleum products handled by the company, changes in the type of petroleum industry activity engaged in by the company, or changes in the combination or proportion of petroleum industry activities from the volume, types or combinations engaged in during the base period.

Finally, Mr. President, this bill makes it very clear that this excess profits tax is distinct from the ordinary corporate income tax: The profits subject to this tax are not also subject to the ordinary income tax, since to make them subject to both would have the effect of imposing an excess profits tax in excess of 100 percent, obviously not the intent of the Congress should it see fit to approve this measure.

Let me conclude by saying, Mr. President, that I regret this measure is a necessary one. I firmly believe, however, that it offers the only hope of spreading the burden of the energy crisis to all concerned—including the multinational oil industry—and the only effective method of assuring against the exploitation of the American public during the crisis. I only wish that price rollbacks and controls could deal with the problem entirely, since I view that mechanism as the most efficient and easily administered of the alternatives before us. Since that cannot be—price controls will be ineffective as to the multinationals—this excess profits bill is a necessary element of our efforts to come to grips with the hardships and the causes of the energy crisis.

At the same time, I once again urge my colleagues to support a meaningful rollback of domestic prices and a vigorous program of continued price controls—should we fail to take those steps, I fear we shall have to turn to an excess profits tax on the domestic side of petroleum operations as well as on foreign petroleum activities. That, of course, is the less desirable course of action since the relief contemplated in the tax runs to the taxpayer, not to the petroleum consumer as it should.

I hope that my colleagues will give serious and favorable consideration to this bill, Mr. President, and I ask unanimous consent at this time that the bill be printed in the RECORD.

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

S. 3134

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 "Foreign Petroleum Income Tax Act of 1974."

EXCESSIVE PROFITS TAX

SEC. 2. (a) Subtitle A of the Internal Revenue Code of 1954 (relating to income taxes) is amended by adding at the end thereof the following new chapter:

"Chapter 7—TAX ON EXCESSIVE PETROLEUM PROFITS

"SEC. 1601. Imposition of tax.

"SEC. 1602. Excess petroleum profits income.

"SEC. 1603. Corporations taxable under chapter.

"SEC. 1604. Definitions special rules regulations.

"SEC. 1601. IMPOSITION OF TAX.

"There is imposed on the excess petroleum profits income of every corporation described in section 1603 a tax of 80 percent.

"SEC. 1602. EXCESS PETROLEUM PROFITS INCOME.

"For purposes of this chapter, the term 'excess petroleum profits income' means the amount by which the petroleum profits income of a corporation for the taxable year exceeds the larger of—

"(1) the average annual petroleum profits income of that corporation for the base period or

"(2) an amount equal to an annual return for that taxable year of 10 percent on capital invested by that corporation in petroleum industry activities.

"SEC. 1603. CORPORATIONS TAXABLE UNDER CHAPTER.

"a) In General.—The provisions of this chapter apply for any taxable year to any domestic corporation which has petroleum profits income from sources without the United States in an amount equal to, or in excess of, 20 percent of its total petroleum profits income for that taxable year.

"(b) Related Corporations.—In the application of the provisions of this chapter to any domestic corporation which owns stock issued by a foreign corporation which has petroleum profits income from any source—

"(1) the domestic corporation is considered to have petroleum profits income from that source in an amount which bears the same ratio to the total amount of the petroleum profits income of that foreign corporation as the value of the foreign corporation's stock held by the domestic corporation bears to the total value of all stock issued by the foreign corporation, and

"(2) a foreign corporation (referred to elsewhere in this paragraph as the acquiring corporation) which owns stock issued by another foreign corporation (referred to elsewhere in this paragraph as the issuing corporation) which has petroleum profits income from any source is considered to have petroleum profits income from that source in an amount which bears the same ratio to the total amount of the petroleum profits income of the issuing corporation as the value of the issuing corporation's stock held by the acquiring corporation bears to the total value of all stock issued by the issuing corporation.

"(c) VALUATION RULE.—For purposes of this section, the value of a share of stock is its average fair market value for the taxable year. If the Secretary or his delegate determines that the fair market value of a particular class of stock cannot be ascertained with reasonable certainty, the value of that stock shall be determined in accordance with rules promulgated by the Secretary or his

delegate which are designed to reflect fairly, for purposes of this chapter, the ownership interest of the corporation which owns the stock in the corporation which issues the stock.

"SEC. 1604. DEFINITIONS; SPECIAL RULES; REGULATIONS.

"(a) DEFINITIONS.—For purposes of this chapter—

"(1) BASE PERIOD.—The term 'base period' means, in the case of any corporation, the first four taxable years of that corporation beginning after December 31, 1969.

"(2) PETROLEUM INDUSTRY ACTIVITY.—The term 'petroleum industry activity' means the business of extracting, refining, transporting, distributing, manufacturing, producing, or selling petroleum, petroleum products, or products or services used in connection with the extraction, refining, transportation, distribution, manufacture, production, or sale of petroleum or petroleum products.

"(3) PETROLEUM PROFITS INCOME.—The term 'petroleum profits income' means the taxable income of a corporation derived from petroleum industry activities.

"(b) SPECIAL RULES.—

"(1) APPLICATION OF RELATED CORPORATION RULES.—The related corporation rules contained in section 1603 apply to the determination of petroleum profits income for the base period and for the taxable year, and to the determination of return on investment.

"(2) RETURN ON INVESTMENT.—

"(A) IN GENERAL.—For purposes of section 1602, return on investment shall be determined by computing the excess of the petroleum profits income for the taxable year over the capital investment in petroleum industry activities for the taxable year as a percentage of the amount of such capital investment.

"(B) EXCLUSIONS.—In computing return on investment there shall be excluded from consideration—

"(i) the excess of any amount allowed as a deduction under section 613 (relating to percentage depletion) over the amount allowable under section 611 for cost depletion;

"(ii) any amounts allowed as a deduction in accordance with the provisions of section 263(c) (relating to intangible drilling and development costs in the case of oil and gas wells) in connection with any oil or gas well which is commercially productive, as determined by the Secretary or his delegate; and

(iii) with respect to each item of section 1250 property (as defined in section 1250 (c)), the amount by which the deduction allowable for the taxable year for exhaustion, wear and tear, obsolescence, or amortization exceeds the depreciation deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life (determined without regard to section 167(k)) for which the taxpayer has held the property.

"(3) Changes in corporation structure, volume of business, etc.—In the application of the provisions of this chapter—

"(A) income, expenditures, gains, and losses not related to petroleum industry activities shall be disregarded; and

"(B) if, for any taxable year, the petroleum profits income of a corporation is greater than the average annual petroleum profits income of that corporation for the base period as a result of expanded volume of products handled, a different type of petroleum industry activity than that engaged in by the corporation during the base period, or a different combination or proportion of petroleum industry activities than those engaged in by that corporation during the base period, the corporation may, with the approval of the Secretary or his delegate, adjust the annual average base period petroleum profits income, or compute the taxable year's petroleum profits income in such a manner as necessary, to reflect equitably that part of the petroleum profits income for the taxable year which is subject to treatment as excess profits from petroleum industry activities as compared to the profits from those activities during the base period. Any approval granted by the Secretary or his delegate under this subparagraph shall be granted after a public hearing conducted in accordance with the provisions of section 553 of title 5, United States Code, applicable to rulemaking.

"(c) Regulations.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this chapter.".

(b) Exclusion of Excess Petroleum Profits Income from Normal Alternative Tax.—Section 11 of the Internal Revenue Code of 1954 (relating to tax on corporations) is amended by adding at the end thereof the following new subsection:

"(g) Tax Not To Apply to Excess Petroleum Profits Income.—The provisions of this section do not apply to any part of the taxable income of a corporation for the taxable year which is excess petroleum profits income (as defined in section 1602) of that corporation for that taxable year.".

(c) Technical Amendments.—

(1) Section 12 of such Code (relating to cross references relating to tax on corporations) is amended by adding at the end thereof the following new paragraph:

"(9) For tax on excess petroleum profits income, see chapter 7.".

(2) Section 21 of such Code (relating to effect of changes) is amended by adding at the end thereof the following new subsection:

"(f) Changes Made by the Foreign Petroleum Income Tax Act of 1974.—In applying subsection (a) to the taxable year of a corporation which is not a calendar year, the tax imposed under section 1601 shall be treated as a change in a rate of tax.".

(3) The table of chapter for subtitle A of such Code is amended by adding at the end thereof the following item:

"Chapter 7. Tax on excessive petroleum profits.".

TECHNICAL AND CONFORMING CHANGES

SEC. 3. The Secretary of the Treasury or his delegate shall, as soon as practicable but in any event not later than 90 days after the date of the enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives a draft of any technical and conforming changes in the Internal Revenue Code of 1954 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

EFFECTIVE DATE

SEC. 4. The amendments made by this Act apply with respect to taxable years ending after December 31, 1973.

By Mr. DOMENICI:

S. 3136. A bill to authorize the National Endowment for the Arts to make grants to States for the establishment and maintenance of State centers for American arts and handicrafts, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. DOMENICI. Mr. President, today I send to the desk for appropriate reference a bill to authorize the National Endowment for the Arts to make grants to States for the establishment and maintenance of State centers for American arts and handicrafts.

A few months ago I met with artists and craftsmen in New Mexico because I believe that our American handicrafts are of great importance. They are creative expressions of those who produce them and give great satisfaction to those who come to own them. In addition, they have great historical interest because they express the unique character of the time and place in which they are made as well as that of the person who creates them. They generally reinforce high quality in design and project it in time, especially when the skills they require are handed on from generation to generation.

I asked these artists and craftsmen for their views on how best the Federal Government might assist them. There was quick agreement that the Government could assist by helping States to establish centers or workshops, similar to the Pronof in Juarez which began as a "World's Fair of Mexican Art," and has become a permanent group of shops selling arts.

Mr. President, my bill would declare it the policy of the United States to support, enhance, and stimulate American arts and handicrafts by providing financial assistance for the establishment and maintenance for a center for American arts and handicrafts in each State.

Mr. President, I believe that the arts and handicrafts will play an important role in this country's Bicentennial celebration. And, what better time to establish a record of our time by encouraging and stimulating American arts and handicrafts.

I request unanimous consent that this bill be printed at this point in the RECORD.

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

S. 3136

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 "American Arts and Handcrafts Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares it to be the policy of the United States to support, enhance, and stimulate American arts and handcrafts by providing financial assistance for the establishment and maintenance for a Center for American Arts and Handcrafts in each State.

DEFINITIONS

SEC. 3. As used in this Act—

(1) the term "American arts and handcrafts" has the meaning given that term in regulations prescribed by the Chairman of the National Endowment for the Arts;

(2) the term "Chairman" means the Chairman of the National Endowment for the Arts;

(3) the term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, and the Virgin Islands; and

(4) the term "workshop" means an activity the primary purpose of which is to encourage the artistic development or enjoyment of amateur, student, or other nonprofessional participants, or to promote scholarship and teaching among the participants.

AUTHORIZATION AND ALLOCATIONS

SEC. 4. (a) There are authorized to be appropriated for the fiscal year ending June 30, 1974, and for each of the three succeeding fiscal years $5,300,000 to enable the chairman to make grants under this Act.

(b) (1) Of the sums appropriated pursuant to subsection (a) in each fiscal year, each State which has an application approved by the Chairman shall be allotted $100,000. For the purpose of this paragraph, the term "State" includes the District of Columbia

but does not include the Commonwealth of Puerto Rico, Guam, American Samoa, and the Virgin Islands.

(2) The Chairman shall allot the remainder of the sums appropriated, but not in excess of $200,000 in any fiscal year, among the Commonwealth of Puerto Rico, Guam, American Samoa, and the Virgin Islands, according to their respective needs upon an application approved by the Chairman.

(3) If the sums appropriated pursuant to subsection (a) are insufficient to make the allotments under paragraph (1) in full, such sums shall be allotted among the States in equal amounts.

PROGRAM AUTHORIZED

SEC. 5. (a) The Chairman, with the advice of any appropriate interagency committee on arts and crafts of the Federal Government, is authorized to establish and carry out a program, in accordance with the provisions of this Act, of grants to States to enable each such State to establish and maintain a center for American arts and handcrafts in that State.

(b) The Chairman is authorized to provide technical assistance to any State having an application approved under this section with respect to the establishment or operation of a center assisted under this Act.

(c) No grant may be made under this section, except upon application therefor which is submitted to the Chairman in accordance with regulations and procedures established by the Chairman. Each application shall—

(1) provide a description of the activities of the center to be established and maintained in that State, including a description of the facility to be established and operated at that center which will—

(A) permit observation by the public of the craftsmen at work,

(B) facilitate the conduct of workshops at the center, and

(C) contain appropriate equipment and facilities for the display, sale, and exhibition of American arts and handcrafts at the center;

(2) provide assurances that the State will pay from non-Federal sources the remaining costs of carrying out the application;

(3) provide fiscal control and fund accounting procedures necessary for the proper disbursement and accounting of Federal funds paid to that State under this Act; and

(4) provide such reports as may reasonably be required by the Chairman and such records as are necessary to evaluate the correctness and verification of such reports.

(d) Applications for grants under this Act may be approved by the Chairman only if the application meets the requirements set forth in subsection (c) of this section.

PAYMENTS

SEC. 6. (a) From the amounts allotted to each State under section 4(b), the Chairman shall pay to that State an amount equal to the Federal share of the cost of carrying out its application. Such payments may be made in installments by way of reimbursement or in advance with necessary adjustments on account of overpayments or underpayments.

(b) The Federal share for any fiscal year shall be 50 per centum of the cost of carrying out an application of the State with a maximum of Federal contribution of $100,000 in any one year.

WITHHOLDING

SEC. 7. Whenever the Chairman, after reasonable notice and opportunity for hearing, finds that—

(1) a State is not complying substantially with the provisions of this Act; and

(2) a State is not complying substantially with the provisions of its application approved under section 5 of this Act,

the Chairman shall immediately notify the State with respect to which such funding was made that no further payments will be made under this Act to such State until there is no longer any failure to comply.

By Mr. CRANSTON (for himself and Mr. WEICKER) (by request):

S. 3137. A bill to clarify the authority of the Small Business Administration and for other purposes; and

S. 3138. A bill to amend the Small Business Act. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. CRANSTON. Mr. President, today I am introducing, by request, two bills that effect changes in the Small Business Administration. One proposal would effect three amendments to section 4(c)4 of the Small Business Act governing the amount of loans, guarantees, and other obligations. The Small Business Administration's revolving ceiling authorization expires June 1974. The other proposal is a technical bill which transfers title IV of the Economic Opportunity Act of 1964 to the Small Business Act. The Small Business Administration has been authorized to carry out these programs since 1966, and this transfer of authority to the Small Business Act is only to eliminate any possible confusion upon the impending expiration of the Economic Opportunity Act. Other technical amendments are included. Hearings are scheduled on these bills in the Subcommittee on Small Business March 13 and 14.

I ask unanimous consent that the text of the bills and analysis be printed in the RECORD.

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

S. 3137

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 "Small Business Amendments of 1974".

SEC. 1. (a) The Small Business Act is amended—

(1) by redesignating subsection (b) of section 2 as subsection (c) and by adding after subsection (a) of that section the following new paragraph:

"(b) The assistance programs authorized by sections 7(i) and 7(j) of this Act are to be utilized to assist in the establishment, preservation, and strengthening of small business concerns and improve the managerial skills employed in such enterprises, with special attention to small business concerns (1) located in urban or rural areas with high proportions of unemployed or low-income individuals; or (2) owned by low-income individuals; and to mobilize for these objectives private as well as public managerial skills and resources.";

(2) by amending clause (B) of paragraphs (1) and (2) of section 4(c) and clause (A) of paragraph (4) of that section by striking out "and 8(a) of this Act," and inserting in lieu thereof "7(i), and 8(a) of this Act, and" and by striking out "and title IV of the Economic Opportunity Act of 1964,";

(3) by amending clause (D) of paragraph 4 of section 4(c) by striking out "title IV of the Economic Opportunity Act of 1964" and inserting in lieu thereof "section 7(i) of this Act"; and

(4) by adding at the end of section 7 the following three new subsections:

"(i)(1) The Administration also is empowered to make, participate (on an immediate basis) in, or guarantee loans, repayable in not more than fifteen years, to any small business concern, or to any qualified person seeking to establish such a concern, when it determines that such loans will further the policies established in section 2(b) of this Act, with particular emphasis on the preservation or establishment of small business concerns located in urban or rural areas with high proportions of unemployed or low-income individuals or owned by low-income individuals: *Provided, however,* That no such loans shall be made, participated in, or guaranteed if the total of such Federal assistance to a single borrower outstanding at any one time would exceed $50,000. The Administration may defer payments on the principal of such loans for a grace period and use such other methods as it deems necessary and appropriate to assure the successful establishment and operation of such concern. The Administration may, in its discretion, as a condition of such financial assistance, require that the borrower take steps to improve his management skills by participating in a management training program approved by the Administration:

Provided, however, That any management training program so approved must be of sufficient scope and duration to provide reasonable opportunity for the individuals served to develop entrepreneurial and managerial self-sufficiency.

"(2) The Administration shall encourage, as far as possible, the participation of the private business community in the program of assistance to such concerns, and shall seek to stimulate new private lending activities to such concern through the use of the loan guarantees, participations in loans, and pooling arrangements authorized by this subsection.

"(3) To insure an equitable distribution between urban and rural areas for loans between $3,500 and $50,000 made under this subsection, the Adminstration is authorized to use the agencies and agreements and delegations devleoped under title III of the Economic Opportunity Act of 1964, as amended, as it shall determine necessary.

"(4) The Administration shall provide for the continuing evaluation of programs under this subsection, including full information on the location, income characteristics, and types of business and individuals assisted, and on new private lending activity stimulated, and the results of such evaluation together with recommendations shall be included in the report required by section 10 (a) of this Act.

"(5) Loans made pursuant to this subsection (including immediate participation in and guarantees of such loans) shall have such terms and conditions as the Administration shall determine, subject to the following limitations—

"(A) there is reasonable assurance of repayment of the loan;

"(B) the financial assistance is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;

"(C) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made;

"(D) the loan bears interest at a rate not less than (i) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus (ii) such additional charge, if any, toward covering other costs of the program as the Administration may determine to be consistent with its purposes: *Provided, however,* That the rate of interest charged on loans made in redevelopment areas designated under the Public Works and Economic Development Act of 1965 (42 U.S.C. 3108 et seq.) shall not exceed the rate currently applicable to new loans made under section 201 of that Act (42 U.S.C. 3142); and

"(E) fees not in excess of amounts necessary to cover administrative expenses and

probable losses may be required on loan guarantees.

"(6) The Administration shall take such steps as may be necessary to insure that, in any fiscal year, at least 50 per centum of the amounts loaned or guaranteed pursuant to this subsection are allotted to small business concerns located in urban areas identified by the Administration as having high concentrations of unemployed or low-income individuals or to small business concerns owned by low-income individuals. The Administration shall define the meaning of low income as it applies to owners of small business concerns eligible to be assisted under this subection.

"(7) No financial assistance shall be extended pursuant to this subsection where the Administration determines that the assistance will be used in relocating establishments from one area to another if such relocation would result in an increase in unemployment in the area of original location.

"(j)(1) The Administration is authorized to provide financial assistance to public or private organizations to pay all or part of the costs for projects designed to provide technical or management assistance to individuals or enterprises eligible for assistance under subsection 7(i) of this Act, with special attention to small business concerns located in urban areas of high concentration of unemployed or low-income individuals or owned by low-income individuals.

"(2) Financial assistance under this subsection may be provided for projects, including without limitation—

"(A) planning and research, including feasibility studies and market research;

"(B) the identification and development of new business opportunities;

"(C) the furnishing of centralized services with regard to public services and government programs, including programs authorized under subsection (i);

"(D) the establishment and strengthening of business service agencies, including trade associations and cooperatives;

"(E) the encouragement of the placement of subcontracts by major business with small business concerns located in urban areas of high concentration of unemployed or low-income individuals or owned by low-income individuals, including the provision of incentives and assistance to such major businesses so that they will aid in the training and upgrading of potential subcontractors or other small business concerns; and

"(F) the furnishing of business counseling, management training, and legal and other related services, with special emphasis on the development of management training programs using the resources of the business community, including the development of management training opportunities in existing businesses, and with emphasis in all cases upon providing management training of sufficient scope and duration to develop entrepreneurial and managerial self-sufficiency on the part of the individuals served;

"(3) The Administration shall give preference to projects which promote the ownership, participation in ownership, or management of small business concerns by residents of urban areas of high concentration of unemployed or low-income individuals, and to projects which are planned and carried out with the participation of local businessmen.

"(4) The financial assistance authorized by this subsection includes assistance advanced by grant, agreement or contract, but does not include the procurement of plant or equipment, or goods or services.

"(5) The Administration is authorized to make payments under grants and contracts entered into under this subsection in lump sum or installments, and in advance or by way of reimbursement, and in the case of grants, with necessary adjustments on account of overpayments or underpayments.

"(6) To the extent feasible services under this subsection shall be provided in a location which is easily accessible to the individuals and small business concerns served.

"(7) The Administration shall provide for an independent and continuing evaluation of programs under this subsection, including full information on and analysis of the character and impact of managerial assistance provided, the location, income characteristics and types of businesses and individuals assisted, and the extent to which private resources and skills have been involved in these programs. Such evaluation together with any recommendations deemed advisable by the Administration shall be included in the report required by section 10(a) of this Act.

"(8) The Administration shall take such steps as may be necessary and appropriate, in coordination and cooperation with the heads of other Federal departments and agencies, so that contracts, subcontracts and deposits made by the Federal Government or in connection with programs aided with Federal funds are placed in such a way as to further the purposes of this subsection and of subsection 7(i) of this Act. The Administration shall provide for the continuing evaluation of programs under this subsection and the results of such evaluation included in the report required by section 10(a) of this Act.

"(k) In carrying out its functions under subsections 7(i) and 7(j) of this Act, the Administration is authorized—

"(1) to utilize, with their consent, the services and facilities of Federal agencies without reimbursement, and, with the consent of any State or political subdivision of a State, accept and utilize the services and facilities of such State or subdivision without reimbursement;

"(2) to accept, in the name of the Administration, and employ or dispose of in furtherance of the purposes of this Act, any money or property, real, personal or mixed, tangible or intangible, received by gift, desire, bequest, or otherwise;

"(3) to accept voluntary and uncompensated services, notwithstanding the provisions of section 3679(b) of the Revised Statutes (31 U.S.C. 665(b)); and

"(4) to employ experts and consultants or organizations thereof as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), except that no individual may be employed under the authority of this subsection for more than 100 days in any fiscal year; to compensate individuals so employed at rates not in excess of $100 per diem, including travel time; and, to allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5 of such Act (5 U.S.C. 73b–2) for persons in the Government service employed intermittently, while so employed: *Provided, however,* That contracts for such employment may be renewed annually."

(b) Title IV of the Economic Opportunity Act of 1964, as amended, is hereby repealed; and all references to such title in the remainder of that Act are repealed.

SEC. 2. The Small Business Act is further amended—

(1) by amending section 5(b) by striking out "and" following paragraph (8), by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and" and by adding at the end of paragraph (9) the following new paragraph:

"(10) upon purchase by the Administration of any deferred participation entered into under section 7 of this Act, continue to charge a rate of interest not to exceed that initially charged by the participating institution on the amount so purchased for the remaining term of the indebtedness."

(2) by striking out the third sentence in paragraph (2) of section 7(h) and inserting in lieu thereof:

"The Administration's share of any loan made under this subsection shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity that are comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum plus an allowance adequate in the judgment of the Administration to cover administrative costs under the program."

SEC. 3. Section 403 of the Small Business Investment Act of 1958 is amended—

(1) by striking out "$10,000,000" and inserting in lieu thereof "$35,000,000";

(2) by adding after the second sentence the following new sentence: "Additional capital is hereby authorized to be appropriated to such fund in such an amount as may be necessary to carry out the provisions and purposes of this part and part B of this title."; and

(3) by striking out the word "initial" from the fourth sentence and from the fifth and final sentence.

ANALYSIS OF S. 3137

Section 1(a)(1) of this bill amends section 2 of the Small Business Act to reflect the policy previously stated in title IV of the Economic Opportunity Act of 1964, the substance of which title in made sections 7(i) and 7(j) of the Small Business Act by section 1(a)(4) below.

Sections 1(a)(2) and 1(a)(3) of this bill amend paragraphs (1), (2) and (4) of section 4(c) of the Small Business Act, to make technical changes in terms of program funding, repayments to revolving funds, and program ceilings made necessary by the transfer to the Small Business Act of the authority previously embodied in title IV of the Economic Opportunity Act of 1964.

Section 1(a)(4) of the bill adds new subsections (i), (j), and (k) to section 7 of the Small Business Act, transferring thereto generally *en toto* the authority to render financial assistance to socially or economically disadvantaged persons previously authorized by title IV of the Economic Opportunity Act of 1964. The Small Business Administration has been authorized to carry out these programs since 1966, and this transfer of authority to the Small Business Act is only to eliminate any possible confusion upon the impending expiration of the Economic Opportunity Act.

In addition, the Administrator of SBA is authorized to utilize, with respect to title IV of the Economic Opportunity Act, some of the powers conferred on the Director of OEO by title VI of the Economic Opportunity Act. Since many of these powers are already contained in the Small Business Act, all of the title VI authorities referred to need not be transferred to the Small Business Act.

Thus, section 1(a)(4) also transfers to the Small Business Act in title VI authorities already conferred on SBA by the Economic Opportunity Act and which are necessary to administer the title IV programs but which are not already provided SBA by the Small Business Act. The new subsection 7(j) of the Small Business Act contains the provisions of section 609(2) and part of section 602(n) of the Economic Opportunity Act, and the new subsection 7(k) contains the provisions of sections 602(e), 602(f), 602(g) and 602(b)(1) of the Economic Opportunity Act.

Section 1(b) repeals the aforementioned title IV of the Economic Opportunity Act of 1964.

Section 2(1) of the bill would provide that, in the case of loans guaranteed by the Small Business Administration pursuant to section 7 of the Small Business Act, for purchase of which the participation institution

has made a valid demand under the terms of the guarantee, a rate of interest not to exceed that charged by the institution may continue to be charged by SBA for the remaining term of the outstanding indebtedness. Under existing legislation, when the Agency purchases the guaranteed portion from the participant and assumes servicing of the account, the rate of interest to the borrower is automatically reduced to the statutory rate applicable to the SBA share, which can vary between 3 and 6¾ percent per annum.

This situation creates an inconsistency because interest may be charged by participating financial institutions at a rate which is legal and reasonable, and the Agency may reimburse the participant at that rate of interest up to a rate of 10½ percent. Yet, if the Agency purchases the guarantee, the interest on that share must be reduced to the statutory rate applicable to the SBA share. This also creates an inequity due to the fact that most purchase actions result from a condition of borrower default. A defaulted borrower automatically is the beneficiary of reduced interest rates, while those borrowers who maintain their loan accounts in current status must bear the burden of the higher interest costs permitted to be charged by participating institutions. While SBA does not know the extent to which borrowers, with or without the cooperation of participating banks, purposely permit their loans to go into a default condition so as to receive this reduced interest benefit, the law as presently drafted does permit such activity. The purpose of this amendment is to close that specific loophole.

Section 2(2) clarifies section 7(h)(2) of the Small Business Act relating to the rate of interest applicable to loans under SBA's handicapped assistance program. Under the existing legislation, "(a)ny loan made under this subsection shall bear interest at a rate of 3 per centum per annum." If such a rate were applicable to the participating lending institution's share of such a loan, obviously no participation loans would be made. Since section 7(h) also encourages participation loans, the inconsistency is thus apparent. While the Comptroller General has ruled that participating institutions may charge a rate that is "legal and reasonable," he also strongly suggests that SBA seek appropriate revisions of the language in question.

This proposal implements that suggestion. Section 2(a) also adjusts the interest rate applicable to such handicapped assistance loans by making this rate a "formula" rate as are all other business loan programs authorized by section 7(b) of the Small Business Act.

Section 3 of the bill amends section 403 of the Small Business Act of 1958. Under title IV of the 1958 Act, SBA is authorized to guarantee up to 90 percent of a surety's loss on any bid, payment or performance bond issued to a small concern on any contract up to $500,000 in amount, where the bond would have been unavailable without such guarantee. Because of the minimal fees charged for a surety bond, and the small additional fee SBA is realistically able to charge, this program is not expected to be self-sustaining.

The loss rate is now 1.3 percent of total commitments less pro rata completions (for contractors who were previously considered unbondable for any number of reasons, including size, capacity and capital), substantially less than the original projection of 2 percent. However, since SBA has been collecting only .3 percent on contracts, the cost to SBA will be substantial. With the current loss rate on the $767 million in contract guarantees through December 31, 1973, the contingent liability under this program has almost reached the amount which can be supported by the initial capital presently allocated to the Section 403 revolving fund. Our projection for the end of FY 1974 is for $1.1 billion outstanding. With the rate of increase continuing to accelerate, total commitments under the program could reach $1.9 billion by the end of FY 1975. Based on the current loss rate, almost $20 million will be required to support the program's contingent liability.

It should be noted that the Section 403 revolving fund also provides the capital for SBA's lease guarantee program under which SBA guarantees the payment of rentals due under leases of commercial and industrial properties entered into by small business concerns where such leases would not be available without the SBA guarantee. Therefore, there are two programs operating out of a single revolving fund: the lease guarantee program, which by statute must be operated on a sound actuarial basis to the extent practicable and is in fact self-sustaining; and the surety bond program, which is not self-sustaining and requires substantially greater capital.

It is clear that funds presently allocated to support the rapidly growing and successful lease and surety bond guarantee programs are already insufficient. Section 3(1) of the bill is based on SBA estimates that a total of $35 million in capital will be required in order to sustain both programs through FY 1975. Of this $35 million, it is estimated that $10 million will be sufficient capital to maintain the lease guarantee program, and $25 million would be allocated for the surety bond guarantee program. These amounts take into account the projected growth of both programs through FY 1975, the amount of funds required to support the contingent liability of each, plus a 15 percent reserve to protect against having to suspend either program in the face of more rapid growth than is projected. Because both programs are not separately funded, it is imperative that a healthy reserve for each be established to prevent erosion of either program's allocated capital at the expense of the other's. By providing initial capital thought to be sufficient to maintain the programs through FY 1975, it is hoped that SBA will be able to coordinate future requests for such capital with its biannual proposals involving the adjustment of business loan and investment fund ceilings established under section 4(c) of the Small Business Act.

Section 3 also clarifies SBA's authority to seek such additional capital in the form of appropriations to the revolving fund as may be necessary for the successful continued operation of both programs. The existing prohibition against investment of initial capital and the existing requirement for the payment of interest to Treasury on net outstanding disbursements of initial capital is also broadened to apply to any additional capital appropriated to the fund under this, or any other bill.

S. 3138

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (4) of section 4(c) of the Small Business Act is amended—

(1) by striking out "$4,875,000,000" and inserting thereof "$6,000,000,000";

(2) by striking out "$556,250,000" and inserting in lieu thereof "$725,000,000"; and

(3) by striking out "$381,250,000" and inserting in lieu thereof "$450,000,000".

ANALYSIS OF S. 3138

The bill would effect three amendments to the provisions of section 4(c)(4) of the Small Business Act governing the amount of loans, guarantees, and other obligations or commitments which may be outstanding at any one time from the Business Loan and Investment Fund.

The first of these amendments would increase from $4,875,000,000 to $6,000,000,000 the amount which may be outstanding from the fund at any one time under sections 7(a), 7(b)(3), 7(e), and 8(a) of the Small Business Act, and Title IV of the Economic Opportunity Act of 1964. The second amendment would increase from $556,250,000 to $725,000,000 the amount which may be outstanding at any one time under Title III of the Small Business Investment Act of 1958. The third amendment would increase from $381,250,000 to $450,000,000 the amount which may be outstanding at any one time under Title IV of the Economic Opportunity Act of 1964.

A review has been made of the probable requirements through June 30, 1975, of the programs governed by the existing limitation of $4,875,000,000. These projections indicate that a limitation of $5,887,800,000 is needed for the combined activities. In order to provide a reasonable reserve for contingencies, it is recommended that the limitation amount be increased to $6,000,000,000.

Section 4(c)(4) provides a separate limitation of $556,250,000 on the amount of loans, guarantees, etc., which may be outstanding at any one time for Small Business Investment Company financing under Title III of the Small Business Investment Act of 1958. The projected amount outstanding at June 30, 1975, for these financing activities is $677,300,000. In order to provide a reserve for contingencies in this limitation too, it is recommended that the existing limitation of $556,250,000 be increased to $725,000,000.

The projected amount outstanding at June 30, 1975, for business loans under Title IV of the Economic Opportunity Act of 1964, as included in the figure of $5,887,800,000 cited above, is $408,500,000. Allowing in this instance also a reserve for contingencies, it is recommended that the present limitation of $381,250,000 for Title IV loans be increased to $450,000,000.

By Mr. JAVITS:

S. 3139. A bill to amend the Public Health Service Act to assure the development of a national health policy and of effective State health regulatory programs and area health planning programs, and for other purposes. Referred to the Committee on Labor and Public Welfare.

HEALTH PLANNING ACT

Mr. JAVITS. Mr. President, I am introducing the Health Planning Act, a bill fashioned upon H.R. 12053, but with changes, H.R. 12053 being a measure introduced by the distinguished chairman of the House Public Health and Environment Subcommittee, Representative PAUL ROGERS; my congressional colleague, friend and fellow New Yorker and a key minority member of the subcommittee, Representative JAMES HASTINGS; and physician/attorney, Representative WILLIAM ROY.

The differences between the bill I introduce today and H.R. 12053, other than technical changes which reflect my own drafting preferences and the deletion of the House bill's provisions calling for the establishment of a Presidential National Council for Health Policy in the Office of the President, are in its provisions with regard to the organization and designation of State health commissions to perform delineated regulatory functions.

The Department of Health of the State of New York has expressed deep and legitimate concerns about the provisions of H.R. 12053. I ask unanimous consent that the full text of the New York State Department of Health letter and detailed

analysis of concerns be printed in the RECORD.

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

STATE OF NEW YORK,
DEPARTMENT OF HEALTH,
Albany, N.Y., February 13, 1974.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: I am very deeply concerned with H.R. 12053 and am attaching comments setting forth the position of this Department.

I should like to emphasize that this type of legislation will in no way improve the capability of New York State to serve its citizens. Indeed, the long-term effect will be highly detrimental, for it will not be possible to recruit or retain well trained health officials to serve as puppets dangled by the Secretary's strings.

Past history would indicate that the Secretary of the future will be neither skilled in nor highly interested in health matters. What is far worse is the lack of a trained cadre of health professionals at the Washington level to serve as his staff. We have instead a scattering of specialists, some highly competent in narrow fields, who are embedded in a vast amorphous matrix of mediocrity in which communication and coordination are sadly lacking. Even if the Public Health Service were reconstituted and revivified, there would still not be sufficient know-how available to the Secretary to enable him wisely to rule his fiefdom of 200 million subjects.

Incidentally, the same comments can be applied to H.R. 10955, which would transfer responsibility for protection of public water supplies to the Environmental Protection Agency Administrator. This also is an unnecessary and pernicious piece of legislation.

I sincerely hope you will find it possible to review the bills and give some credence to the enclosed comments.

Sincerely,

HOLLIS S. INGRAHAM, M.D.,
Commissioner of Health.

COMMENTS ON H.R. 12053

In the past decade or so, terms like "medical market area" and "problem shed area" have come into vogue among planners. They are used to describe areas linked by common features or by a physical proximity that spans political boundaries of city, county or state.

At first glance, approaching health problems on a "problem shed" basis appears sound and reasonable. The weight of experience, however, argues for less unbounded enthusiasm. Attacking health problems on a "problem shed" basis often requires, among other things, a new agency specifically designed for the purpose. A new agency, existing among older ones, can create more problems than it solves. Special regional bodies or compact agencies threaten to introduce more, not less, fragmentation and duplication of effort.

A more serious drawback of regional agencies, however, is that they are rarely given the power they need to function effectively. The participating governments involved are quite naturally unwilling to pass legislation giving any real power to the regional agency because this would mean they would have to surrender some of their own autonomy. Since this asks more than human nature can give, regional bodies frequently end up with authority so diluted that they are rendered ineffective.

We on the State and local operating levels are aware of the rush of history which has compelled the Federal government to perform in a larger arena. We know that the old lines of responsibility have faded under which Washington simply fought the wars and delivered mail, state governments built the roads and locked up the more important criminals, while local government provided water, schools and picked up the trash.

In spite of the well-intentioned but demonstrably ineffective efforts under Comprehensive Health Planning and Regional Medical Programs to create a regionally-oriented independent, or quasi-governmental agency approach to solving social or environmental problems, legislation recently introduced into Congress seeks to force upon the states just such a system or organization with the roots of its power centered in Washington.

The purpose of the proposed legislation, H.R. 12053, is quite laudable in that it seeks to "develop recommendations for a national health policy, to recommend planning for health services manpower and facilities, and to authorize financial assistance for the development of programs to further that policy." The legislation then proceeds to describe a new system of government, centrally based in Washington, which would preempt states' rights in determining priorities for the health care of its citizens, overlook the constitutional mechanisms by which Congress relates to the individual states, and totally ignore the existence in progressive states of programs which have already proven successful in solving problems which this legislation hopes to be able to solve.

One of the major problems is the limitation of the state health commission's role to a ministerial certificate-issuing function by the operation of Section 613, subsection (e), and the constraints on the commission's exercise of regulatory authority created by Section 613, subsection (d). Furthermore, disagreements between the central state commission and the area agency are first resolved by the test of conformity with LGP and SPP which are established by the area agency in the first instance but are subject to the annual review and approval by the central state commission (see Section 613 (a) and Section 627 (a)(1)).

If disagreements are not resolvable by reference to the LGP and SPP standard, they are reviewable by the procedures and criteria established by the Secretary under Section 614. In turn, the Secretary's rules of procedure and criteria govern all of the regulatory functions of the state commission under Section 627. Although the functions of the commission are denominated as "regulatory" by Section 627, the effect of:

The possession of initiative by the area agency in establishing the LGP and SPP standard (Section 613(a) and Section 627 (a)(1)).

The Secretary's power to determine all substantive and procedural standards for the conduct of the commission's business (Section 614).

The possession of initiative by the area agency to govern licensure of manpower, services and facilities as needed or not needed; fundable or not fundable, etc. (Section 613(e) (f) and (g); and

The conditional designation and temporary existence of the state commission subject to the sole discretion of the Secretary (Section 625); makes the commission, at most, a ministerial body without real authority or regulatory power. Furthermore, this state ministerial body is accredited without requirement of the consent of the Governors or Legislatures of the several states as to scope of powers or jurisdiction of the area agencies (Section 611(b)) or the scope and powers of the state commission (Section 625 (a)). Furthermore, if the Governor and Legislature of any state choose to refuse to cooperate with the subordination of their regulatory functions to the Secretary's control by wrtiten agreement under Section 625, or even if the state does try to cooperate with the Secretary, if the Secretary is not satisfied with the state's performance the Act authorizes the Secretary to preempt all of the regulatory functions by merely giving the Governor of the state six months' notice (Section 627(d)).

Furthermore, there are no substantive standards in this Act which are to be followed by the Secretary in making his unilateral decision to:

Preempt or not to preempt the states' police power over health affairs;

To continue or not to continue in effect any designation agreement with the state; or

To assign or not to assign to a state commission any of the regulatory functions.

The only standards in the bill which are to guide the Secretary's unilateral determination are his finding that the commission's performance is "necessary", "adequate", "satisfactory", "proper", "efficient", "appropriate", or "effective".

This lack of substantive standards for the unilateral exercise of power by a Federally appointed official over state offices filled by elected officials is unprecedented and probably unconstitutional. It reflects a degree of Federal paternalism which has heretofore existed only in the Federal Government's relations with native American indians.

This Act reduces the states to the status of Federal reservations whose affairs are controlled by a single official who is not directly accountable to the people he will govern

This proposal puts the Secretary of the Department of Health, Education and Welfare into the position of establishing and regulating the regional and state agencies created under the law, and thus, through them, excluding states from the exercise of their legitimate responsibilities for protection of the public health. The proposal would usurp the states' executive and legislative authority to structure and regulate state agencies concerned with implementing health programs. Both the regional and state agencies would be approved by and responsible to the Secretary who would regulate their organization form, staffing, administrative procedures, plans and continuing jurisdiction.

RECOMMENDATIONS

The purpose of this legislation could be much better served by recognizing and supporting more fully, those existing state programs which have proven successful in accomplishing the same purposes, and by encouraging the development of such programs in states which do not have them. In all instances, the primary responsibility should remain firmly with the state and not with the Secretary of the Department of Health, Education and Welfare. The constitutional, legislative, and administrative issues and problems which are raised or caused by this legislation, would only serve to lessen the effectiveness in many states of those agencies of government which are directly accountable to the people through the usual processes.

The general recommendations for fulfilling the purposes of this legislation are:

Establish a mechanism for development of a national health policy by creation of a Federal Department of Health responsible for attaining the national health priorities outlined on pages 8–9 of the bill. A cabinet level department with fixed responsibilities avoids the creation of still another supra-cabinet level bureaucracy called a "National Council for Health Policy" compounding the existing overlapping fragmentation in the name of coordination.

The bill should charge the Federal Department of Health with the duty to establish minimum regulatory standards to be administered by the individual states encompassing the financing and supply of health resources (both the facilities and manpower) and the availability of health services provided by the organizations using such resources to assure access to health services commensurate with the public need. The failure of a state to im-

plement these minimum national standards, within a specified period after the enactment date, should result in the economic penalty of reduction in Federal support to the state.

The people of this Nation will not be served by having their state governments reduced to field outposts for a monolithic Federal bureaucracy. The idea of 50 state laboratories of thought and action is still valid. It deserves to be nurtured by Washington not starved, while at the same time all Federal health policy is developed, promulgated and coordinated on the executive level from a single address.

Utilization and encouragement of state leadership and innovation is fundamental to the Federal idea. The preservation of states' rights depends upon the exercise of states' responsibilities. The time is upon us now once again to call upon our states to be active where they have been passive, progressive where they have been timid, creative where they have been cautious. In a word, let's get back to fundamentals—it is time again for the states to lead.

Mr. JAVITS. Mr. President, in essence the State's problems relate to the provisions of H.R. 12053 which:

Would preempt the States' exercise of police power over public health, school health, licensing, et cetera.

Would suspend the operation of the New York State constitution on the arrangement of State departments.

Would preempt the authority of the Governor of a State to discharge his duties of supervision over the governmental subdivisions of the state as to the bill's delineated police power functions.

Would permit he HEW Secretary to circumvent the Federal system of regulating interstate matters ordinarily handled by interstate compacts which require an act of the Congress with the consent of the State concerned.

The bill I introduce today amends the House bill and seeks to alleviate New York State concerns by providing:

First. In lieu of the Secretary designating health market areas they are established by the Governors of each State subject to the Secretary's approval; and where an area should for rational planning cross State boundaries, the Secretary may request the States and the Congress to consolidate them into a single area pursuant to an interstate compact.

Second. In lieu of local health planning agencies being organized as ordinary nonprofit corporations it authorizes their establishment where appropriate, as public benefit corporations, a unique and successful legal concept in New York State which provides greater authority and flexibility in management and operation. In addition there is the advantage of increased public accountability and visibility when compared to "not for profit corporations," they also have unique financing capacities which would be particularly helpful in the health care facilities planning and developmental activities. For example, interest guarantees or loans made by the Federal Government when funneled into such an entity could be managed as consolidated temporary financing and bond issues for an entire area. More favorable debt service costs would accrue for the entire area and be particularly helpful in the implementation of the bill's proposed short-term plan or the long-term plans.

Third. Deletes administrative criteria, compensation, and composition of membership of State health commissions and rather permits them to be established pursuant to State law.

Fourth. In lieu of Federal intervention into State public health police powers where a State fails to comply with the provisions of the bill, the bill rather withdraws all Federal funding program support.

I have introduced this bill to insure that when the Health Subcommittee of the Committee on Labor and Public Welfare, of which I am ranking minority member, begins its hearings on the complex health planning and development issue on Monday, March 11, there are in addition to the subcommittee chairman's bill, alternative legislative proposals to which the witnesses may address themselves. I also intend to introduce the administration's bill and another bill being developed jointly by Representatives ROGERS and HASTINGS.

I believe we must carefully examine all legislative alternatives so that we may fashion the best final measure from them all. We should not have only one legislative road to travel.

The bill I introduce today and the other bills on this subject I plan to introduce—about none of which I am doctrinaire—along with Senator KENNEDY'S bill will enable us to stimulate a thorough debate of the critical issue before us as we seek to develop a new and more effective system for the planning and development of health services as contrasted to the expiring current legislative authority for existing planning and development programs; such as comprehensive health planning, regional medical programs and Hill-Burton.

Mr. President, I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

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

S. 3139

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Health Planning Act".

SEC. 2. Title IV of the Public Health Service Act is amended to read as follows:

"TITLE VI—HEALTH PLANNING

"Part A—HEALTH PLANNING AGENCIES

"HEALTH AREAS

"SEC. 601. (a) The Governors of each State, subject to the approval of the Secretary shall establish health areas with respect to which health planning agencies shall be designated under section 606. Each health area shall meet the following requirements:

"(1) The area shall be a national region for the proper planning and development of health services which has the available resources to provide all necessary health services for the residents of the area.

"(2) To the extent practicable, the area shall include at least one center for the provision of highly specialized health services.

"(3) The area shall follow State boundaries, except that the Secretary may request the States and the Congress to consolidate two or more areas established by the States, into a single area pursuant to an interstate compact, which crosses State boundaries if the Secretary determines that such a region is a more rational region for the proper planning and development of health services.

"(4) The area, upon its establishment, shall have a population of not less than five hundred thousand or more than three million; except that (A) the population of an area may be more than three million if the area includes a standard metropolitan statistical area (as determined by the Office of Management and Budget) with a population of more than three million, and (B) the population of an area may be less than five hundred thousand if the area comprises an entire State which has a population of less than five hundred thousand.

"(5) To the maximum extent feasible, the boundaries of an area may not cross the boundaries of a standard metropolitan statistical area (as determined by the Office of Management and Budget).

The Secretary shall coordinate his designation of areas under section 1152 of the Social Security Act of areas for Professional Standards Review Organizations with the health areas so that either a health area designated under this section comprises the entire territory of one or more areas designated under such section 1152 or an area designated under such section 1152 comprises the entire territory of one or more health areas designated under this section.

"(b) (1) Except for those areas to be designated by interstate compact, within one hundred and twenty days following the date of the enactment of this section, the Secretary shall publish in the Federal Register proposed boundaries for health areas covering the United States. If the respective States fail to establish health areas within sixty days following the date of enactment of this section, the Secretary shall establish such health areas soliciting the views of the Governor (or other chief executive officer) of each State. During the thirty-day period beginning on the date of the publication in the Federal Register of the proposed boundaries of the health areas, the Secretary shall consider comments submitted to him by other interested persons respecting the boundaries of such areas and at the expiration of such period he shall publish in the Federal Register the boundaries of the health areas.

"(2) The Secretary shall review on a continuing basis the appropriateness of the boundaries of the health areas and may recommend to the Governors of each State boundary revisions.

"HEALTH PLANNING AGENCIES

"SEC. 602. (a) (1) For purposes of this title, the term 'health planning agency' means a public benefit corporation which is organized and operated in the manner described in subsection (b) and which is capable, as determined by the Secretary, of performing each of the functions described in section 603. The Secretary shall by regulation establish standards and criteria for the requirements of subsection (b) and section 603.

"(2) For purposes of this Act, the term 'Public Benefit Corporation' means a corporation created by a State to act as an agency in the administration of civil government. Such a corporation will be not for profit.

"(b) (1) A health planning agency for a health area shall (A) be incorporated in the State which is located (in whole or in part) in that area and which has the largest part of the area's population, and (B) not be a subsidiary of, or otherwise controlled by, any other public benefit corporation or other private legal entity.

"(2) A health planning agency shall have a staff which provides the agency with expertise in at least the following: (A) The gathering and analysis of data, (B) planning, and (C) health manpower, facilities, and services. The size of the professional

staff of any agency shall be not less than the greater of 5 or the number obtained by dividing the population (rounded to the next highest one hundred thousand) of the health area which the agency serves by one hundred thousand. The staff of a health planning agency shall be selected, paid, promoted, and discharged in accordance with such system as the agency may establish, except that the rate of pay for any position shall not be less than the rate of pay prevailing in the health area for similar positions in other public or private planning or health service entities.

"(3) (A) Each health planning agency shall have a governing body composed, in accordance with subparagraph (B), of not less than ten members and of not more than thirty members, except that the number of members may exceed thirty if the governing body has established another unit (referred to in this paragraph as an 'executive committee') composed, in accordance with subparagraph (B), of not more than twenty-five members of the governing body and has delegated to that unit the authority to take such action as the governing body is authorized to take. The governing body—

"(i) shall be responsible for the internal affairs of the health planning agency, including matters relating to the staff of the agency, the agency's budget, and procedures and criteria (developed and published pursuant to section 604) for performing its functions under subsections (e), (f), and (g) of section 604;

"(ii) shall be responsible for the approval of the long-range plan and short-term plan required by section 604(b);

"(iii) shall issue an annual report concerning the activities of the agency, include in that report the long-range plan and short-term plan developed by the agency, and make the report readily available to the residents of the health area and the various communications media serving such area;

"(iv) shall reimburse its members for their reasonable costs incurred in attending meetings of the governing body;

"(v) shall meet at least once in each calendar quarter of a year and shall meet at least two additional times in a year unless its executive committee meets for that number of times in that year; and

"(vi) shall conduct its business meetings in public and shall make its records and data available, upon request, to the public.

A quorum for a governing body shall be not less than one-half of the members described in each clause of subparagraph (B). If in the exercise of its functions a governing body appoints a subcommittee of its members or an advisory group, it shall, to the extent practicable, make its appointments to any such subcommittee or group in such a manner as to provide the representation on such subcommittee or group described in subparagraph (B).

"(B) Of the members of the governing body and executive committee (if any) of a health planning agency—

"(i) at least one-third of such members shall be residents of the health area served by such agency who are not providers of health care services and who are broadly representative of the various economic, social, racial, and geographic population groups of such health area;

"(ii) at least one-third of such members shall be residents of such health area who are providers of health services and who are broadly representative of—

"(I) health professionals, public and community health personnel, and allied health personnel;

"(II) the health institutions (including hospitals, extended care facilities, and university health centers) located in such health area and the employees of such institutions not described in subclause (I); and

"(III) persons in such health area who pay for health care services (including direct service and indemnity insurance companies); and

"(iii) at least one-third of such members shall be residents of such health area who hold public elective offices which are broadly representative of the elected governmental authorities in the area.

"For purposes of clauses (i) and (ii), the term 'provider of health services' means an individual who receives (either directly or through his spouse) more than one-tenth of his gross annual income from fees or other compensation for the direct provision of health care services or from financial interests in entities engaged in the direct provision of health services or in producing or supplying drugs or other articles for individuals and entities engaged in the direct provision of such services, or from both such compensation and such interests.

"(c) A health planning agency may establish subarea advisory councils representing parts of the agencies' health area to advise the governing body of the agency on the performance of its functions. To the extent practicable, the composition of a subarea advisory council shall conform to the requirements of subsection (b)(3)(B).

"FUNCTIONS OF HEALTH PLANNING AGENCIES

"SEC. 603. (a) For the purpose of—

"(1) improving the health of residents of a health area,

"(2) increasing the accessibility, acceptability, continuity, and quality of the health services provided them, and

"(3) restraining increases in the cost of providing them health services,

each health planning agency shall have as its primary responsibilities the provision of effective health planning for its health area and the promotion of the development within the area of health services and facilities which meet identified needs, reduce documented inefficiences, and implement the health plans of the agency. To meet its primary responsibilities, a health planning agency shall carry out the functions described in subsections (b) through (g) of this section.

"(b) In providing health planning, development, and regulation for its area, a health planning agency shall perform the following functions:

"(1) The agency shall assemble and analyze data concerning—

"(A) the status of the health of the residents of its health area,

"(B) the status of the health care delivery system in the area and the utilization of that system by the residents of the area,

"(C) the effect the area's health care delivery system has on the health of the residents of the area, and

"(D) the area's health resources, including health facilities and manpower.

"(2) The agency shall, after appropriate consideration of the objectives set forth in subsection (c) of section 607, and the needs and resources described by paragraph (1) of this subsection, annually establish a long-range plan which shall be a detailed statement of goals (A) describing a healthful environment and health systems in the area which, when developed, will assure that quality health services will be available and accessible in a manner which assures continuity of care, at reasonable cost, for all residents of the area; (B) which is responsive to the unique needs and resources of the area; and (C) which takes into account the Secretary's guidelines respecting the area's supply, distribution, and organization of health resources and services.

"(3) The agency shall annually establish a short-term plan which describes objectives which will achieve the goals of the long-range plan and priorities among the objectives. In establishing the short-term plan, the agency shall give priority to those objectives which maximally improve the health of the residents of the area, as determined on the basis of the relation of the cost of obtaining the objectives to the benefits to be derived from obtaining such objectives, and which are fitted to the special needs of the area.

"(4) The agency shall develop and publish specific plans and projects for achieving the objectives established in the short-term plan.

"(c) In implementing its long-range plan and short-term plan, a health planning agency shall perform the following functions:

"(1) The agency shall seek to implement its plans with the assistance of individuals and public and private entities in its health area.

"(2) The agency shall provide, in accordance with the priorities established in the short-term plan, technical assistance to individuals and public and private entities in the area for the development of projects and programs which the agency determines are necessary to achieve the health system described in the long-range plan, including assistance in meeting the requirements of the agency prescribed under section 604.

"(3) The agency shall, in accordance with the priorities established in the short-term plan, make grants to and enter into contracts with individuals and public and private entities in the area to assist them in planning and developing the projects and programs which the agency determines are necessary to achieve the health system described in the long-range plan. Such grants and contracts shall be made from the Area Health Planning Development Fund of the agency established with funds provided under grants made under section 609. No such grant or contract may be used for (A) the support of an established program, (B) to pay the costs incurred by an entity or individual in the delivery of health care services, or (C) for the cost of construction of health facilities.

"(d) Each health planning agency and each Professional Standards Review Organization (designated under section 1152 of the Social Security Act), shall coordinate its activities in accordance with the regulatory guidelines established by the State Health Commission. The agency shall, when requested, provide technical assistance to the State Health Commission and secure data from it for use in the agency's planning and development activities.

"(e) Each health planning agency shall (1) review and approve or disapprove each proposed use within its health area of Federal funds appropriated for a program under this Act, the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963, or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 for the development, expansion or support of health facilities, manpower, or services; and (2) establish priorities for the approval of applications under part C

* * * * *

disapproves under clause (1) a proposed use of Federal funds for a program described in that clause, the Secretary may not make Federal funds available for such program until he has made, upon request of the entity making such proposal, a review of the agency decision. In making any such review of any agency decision, the Secretary shall first consult with the State Health Commission and afford the State Health Commission an opportunity to consider the agency decision and to submit to the Secretray its comments on the decision. The Secretary after taking into consideration State Health Commission comments may make Federal funds available, notwithstanding the agency decision. Each such decision by the Secretary to make funds available shall be submitted to the appropriate health planning agency and State Health Commis-

sion and shall contain a detailed statement of the reasons for the decision.

"(f) To assist planning agencies, designated under section 1122 of the Social Security Act, in carrying out their functions under such section 1122, health planning agencies for the areas for which such planning agencies are designated shall review and make recommendations to such planning agencies for the approval or disapproval of all capital expenditures in excess of $100,000 proposed by health service entities in the health areas of such health planning agencies.

"(g) Each health planning agency shall review on a periodic basis the health services offered or proposed to be offered in the health area of the agency and shall make recommendations to each State health commission, designated under section 625 for each State in which the agency's health area is located, for the Commission's certification of such health services under section 627(a)(5). If the State health commission determines that it cannot certify as needed a particular health service, the health planning agency for the health area in which such service is offered or proposed to be offered shall work with the provider or proposed provider of such service, the State health commission, and other appropriate individuals and entities for the improvement or elimination (as the agency determines appropriate) of such service. After the initial certification as needed by a State Health Commission of a health service offered within its health area, the agency shall review, at least every five years, the certification of such health service.

"PROCEDURES AND CRITERIA FOR REVIEWS OF PROPOSED HEALTH SYSTEM CHANGES

"SEC. 604. (a) In conducting reviews pursuant to subsections (e), (f), and (g) of section 603 or in conducting any other reviews of proposed or existing health services, each health planning agency shall follow procedures, and apply criteria, developed and published by the agency in accordance with regulations of the Secretary; and in performing its review functions under section 627, a State Health Commission shall follow procedures, and apply criteria, developed and published by the Commission in accordance with regulations of the Secretary. Procedures and criteria for such reviews may vary according to the purpose for which a particular review is being conducted or the type of health services being reviewed.

"(b) Each health planning agency and State Health Commission shall include in the procedures required by subsection (a) at least the following:

"(1) Written notification to affected persons of the beginning of an agency or Commission review.

"(2) Schedules for reviews which provide that no review shall take longer than one hundred and twenty days from the date the notification described in paragraph (1) is made.

"(3) Provision for persons subject to an agency or Commission review to submit to the agency or Commission (in such form and manner as the agency or Commission shall prescribe and publish) such information as the agency or Commission may require concerning the subject of such review.

"(4) Submission of applications made under part C of this title, other titles of this Act, or other provisions of law for Federal financial assistance for health services.

"(5) Submission of periodic reports by providers of health services and other persons subject to agency or Commission review respecting the development of proposals subject to review.

"(6) Notification of providers of health services and other persons subject to agency or Commission review of the status of the agency or Commission review of the health services or proposals subject to review, findings made in the course of such review, and other appropriate information respecting such review.

"(7) Provision for public hearings in the course of agency or Commission review if requested by persons directly affected by the review; and provision for public hearings, for good cause shown, respecting agency and Commission decisions.

"(8) Regular reports by the agency and Commission of the reviews being conducted (including a statement concerning the status of each such review) and of the reviews completed by the agency and Commission (including a general statement of the findings and decisions made in the course of such reviews) since the publication of the last such report.

"(9) Access by the general public to all applications reviewed by the agency and Commission and to all other written materials pertinent to any agency or Commission review.

"(10) In the case of construction projects, submission to the agency and Commission by the entities proposing the projects of letters of intent in such detail as may be necessary to inform the agency and Commission of the scope and nature of the projects.

"(c) Criteria required by subsection (a) for agency and Commission review shall include consideration of at least the following:

"(1) In the case of reviews of health services, the relationship of the health services reviewed to the applicable long-range plan and short-term plan.

"(2) The relationship of services reviewed to the long-range development plan (if any) of the person providing or proposing such services.

"(3) The need that the population served or to be served by such services has for such services.

"(4) The availability of alternative, less costly or more effective methods of providing such services.

"(5) The relationship of services to the existing health care system of the area in which such services are provided or proposed to be provided.

"(6) In the case of health services proposed to be provided, the availability of resources (including health manpower, management personnel, and funds for capital and operating needs) for the provision of such services and the availability of alternative uses of such resources for the provision of other health services.

"(d) In making a review under section 603(e), each health service agency shall give priority consideration to—

"(1) the relationship to the applicable long-range plan and short-term plan of the health services reviewed, and

"(2) the availability of resources (including health manpower, management personnel, and funds for capital and operating needs) for any proposed provision of health services and the availability of alternative uses of such resources for the provision of other health services.

"(e) In making a review under section 603(f), each health planning agency shall give consideration to—

"(1) the costs and methods of any proposed construction, and

"(2) the probable impact of the construction project reviewed on the costs of providing health services by the provider or other person proposing such construction project.

"(f) In making a review under section 603(g), each health planning agency shall give priority consideration to—

"(1) the relationship of the health services reviewed to the applicable long-range plan and short-term plan,

"(2) the need that the population served or to be served by such services has for them, and

"(3) the availability of alternative, less costly or more effective methods of providing such services.

"ASSISTANCE TO ENTITIES DESIRING TO BE DESIGNATED AS HEALTH PLANNING AGENCIES

"SEC. 605. (a) The Secretary may provide all necessary technical and other nonfinancial assistance (including the preparation of prototype plans of organization and operation) to nonprofit private entities (including entities presently receiving grants under section 314(b) or title IX) which—

"(1) express a desire to organize a public benefit corporation to be designated as a health planning agency, and

"(2) the Secretary determines have a potential to meet the requirements of a health planning agency specified in sections 602 and 603,

to assist such entities in developing applications to be submitted to the Secretary under section 606 and otherwise in preparing to meet the requirements of this title for designation as a health planning agency.

"(b)(1) The Secretary may make grants to nonprofit private entities to assist them in meeting the costs of meeting the organization and operation requirements of section 602(b).

"(2) No grant may be made under this subsection unless an application therefor has been submitted to, and approved by, the Secretary. Such an application shall be submitted in such form and contain such information as the Secretary may require. The Secretary may not approve the application of an entity unless he determines that the entity, with the assistance of a grant under this subsection, will, within two years after such grant is made, be able to meet the requirements of section 602(b) and be qualified to perform the activities prescribed for a health planning agency by section 603.

"(3) For the purpose of making payments pursuant to grants under this subsection, there are authorized to be appropriated $15,000,000 for the fiscal year ending June 30, 1975, $30,000,000 for the fiscal year ending June 3, 1975, $30,000,000 for the fiscal year ending June 30, 1976, and $30,000,000 for the fiscal year ending June 30, 1977.

"DESIGNATION OF HEALTH PLANNING AGENCIES

"SEC. 606. (a) For each health area established under section 601 the Secretary shall, upon the recommendation of the State Health Commission, designate a health planning agency. Such designation shall be made under an agreement entered into between the Secretary, the State Health Commission and the entity to be designated as a health planning agency. Any such agreement under this subsection shall (1) contain such provisions respecting the requirements of sections 602(b) and 603, and such conditions designed to carry out the purpose of this title, as the Secretary may prescribe and (2) shall be for a term of twelve months; except that, prior to the expiration of such term, such agreement may be terminated—

"(1) by the entity at such time and upon such notice to the Secretary may by regulation prescribe, or

"(2) by the Secretary, at such time and upon such notice to the entity as the Secretary may by regulation prescribe, if the Secretary determines that the entity is not complying with or effectively carrying out the provisions of such agreement.

"(b) The Secretary may not enter into an agreement under subsection (a) with any entity unless the entity has submitted an application to the State Health Commission for designation as a health planning agency. Such an application shall be submitted to the Secretary by the Commission and shall contain assurances satisfactory to the Secretary that the applicant meets the requirements of section 603 (b) and is qualified to

perform or is performing the activities prescribed by section 603. In considering such applications, the Secretary shall give priority to an application which has been recommended for approval by the State Health Commission. The Secretary may not enter into an agreement for the initial designation of an entity as the health planning agency for a health area unless the Governor (or other chief executive officer) of each State in which such area is located approves such designation of such entity.

"TECHNICAL ASSISTANCE FOR HEALTH PLANNING AGENCIES AND STATE HEALTH COMMISSIONS

"SEC. 607. (a) The Secretary shall provide health planning agencies and State Health Commissions (1) model health plans and planning processes, (2) technical materials and standards for use in health planning, and (3) such other technical assistance as they may require to perform their functions.

"(b) The Secretary shall include in the materials provided under subsection (a) the following:

"(1) (A) Requirements for the data needed to describe the health status of the residents of a health area, including requirements for data which describe mortality and morbidity by age, sex, race, residence, economic status, and occupation and data which describe the epidemiology of such mortality and morbidity and etiology (if known).

"(B) Requirements for the data needed to describe the status of the health resources of a health area, including requirements for data which describe health facilities in the area by size, types of services provided, location, and operating costs and data which describe health manpower in the area by type, specialty, supply, location, income, and mode of practice.

"(C) Requirements for the data needed to describe the utilization of health resources within a health area, including requirements for data which describe the utilization of health resources by various specific population groups, including groups based on age, sex, race, residence, economic status, and occupations.

"(2) Models, consistent with the Secretary's guidelines for appropriate planning and development by health planning agencies and regulation by State Health Commissions of health resources and services, shall cover the following:

"(A) The provision of primary care services for medically underserved populations, especially those which are located in rual or economically depressed areas.

"(B) the development of multi-institutional systems for coordination or consolidation of institutional health services (including obstetric, emergency medical, intensive and coronary care, and radiation therapy services).

"(C) The development of medical group practices whose services are appropriately coordinated or integrated with institutional health services.

"(D) The training and increased utilization of physician assistants, especially nurse clinicians.

"(E) The development of multi-institutional arrangements for the sharing of support services necessary to all health service institutions (including laundry and dietetic services and the purchasing of supplies).

"(F) The promotion of activities to achieve needed improvements in the quality of health services, including needs identified by the review activities of Professional Standards Review Organizations under part B of title XI of the Social Security Act.

"(G) The development by health service institutions of the capacity to provide various levels of care (including intensive care, acute general care, and extended care) on a geographically integrated basis.

"(H) The adoption of uniform cost accounting, simplified reimbursement and utilization and reporting systems and improved management procedures by health service institutions.

"(I) The development of effective methods for financing of, reimbursement for, regulating rates of reimbursement and payment for, medical care.

"(3) Guidelines for the organization and operation of health planning agencies and State Health Commissions, including guidelines for—

"(A) the structure of a health planning agency, consistent with section 602(b), and of a State Health Commission, consistent with section 625(d);

"(B) the conduct of the planning, development, and regulation processes;

"(C) the performance of health planning agency functions in accordance with sections 603 and 604; and

"(D) the performance of State Health Commission functions in accordance with sections 604 and 627.

"PLANNING GRANTS

"SEC. 608. (a) The Secretary shall make in each fiscal year a grant to each health planning agency with which there is in effect at the beginning of the fiscal year a designation agreement under section 606. A grant under this subsection shall be made on such conditions as the Secretary determines is appropriate and shall be used by a health planning agency for compensation of agency personnel, collection of data, planning, and other activities of the Agency. A health planning agency shall not use a grant under this subsection to make payments under a grant or contract with another entity for the development of health services.

"(b)(1) The amount of any grant under subsection (a) to any health planning agency for any fiscal year shall be the product of $1 and the population of the health area for which are agency is designated unless the agency would receive a greater amount under paragraph (2) or (3).

"(2)(A) The amount of such a grant for any fiscal year shall be the product of $1.50 and the population of such area if the application of the agency for such grant contains assurances satisfactory to the Secretary that the agency will expend or obligate in that fiscal year from non-Federal funds meeting the requirements of subparagraph (B) and for the activities of the agency for which such grant is made an amount not less than the amount by which the grant amount for such agency resulting from the application of the formula prescribed by this paragraph exceeds the grant amount for such agency resulting from the application of the formula prescribed by paragraph (1).

"(B) Exclusive of funds appropriated by the States for agency support, the non-Federal funds which an agency may use for the purpose of obtaining a grant under subsection (a) which is computed on the basis of the formula prescribed by subparagraph (A) shall be funds—

"(i) no more than 5 per centum of which are contributed to the agency by any one private contributor, and

"(ii) which are not paid to the agency for the performance of particular services by it and which are contributed to the agency without conditions as to their use other than the condition that the funds shall be used for the purposes for which a grant made under this section may be used.

"(3) The amount of a grant under subsection (a) to a health service agency for any fiscal year may not be less than $150,000.

"(c)(1) For the purpose of making payments pursuant to grants made under subsection (a), there are authorized to be appropriated $60,000,000 for the fiscal year ending June 30, 1975, and $100,000,000 for the fiscal year ending June 3, 1976.

"(2) Notwithstanding subsection (b), if the total of the grants to be made under this section to health planning agencies for any fiscal year exceeds the total of the amounts appropriated unedr paragraph (1) for that fiscal year, the amount of the grant for that fiscal year to each health planning agency shall be an amount which bears the same ratio to the amount determined for that agency for that fiscal year under subsection (b) as the total of the amounts appropriated under paragraph (1) for that fiscal year bears to the amount required to make grants to each health planning agency in accordance with the applicable provision of subsection (b).

"GRANTS FOR AREA HEALTH PLANNING DEVELOPMENT FUNDS

"SEC. 609. (a) The Secretary shall make in each fiscal year a grant to each health planning agency—

"(1) with which there is in effect at the beginning of the fiscal year a designation agreement under section 606,

"(2) which has in effect a long-range plan and short-term plan approved under section 627, and

"(3) which, as determined under the review made under section 611, is organized and operated in the manner prescribed by section 602(b) and is carrying out its planning and other responsibilities under section 603 in a manner satisfactory to the Secretary, to enable the agency to establish an Area Health Planning Development Fund from which it may make grants and enter into contracts in accordance with section 603 (c)(3).

"(b)(1) Except as provided in paragraph (2), the amount of any grant under subsection (a) shall be determined by the Secretary after taking into consideration the population of the health area for which the health planning agency is designated, the average family income of the area, and the supply of health services in the area.

"(2) The amount of any grant under subsection (a) to a health planning agency for any fiscal year may not exceed the product of $1 and the population in the health area for which such agency is designated.

"(c) Grants under subsection (a) shall be made on such conditions as the Secretary determines appropriate.

"(d) For the purpose of making payments pursuant to grants under subsection (a), there are authorized to be appropriated $100,000,000 for the fiscal year ending June 30, 1975, and $125,000,000 for the fiscal year ending June 30, 1976.

"REVIEW

"SEC. 611. (a) Exclusive of funds appropriated by a State for agency purposes, the Secretary shall review and approve the annual budget for each health planning agency with which there is in effect a designation agreement under section 606. Such review shall take into consideration the comments of each State Health Commission designated under section 625 for each State in which the agency's health area is located.

"(b) The Secretary shall review in detail at least every three years the structure, operation, and activities of each health planning agency with which there is in effect a designation agreement under section 606 to determine—

"(1)(A) the extent to which the agency's governing body (and executive committee (if any)) represents the residents of the health area for which the agency is designated;

"(B) the professional credentials and competence of the staff of the agency;

"(2) the adequacy of the long-range plan of the agency in meeting the needs of the residents of the area for a healthful environment and for accessible, acceptable, and continuous quality health care at reasonable costs and the effectiveness of the short-term plan in achieving the system described in the long-range plan;

"(3) the appropriateness of the data assembled pursuant to section 603(b) and the quality of the analysis of such data;

"(4) the extent to which technical and financial assistance from the agency are utilized in an effective manner to achieve the goals and objectives of the long-range plan and the short-term plan; and

"(5) the extent to which it may be quantifiably demonstrated that—

"(A) the health of the area's residents has actually been improved;

"(B) the accessibility, acceptability, continuity, and quality of health care in the area has actually been improved; and

"(C) increases in costs of the provisions of health care have actually been restrained.

"PART B—STATE HEALTH COMMISSIONS

"DESIGNATION OF STATE HEALTH COMMISSIONS

"SEC. 625. (a) For the purposes of the performance within each State of the regulatory functions described in section 627, the Secretary shall enter into an agreement with the qualified agency designated by the Governor of each State as the State Health Commission for such State, if—

"(1) on the basis of its performance during a trial period (not to exceed 24 months) the Secretary determines that such agency is capable of performing, in a satisfactory manner, the regulatory functions of a State Health Commission prescribed by section 627, and

"(2) a State administrative program for the performance of such functions by the State Health Commission has been approved under section 626.

"(b)(1) The Secretary shall initially recognize as the qualified agency the State Health Commission designated by the Governor on a conditional basis with a view to determining the capacity of such agency to perform the functions prescribed by section 627 for such Commissions. Such recognition may not be made prior to receipt from such agency, and approval by the Secretary, of an administrative program under section 626 for the orderly assumption and implementation of the functions of a State Health Commission.

"(2) During any such trial period, the Secretary may require as a condition of recognition that a State Health Commission perform only such of the functions prescribed by section 627 as he determines such Commission to be capable of performing. The number and type of such functions shall, during the trial period, be progressively increased as the Commission becomes capable of performing responsibilities so that, by the end of such period, such Commission may be considered for recognition but only if the Secretary finds that it is substantially carrying out in a satisfactory manner the functions prescribed by section 627.

"(3) Any agreement under which any agency is conditionally recognized as the State Health Commission may be terminated by such agency upon ninety days' notice to the Secretary or by the Secretary upon ninety days' notice to such agency.

"(c) Any recognition agreement under this section with a State Health Commission (other than an agreement under subsection (b)) shall be for a term of twelve months; except that, prior to the expiration of such term, such agreement may be terminated—

"(1) by the Commission at such time and upon such notice to the Secretary as may be prescribed in regulations (except that notice of more than three months may not be required); or

"(2) by the Secretary at such time and upon such reasonable notice to the Commission as may be prescribed in regulations, but only after the Secretary has determined (after providing such Commission with an opportunity for a formal hearing on the matter) that such Commission is not complying with or effectively carrying out the provisions of such agreement.

A recognition agreement (other than an agreement under subsection (b)) shall contain such provisions as the Secretary may prescribe to assure that the requirements of this part respecting State Health Commissions are complied with.

"(d) For purposes of this section, a 'qualified agency' of a State is an agency which is organized and operated as follows:

"(1) The agency shall—

"(A) be an independent establishment within the State government;

"(B) be the sole agency of the State for (i) the performance of the regulatory functions prescribed by section 627 (except as authorized under subsection (b) of such section), and (ii) administering or supervising the administration of (I) the health planning activities of the State, (II) coordination of the plans of the health service agencies in the State, and (III) implementation of those parts of such plans which relate to the government of the State;

"(C) not engage in activities which are unrelated to health planning or the regulation of health services and shall not directly engage in, or be a part, or under the control, of any State agency directly engaged in, the (i) delivery or administration of programs of public or personal health services or health manpower education, (ii) construction of facilities for health service institutions, or (iii) the administration of the State's plan approved under title XIX of the Social Security Act or of assistance for medical expenses under other public assistance programs or public health insurance programs (this clause shall not be construed to preclude the state agency in exercising its functions qualifying health care providers participating in such programs);

"(D) conduct its activities in accordance with procedures and criteria established and published by it, which procedures and criteria shall, to the extent practicable, conform to the requirements of section 614; and

"(E) conduct its business meetings in public.

"(2)(A) The agency shall be established by the State pursuant to State law, the executive officer of the agency shall be appointed by the Governor (or other chief executive officer) of the State or its legislature.

"(B) The State's Governor (or other chief executive officer) or legislature (whichever is authorized under the law creating the agency) shall appoint an advisory council for the agency to advise it on its budget and the performance of its functions. The executive officer of the agency together with the advisory council shall constitute the State Health Commission. The members of such a council shall be individuals who are not providers of health care services (as so defined) and shall be representative of the various geographic regions of the State, the health service agencies within the State, the holders of public elective offices in the government of the State and of its political subdivisions, and the various economic, social, and racial population groups of the State. Such a council shall meet periodically, not less than two times in a year, and shall conduct its meetings in public.

"STATE ADMINISTRATIVE PROGRAM

"SEC. 626. (a) A State administrative program for the performance within the State by its State Health Commission of the regulatory functions prescribed by section 627 is not recognizable for any year unless it—

"(1) meets the requirements of subsection (b);

"(2) has been submitted to the Secretary by the State Health Commission (designated for the State under section 625) at such time and in such detail, and contains or is accompanied by such information, as the Secretary deems necessary;

"(3) has been submitted to the Secretary only after the State Health Commission has afforded to the general public of the State a reasonable opportunity for presentation of views on the administrative program.

"(b) The State administrative program must—

"(1) provide for the performance within the State of the regulatory functions prescribed by section 627 and designate the State Health Commission for the submitting State as the sole agency for the performance of such functions (except as provided in subsection (b) of such section) and for the administration of the administrative program;

"(2) contain or be supported by satisfactory evidence that the Commission has the authority to carry out such functions and the administrative program in accordance with this part and has authority to enforce its decisions under section 627;

"(3) provide, in accordance with methods and procedures prescribed or approved by the Secretary, for the evaluation, at least annually, of the regulatory functions of the State Health Commission and of their economic effectiveness; and

"(4) provide that the State Health Commission will from time to time, and in any event not less often than annually, review the administrative program and submit to the Secretary any modification thereof which he considers necessary.

"(c) The Secretary shall approve any State administrative program and any modification thereof which complies with subsections (a) and (b). The Secretary shall review for compliance with the requirements of this part the specifications of and operations under each administrative program approved by him. Such review shall be conducted not less often than once each year.

"STATE HEALTH COMMISSION REGULATORY FUNCTIONS

"SEC. 627. (a) Each State Health Commission for which a recognition agreement is in effect under section 625 shall, except as authorized under subsection (b), perform within the State for which the Commission is designated the following regulatory functions:

"(1) Review annually and approve or disapprove the long-range plan and short-term plan of each health planning agency within the State.

"(2) Review annually the budget of each such health planning agency and report to the Secretary, for purposes of his review under section 611, its comments on such budget.

"(3) Review applications submitted by such health planning agencies for grants under sections 608 and 609 and report to the Secretary its comments on such applications.

"(4) Serve as the designated planning agency of the State for the purposes of section 1122 of the Social Security Act.

"(5) After consideration of recommendations submitted by such health planning agencies under section 603 (g) respecting health services offered or proposed to be offered within the State, determine which of the services it will certify as needed. Certification of need shall be conducted on a periodic basis.

"(6) License health care facilities and health care delivery personnel in the State.

"(7) To the extent authorized by State law, set standards for health care facilities and review for quality the performance of health services within the State.

"(8) Determine prospectively rates used for reimbursement purposes for health services of health care providers within the State and regulate all reimbursements of such health care providers made on either a charge, cost, negotiated, or other basis. In carrying out such function, the Commission shall—

"(A) permit health care providers subject to such determinations or regulation to re-

tain savings accruing to them from effective management and cost control,

"(B) create incentives at each point in the delivery of health services for utilization of the most economical modes of services feasible,

"(C) document the need for and cost implications of each new service or facility for which a determination of reimbursement rates is sought, and

"(D) employ for each type or class of health care provider—

"(i) a unit for determining the reimbursement rates of the provider, and

"(ii) a base for determining rates of change in the provider's reimbursement rates,

which unit and base are satisfactory to the Secretary.

For purposes of this paragraph, the term 'health care provider' includes at least the following: Hospitals, nursing homes and extended care facilities, community health care programs (such as family planning clinics, community mental health centers, neighborhood health centers, and rehabilitation centers), home health agencies and visiting nurse associations, and indirect suppliers of health services (such as medical laboratories, ambulance services, blood banks, and dental laboratories).

"(b) If a State Health Commission makes a decision in carrying out a function described in paragraph (4), (5), (6), (7), or (8) of subsection (a) which is not consistent with the goals of the applicable long-range plan or the priorities of the applicable short-term plan, the Commission shall submit to the appropriate health planning agency a detailed statement of the reasons for the inconsistency.

"(c) If, upon the expiration of the fourth fiscal year which begins after the calendar year in which the Health Planning Act is enacted, a recognition agreement for a State Health Commission is not in effect under section 625, all Federal funds appropriated for programs under this Act, the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963, or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 for the development, expansion, or support of health facilities, manpower or services will be withheld from that State by the Secretary, but not before the Secretary has given the Governor (or other chief executive officer) of that State at least six months' written notice that such funds will be withheld from that State until a State Health Commission is in effect under section 625. If a recognition agreement for a State's Health Commission is terminated under section 625, the Secretary shall withhold such funds from that State after giving the notice prescribed by the preceding sentence.

"GRANTS FOR THE DEVELOPMENT AND OPERATION OF STATE HEALTH COMMISSIONS

"SEC. 628. (a) The Secretary may make grants to States to assist in meeting the costs of developing State Health Commissions. Any grant under this subsection shall be made for development costs incurred in the one-year period beginning on the first day of the first month for which such grant is made and may be for an amount which does not exceed 90 per centum of such costs.

"(b) The Secretary may make grants to States for the operation of State Health Commissions. Each grant under this subsection shall be made for operation costs for the one-year period beginning on the first day of the first month for which such grant is made. The amount of any grant for a State Health Commision's costs of operation for the first year of its operation may not exceed an amount equal to 75 per centum of such costs; and the amount of any other grant for a Commission's costs of operation may not exceed the lesser of (1) $500,000, or (2) an amount equal to 50 per centum of the costs of its operation for the year for which the grant is made.

"(c) No grant may be made under subsection (a) or (b) unless an application therefor has been submitted to, and approved by, the Secretary. Such an application shall be submitted in such form and contain such information as the Secretary may require. The Secretary may not approve any such application unless he determines that the Federal funds under the grant applied for will be used to supplement State funds that would in the absence of such Federal funds be used for the purposes for which such grant would be made and will in no event supplant such State funds.

"(d)(1) For purposes of making payments under grants under subsection (a), there are authorized to be appropriated $2,000,000 for the fiscal year ending June 30, 1974, $3,000,000 for the fiscal year ending June 30, 1975, and $3,000,000 for the fiscal year ending June 30, 1976.

"(2) For purposes of making payments under grants under subsection (b), there are authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1974, $5,000,000 for the fiscal year ending June 30, 1975, and $10,000,000 for the fiscal year ending June 30, 1976.

"PART C—CONSTRUCTION ASSISTANCE

"LOANS AND LOAN GUARANTEES AND INTEREST SUBSIDIES

"SEC. 631. (a) To assist in meeting the costs of construction projects for health facilities, the Secretary may make grants and loans to public and nonprofit private entities and may guarantee to non-Federal lenders payment of principal of and interest on loans made by such lenders to nonprofit private entities for such projects.

"(b)(1) Subject to paragraph (2) of this subsection, in the case of a guarantee under this part of any loan made to a nonprofit private entity, the Secretary shall pay, to the holder of such loan and for and on behalf of such entity amounts sufficient to reduce by 3 per centum per annum the net effective interest rate otherwise payable on such loan. Each holder of a loan which is guaranteed under this part shall have a contractual right to recieve from the United States interest payments required by the preceding sentence.

"(2) Contracts to make the payments provided for in this subsection shall not carry an aggregate amount greater than such amount as may be provided in appropriations Acts.

"(c) No loan under this part shall be made in an amount which exceeds 90 per centum of the cost of such project (as determined under regulations of the Secretary). No loan guarantee under this part with respect to any project may apply to so much of the principal amount thereof as exceeds 90 per centum of the cost of such project (as so determined).

"(d) The Secretary, with the consent of the Secretary of Housing and Urban Development, shall obtain from the Department of Housing and Urban Development such assistance with respect to the administration of this part as will promote efficiency and economy thereof.

"(e) The cumulative total of the principal of the loans outstanding at any time which have been directly made, or with respect to which guarantees have been issued, under this part may not exceed such limitations as may be specified in appropriations Acts.

"APPLICATIONS

"SEC. 632. (a) No loan or loan guarantee may be made under this part unless an application therefor has been submitted to the Secretary and approved by him. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe. The Secretary may not approve an application under this part for a construction project unless the application (1) has, if there is a State Health Commission for the State in which such project is to be located, been approved by such State Health Commission, and (2) such project has a higher priority (set by the health planning agency for such area under section 603(e)(2)) than any other project in such area for which applications are pending before the Secretary for his approval. In considering application under this part the Secretary, after applying any applicable priority established under section 603(e)(2), shall give priority to applications for projects for facilities for the provision of ambulatory care, facilities for the provision of rehabilitative services, facilities for emergency medical services systems (as defined in section 1201), or hospitals for areas with rapid, recent propulation growth.

"(b) No application submitted under this part may be approved for a project unless such application contains reasonable assurances that all laborers and mechanics employed by contractors or subcontractors on the project will be paid wages at rates not less than those prevailing on similar work in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a–276a–5, known as the Davis-Bacon Act). The Secretary of Labor shall have with respect to the labor standards referred to in the preceding sentence the authority and functions set forth in Reorganization Plan Number 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

"GENERAL PROVISIONS RELATING TO LOANS AND LOAN GUARANTEES

"SEC. 633. (a)(1) The Secretary may not approve an application for a loan under this part unless—

"(A) the Secretary is reasonably satisfied that the applicant therefore will be able to make payments of principal and interest thereon when due, and

"(B) the applicant provides the Secretary with reasonable assurances that there will be available to it such additional funds as may be necessary to complete the project or undertaking with respect to which such loan is requested.

"(2) Any loan made under this part shall (A) have such security, (B) have such maturity date, (C) be repayable in such installments, (D) bear interest at a rate comparable to the current rate of interest prevailing on the date the loan is made, with respect to loans guaranteed under this title, and (E) be subject to such other terms and conditions (including provisions for recovery in case of default), as the Secretary determines to be necessary to carry out the purposes of this part while adequately protecting the financial interests of the United States.

"(3) The Secretary may, for good cause but with due regard to the financial interests of the United States, waive any right of recovery which he has by reason of the failure of a borrower to make payments of principal of and interest on a loan made under this part, except that if such loan is sold and guaranteed, any such waiver shall have no effect upon the Secretary's guarantee of timely payment of principal and interest.

"(b)(1) The Secretary may from time to time, but with due regard to the financial interests of the United States, sell loans made by him under this part.

"(2) The Secretary may agree, prior to his sale of any such loan, to guarantee to the purchaser (and any successor in interest of the purchaser) compliance by the borrower with the terms and conditions of such loan.

Any such agreement shall contain such terms and conditions as the Secretary considers necessary to protect the financial interests of the United States or as otherwise appropriate. Any such agreement may (A) provide that the Secretary shall act as agent of any such purchaser for the purpose of collecting from the entity to which such loan was made and paying over to such purchaser, any payments of principal and interest payable by such entity under such loan; and (B) provide for the repurchase by the Secretary of any such loan on such terms and conditions as may be specified in the agreement. The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guarantee under this subsection.

"(3) After any loan made under this part to a public entity has been sold and guaranteed under this subsection, interest paid on such loan which is received by the purchaser thereof (or his successor in interest) shall be included in the gross income of the purchaser of the loan (or his successor in interest) for the purpose of chapter 1 of the Internal Revenue Code of 1954.

"(4) Amounts received by the Secretary as proceeds from the sale of loans under this subsection shall be deposited in the fund established under section 634.

"(c)(1) The Secretary may not approve an application for a loan guarantee under this part unless he determines that (A) the terms, conditions, security (if any), and schedule and amount of repayments with respect to the loan are sufficient to protect the financial interests of the United States and are otherwise reasonable, including a determination that the rate of interest does not exceed such per centum per annum on the principal obligation outstanding as the Secretary determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risks assumed by the United States, and (B) the loan would not be available on reasonable terms and conditions without the guarantee under this part.

"(2)(A) The United States shall be entitled to recover from the applicant for a loan guarantee under this part the amount of any payment made pursuant to such guarantee, unless the Secretary for good cause waives such right of recovery; and, upon making any such payment, the United States shall be subrogated to all of the rights of the recipient of the payments with respect to which the guarantee was made.

"(B) To the extent permitted by subparagraph (C), any terms and conditions applicable to a loan guarantee under this part may be modified by the Secretary to the extent he determines it to be consistent with the financial interest of the United States.

"(C) Any loan guarantee made by the Secretary under this part shall be incontestable (i) in the hands of an applicant on whose behalf such guarantee is made unless the applicant engaged in fraud or misrepresentation in securing such guarantee, and (ii) as to any person (or his successor in interest) who makes or contracts to make a loan to such applicant in reliance thereon unless such person (or his successor in interest) engaged in fraud or misrepresentation in making or contracting to make such loan.

"(D) Guarantees of loans under this part shall be subject to such further terms and conditions as the Secretary determines to be necessary to assure that the purposes of this title will be achieved.

"LOAN GUARANTEE AND LOAN FUND

"SEC. 634. (a) There is established in the Treasury a loan guarantee and loan fund (hereinafter in this section referred to as the 'fund') which shall be available to the Secretary without fiscal year limitation, in such amounts as may be specified from time to time in appropriations Acts, (1) to enable him to make loans under this part, (2) to enable him to discharge his responsibilities under guarantees issued by him under this part, (3) for payment of interest on the loans which are guaranteed under this part, and (4) for repurchase by him to direct loans made under this part which have been sold and guaranteed. There are authorized to be appropriated to provide capital required for the fund $100,000,000 in the aggregate for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976. To the extent authorized from time to time in appropriation Acts, there shall be deposited in the fund amounts received by the Secretary as interest payments or repayments of principal on loans and any other moneys, property, or assets derived by him from his operations under this part, including any moneys derived from the sale of assets.

"(b) If at any time the moneys in the fund are insufficient to enable the Secretary to discharge his responsibilities under this part, he is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions, as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under this subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.

"DEFINITIONS

"SEC. 635. As used in this part—

"(1) The term 'construction' includes—

"(A) construction of new buildings,

"(B) modernization of existing buildings,

"(C) the acquisition of initial equipment (including medical transportation facilities) for buildings constructed or modernized with assistance under this part, and

"(D) acquisition of equipment for any building in any case in which it will help to provide a health service not previously provided in the community served by such building.

"(2) The term 'modernization' includes the alteration, expansion, major repair (to the extent permitted by the Secretary by regulations), remodeling, replacement, or renovation of existing buildings.

"(3) The term 'cost' as applied to a construction project includes architects' fees but does not include the cost of off-site improvements or the acquisition of land."

CONFORMING AMENDMENTS

SEC. 3. Title IX and subsections (a), (b), and (c) of section 314 of the Public Health Service Act are repealed.

EFFECTIVE DATE

SEC. 4. The amendments made by this Act shall take effect July 1, 1974, except that on and after the date of the enactment of this Act (1) the Secretary of Health, Education, and Welfare shall carry out the duties imposed by section 611 of the Public Health Service Act (as added by section 3) and provide the assistance authorized by sections 615 and 628 of such Act (as so added), and (2) appropriations may be made under section 634 of such Act (as so added) for the purpose of capitalizing the fund authorized by that section.

By Mr. McCLURE:

S. 3140. A bill to prohibit increases in rates of pay to Members of Congress until fiscal balance is achieved. Referred to the Committee on Post Office and Civil Service.

FISCAL ACCOUNTABILITY SALARY ACT OF 1974

Mr. McCLURE. Mr. President. Now that we have dealt congressional pay increases a death blow for this year, I propose a measure that prohibits any pay increases for Senators and Congressmen anytime—until we bring about a real end to deficit spending.

Recently a public opinion poll showed that only 21 percent of the American people approve the job Congress is doing. I am afraid we deserve that judgement. The Congress has been giving away its powers to the bureaucracy at an alarming rate and has been allowing and approving spending by those same bureaucrats as if there were no tomorrow.

But indeed, there is a tomorrow—a tomorrow that will surely pay for the careless fiscal policies of this Congress, just as we are now paying for the inflation created by yesterday's Congress. And somewhere in the not-to-distant future there lies a day of reckoning. I would suggest that 79 percent of the public knows that fact, even if the majority in Congress does not.

Excessive Federal spending and the deficit it creates, is one of the major causes of inflation in this country. We find Members of the Congress calling for salary increases to offset the inflation which Congress itself helped create.

Instead of a salary increase, 79 percent of the American people have said that we do not even deserve the salaries we receive today. Instead of protecting its Members against the effects of inflation created at least in major part by its own acts, a protection not afforded to many of our citizens, should not the Members of Congress suffer from its own errors—should not we bear the same burden we help inflict on the country? We do not exempt ourselves from the taxes we levy on others, why should we expect to exempt ourselves from the inflation we levy on others?

Why were we successful in defeating the pay raise? I am sure there were a number of reasons why Senators voted as they did, but I am confident that the major reason was the clear opposition of the majority of the people. There was more interest in the Senate in the debate on this issue than there was on the passage of $2.6 billion in aid to Israel, which proves a second point—Senators do have an over-riding interest in their own pay. Let us use those two forces—the interest of the public and senatorial self-interest—to accomplish one of the most fundamentally required of all congressional reforms, adoption of a budg-

etary process which can eliminate massive deficits.

If Congress is to regain the respect of the American people, a first and major step must be the end of inflation that is tearing at our very economic well-being. And to end inflation, we must take a truly unprecedented step—balance Federal expenditures with Federal receipts. Not just a paper budget balance. This is the kind of real balance that would spotlight back door spending. This is the kind of real balance that would not cheat the American taxpayer and wage earner of a slice of his paycheck through ever-increasing taxes, coupled with a constantly eroded dollar.

Specifically, Mr. President, to give the fiscally irresponsible majority in the Congress a real impetus to achieve the kind of balance demanded by the American public, I would propose that any salary increase for U.S. Congressmen and Senators be withheld and prohibited until the day that an absolute balance between Federal spending and intake is achieved.

There is a real logic in the lack of confidence expressed by that 79 percent of the people. I see it in my mail every day. They are simply saying: "If Congress were to end deficit spending, and thus end the major cause of inflation, it would not need to grant its Members the protection of a pay increase as a hedge against inflation." So, if a pay increase is ever warranted, it must be for doing our job not just working at it, doing something deserving of a raise, thus earning support of the majority of the American public.

By Mr. DOLE:

S. 3141. A bill to authorize construction of the Clinton Parkway, Douglas County, Kans., and for other purposes. Referred to the Committee on Public Works.

Mr. DOLE. Mr. President, a difficult situation has developed in connection with Clinton Lake, in Douglas County, Kans.

This major multipurpose Corps of Engineers project is now under construction, with impoundment of water expected to begin in 1975. When completed, it will be one of the major attractions for the city of Lawrence and for the entire northeast area of the State. Millions of people are expected to visit the lake each year to enjoy its water, its shores, and many other attractive features associated with it.

The problem, however, lies in the lack of adequate access routes to the project—particularly from the southwestern portion of Lawrence at the intersection of two major highways from the south and east of the city. At the present time only a two-lane road leads from this intersection westward to the project area, and it is entirely inadequate to carry the traffic which is expected to be going to and from the project.

By way of a further explanation of the city's plight, I ask unanimous consent that an editorial published in the Lawrence Daily Journal-World be printed at this point in the RECORD.

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

CLINTON PARKWAY

Immediate action is necessary at the city, county and state level to get work started as soon as possible on the Clinton Parkway route. Water is scheduled to be impounded in Clinton Reservoir starting in 1975, yet some local officials are talking about not contracting the road work until 1976, and one spokesman speculated the project might take eight years to complete. Lawrence and Douglas County cannot afford to stumble around, twiddle their thumbs and do nothing.

Whether the Corps of Engineers, the Environmental Protection Agency, the Department of Interior or some other office has thrown the city, county and state a curve relative to making new requests for information about the impact of the roadway, it is essential that action be taken to get the necessary reports prepared as soon as possible and quit talking about the project taking eight years to complete.

The Corps of Engineers predicts three million visitors a year shortly after Clinton is opened, and evidently one study talked about 10,000 vehicles a day using the Parkway. Imagine what Twenty-Third Street and the already dangerous roadway now providing access to the Clinton Reservoir area will be like in only a few years with 10,000 additional vehicles a day.

Were local officials negligent in not providing complete information for the various state and federal agencies who now demand more facts and studies before they place their stamp of approval on the Parkway project? Something has gone wrong somewhere, and it should be corrected. According to reports the County Commission was informed in July, 1972, that a comprehensive study would be required because the road would pass through federally owned land. The report was due to be completed by early 1973, but evidently there have been numerous delays.

Now an official who talks about it possibly being another eight years before the project might be completed says, "That's the way the Federal government does things. There is no way to push it along."

This sounds like a defeatist attitude and the city, county and state should join forces and start "pushing" as hard as possible right now! There might be surprising results.

The roadway is badly needed and cannot be put off for a 1982 completion date.

Mr. DOLE. Mr. President, I believe that special action is required to deal with this problem. And I offer a bill to expand the project to include construction of this very important road leading from Lawrence to the Clinton Lake project area.

The bill would provide Federal funding for 70-percent of the road's cost, up to a limit of $6 million. The road would be constructed, as is the usual case, in cooperation with State and local authorities, who would also assume responsibility for maintaining it after completion.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 2782

At the request of Mr. ROBERT C. BYRD (for Mr. JACKSON), the Senator from Washington (Mr. MAGNUSON) was added as a cosponsor of S. 2782, the Energy Information Act.

S. 2868

At the request of Mr. CHURCH, the Senators from Minnesota (Mr. HUMPHREY), Texas (Mr. BENTSEN), South Dakota (Mr. MCGOVERN), Delaware (Mr. BIDEN), Massachusetts (Mr. KENNEDY), Indiana (Mr. BAYH), Nevada (Mr. BIBLE), Maine (Mr. HATHAWAY), Michigan (Mr. HART), New Mexico (Mr. MONTOYA), South Dakota (Mr. ABOUREZK), Louisiana (Mr. JOHNSTON), Iowa (Mr. HUGHES), California (Mr. TUNNEY), Minnesota (Mr. MONDALE), Hawaii (Mr. INOUYE), Montana (Mr. METCALF), Colorado (Mr. HASKELL), Rhode Island (Mr. PELL), Wyoming (Mr. MCGEE), West Virginia (Mr. RANDOLPH), Maine (Mr. MUSKIE), Connecticut (Mr. RIBICOFF), Mississippi (Mr. EASTLAND), New Hampshire (Mr. MCINTYRE), Montana (Mr. MANSFIELD), Rhode Island (Mr. PASTORE) were added as cosponsors of S. 2868, a bill to provide for tax counseling to the elderly in the preparation of their Federal income tax returns.

S. 2938

At the request of Mr. ROBERT C. BYRD (for Mr. JACKSON), the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Arizona (Mr. GOLDWATER) were added as cosponsors of S. 2938, the Indian Health Care Improvement Act.

S. 3028

At the request of Mr. HASKELL, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 3028, the Weather Modification Regulation Act of 1974.

S. 3098

At the request of Mr. DOLE, the Senator from Tennessee (Mr. BROCK) was added as a cosponsor of S. 3098, a bill to amend the Emergency Petroleum Allocation Act of 1973 to provide for the mandatory allocation of plastic feedstocks.

SENATE JOINT RESOLUTION 172

At the request of Mr. PASTORE, the Senator from Colorado (Mr. HASKELL) and the Senator from Rhode Island (Mr. PELL) were added as cosponsors of Senate Joint Resolution 172, proposing an amendment to the Constitution of the United States providing for a special election for the offices of President and Vice President when an individual who has been appointed Vice President succeeds to the Presidency.

ADDITIONAL COSPONSOR OF A CONCURRENT RESOLUTION

SENATE CONCURRENT RESOLUTION 68

At the request of Mr. JAVITS, the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of Senate Concurrent Resolution 68, regarding Americans missing in action in Indochina.

ADDITIONAL COSPONSORS OF A RESOLUTION

SENATE RESOLUTION 257

At the request of Mr. PASTORE, the Senator from North Dakota (Mr. BURDICK), the Senator from Rhode Island (Mr. PELL), the Senator from Missouri

(Mr. SYMINGTON), and the Senator from West Virginia (Mr. RANDOLPH) were added as cosponsors of Senate Resolution 257, to amend the Standing Rules of the Senate to establish a procedure for requiring amendments to bills and resolutions to be germane.

AMENDMENT OF UNITED STATES CODE RELATING TO ADAPTIVE EQUIPMENT FOR CERTAIN VETERANS AND MEMBERS OF THE ARMED FORCES—AMENDMENT

AMENDMENT NO. 1006

(Ordered to be printed, and referred to the Committee on Veterans' Affairs.)

AMENDMENT TO S. 2363

Mr. CRANSTON. Mr. President, I submit for printing, and appropriate reference, an amendment to my bill, S. 2363, a bill to amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces. My amendment would add a section to provide for research and development by the Veterans' Administration of adaptive equipment and adapted conveyances meeting safety and quality standards, and to promote coordination with the Rehabilitation Services Administration—carrying out its program under the Rehabilitation Act of 1973, for which I was the Senate manager—by the VA in carrying out this program.

Mr. President, S. 2363 will be considered in hearings in the Veterans' Affairs Committee next Wednesday, and I intend to propose this amendment during the markup of the bill in committee.

I ask unanimous consent that the full text of the amendment be printed in the RECORD at this point.

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

AMENDMENT NO. 1006

Add at the end of the bill the following:

SEC. 4. (a) At the end of chapter 39 of such tittle, insert the following new section:

"§ 1904. Research and development; coordination with other Federal programs.

"(a) In carrying out prosthetic and orthopedic appliance research under section 216 and medical research under section 4101, the Administrator shall provide for special emphasis upon the development of adaptive equipment and adapted conveyances (including vans) meeting standards of safety and quality prescribed under subsection (d) of section 1903, including the development and support for the production and distribution of devices and conveyances so developed.

"(b) In carrying out subsection (a) of this section, the Administrator, through the Chief Medical Director, shall consult with the Secretary of Health, Education, and Welfare and the Commissioner of the Rehabilitation Services Administration, as established within the Department of Health, Education, and Welfare by section 3(a) of the Rehabilitation Act of 1973 (Public Law 93–112), in connection with programs carried out under section 3(b) (to develop and support, and stimulate the development and utilization, including production and distribution of new and existing devices, of innovative methods of applying advanced medical technology, scientific achievement, and psychological and social knowledge to solve rehabilitation problems) and section 202 (b)(2) (establishment and support of Rehabilitation Engineering Research Centers) of such Act.".

(b) The table of sections at the beginning of such chapter 39 is amended by inserting at the end thereof:

"1904. Research and development; coordination of other Federal programs."

INCREASE IN CERTAIN SOCIAL SECURITY BENEFITS—AMENDMENT

AMENDMENT NO. 1007

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

Mr. GURNEY. Mr. President, I am submitting an amendment to H.R. 13025 to provide for more equitable tax treatment for retired Americans through modernization of the retirement income tax credit.

This retirement income tax credit was first adopted in 1954 in order to provide nonsocial security retirees with tax relief comparable to that received by social security beneficiaries. While persons retired under social security are exempt from Federal income tax, persons retired from the civil service as well as teachers, policemen, and firemen can receive a tax break by claiming a 15-percent credit on their qualifying retirement income, which includes pensions, annuities, interest, dividends, and rent.

My amendment would increase the maximum amount for computing this 15-percent credit from $1,524 to $2,500 for aged individuals, and from $2,286 to $3,750 for aged couples.

I think nothing speaks so eloquently of this change in the retirement income tax credit as the Senate report on H.R. 1, the Social Security Amendments of 1972. The Senate report states:

The committee agrees with the House that it is desirable to recast the present retirement income credit for several basic reasons. One reason is that the credit needs updating. Most of the features of the present credit have not been revised since 1962 when the maximum level of income on which the credit is computed was set and when the current earnings limits were established. Since then, there have been numerous revisions of the social security law which substantially liberalized the social security benefits. As a result, the present maximum amount of income eligible for the credit is considerably below the maximum social security primary benefit of slightly over $2,500 available for a retired worker and the maximum social security primary and supplemental of slightly over $3,750 available for a retired worker and his spouse.

I might add that this retirement income tax credit provision of H.R. 1, passed the Senate, and it passed the House of Representatives in a slightly modified version. For one reason or another, despite the fact that the provision had passed both Houses of Congress, the conference committee deleted this section. Meanwhile, time is running out for hundreds of thousands of nonsocial security retirees.

I would hope that the committee would accept my amendment to H.R. 13025, and take it to conference once again. Surely the reason is obvious. While social security benefits have been increased six times since 1964, for a total of 104 percent, the retirement income tax credit has remained the same. I hope the committee will accept the amendment, but if not, I certainly hope my colleagues will give the amendment their support.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974—AMENDMENTS

AMENDMENT NO. 1008

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

Mr. BELLMON submitted an amendment intended to be proposed by him to the bill (S. 3066) to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes.

AMENDMENTS NOS. 1009 AND 1010

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

Mr. DOLE submitted two amendments intended to be proposed by him to the bill (S. 3066), supra.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 1002

At the request of Mr. HATHAWAY, the Senators from South Dakota (Mr. MCGOVERN and Mr. ABOUREZK), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Iowa (Mr. HUGHES), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Delaware (Mr. BIDEN) were added as cosponsors of amendment No. 1002 to S. 3066, a bill to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes.

AMENDMENT NO. 1003

At the request of Mr. MANSFIELD, the Senator from Alaska (Mr. STEVENS), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Oklahoma (Mr. BELLMON, the Senator from Washington (Mr. JACKSON), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Wyoming (Mr. MCGEE), the Senator from Alaska (Mr. GRAVEL), and the Senator from Minnesota (Mr. HUMPHREY) were added as cosponsors of amendment No. 1003 to the bill (S. 3066), supra.

NOTICE OF HEARINGS ON BEEF PRICES

Mr. HUDDLESTON. Mr. President, I announce that the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices will hold hearings on farm and retail prices for beef on March 13 and 14, 1974, beginning at 10 a.m. in room 324 Russell Senate Office Building.

Anyone wishing to testify please notify the committee clerk as soon as possible.

NOTICE OF WITNESSES TO TESTIFY AT HEARINGS ON ENERGY REORGANIZATION BILLS, S. 2135 AND S. 2744

Mr. RIBICOFF. Mr. President, the Subcommittee on Reorganization, Research, and International Organizations of the Committee on Government Operations will hold hearings on March 12 and 13 on S. 2135 and S. 2744, proposed energy reorganization legislation, at 10:15 a.m., room 3302, DSOB.

The witnesses are as follows: Tuesday, March 12: Panel I: Dr. Theodore B. Taylor, nuclear physicist, president, international Research and Technology Corp., Washington, D.C.; Dr. Ralph Lapp, nuclear and environmental consultant, Washington, D.C.; Dr. Edward Radford, professor, Johns Hopkins University School of Hygiene, Baltimore, Md.; Samuel Love, president, Environmental Action, Washington, D.C.

Panel II: Steven Ebbin, George Washington University program of policy studies in science and technology; Harold Green, professor, George Washington University; Anthony Roisman, attorney for citizen intervenor groups, Washington, D.C.; George Freeman, attorney for utilities and nuclear industry, Richmond, Va.

Wednesday, March 13: Senator FRANK E. MOSS, of Utah; Donald R. Cotter, Assistant to the Secretary of Defense, atomic energy.

Atomic Energy Commission panel: Dr. Dixy Lee Ray, chairman, Atomic Energy Commission; William A. Anders, Commissioner, AEC; William O. Doub, Commissioner, AEC; Dr. Norman C. Rasmussen, AEC safety study consultant; Dr. William R. Stratton, Advisory Committee on Reactor Safeguards, AEC; L. Manning Muntzing, Director of Regulation, AEC.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

William J. Mulligan, of Wisconsin, to be U.S. attorney for the eastern district of Wisconsin for the term of 4 years, vice David J. Cannon, resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Friday, March 15, 1974, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

HUMPHREY ANNOUNCES GASOLINE HEARINGS

Mr. HUMPHREY. Mr. President, I am pleased to announce that the Consumer Economics Subcommittee, of the Joint Economic Committee, which I chair, will hold 2 days of hearings next week on "Gasoline Distribution."

The hearings will be held on March 12 at 10:30 a.m. in room 1202 of the Dirksen Senate Office Building and on March 14 at 10 a.m. in room S-407 of the Capitol.

The list of witnesses is as follows:

Charles Binsted, executive director, National Congress of Petroleum Retailers.

William Brooks, president, Greater Washington-Maryland Service Station Association.

John de Lorenzi, managing director, Public Division, American Automobile Association.

William Brier, director of energy resources, National Council of Farmer Cooperatives.

Thursday, March 14, 10 a.m.:

John Sawhill, Deputy Administrator, Federal Energy Office.

Fred Allvine, professor of marketing, Georgia Institute of Technology.

ADDITIONAL STATEMENTS

RHODESIAN CHROME

Mr. HARRY F. BYRD, JR. Mr. President, as the chief sponsor of legislation which in 1971 removed the ban on the importation of Rhodesian chrome, I feel that the Senate made a serious mistake last December in voting to reimpose this sanction.

An analysis of the issues involved in the chrome debate has been written by columnist Robert S. Allen and is appearing in newspapers this week.

Mr. Allen points out that resuming the embargo against Rhodesian chrome would benefit the Soviet Union, which is also a major chrome producer and exporter. He states that it is possible that the House of Representatives will reverse the action of the Senate and permit the United States to continue importing chrome, a strategic material, from Rhodesia.

I hope that Mr. Allen is correct, because I feel it would be a serious mistake for our country to cut itself off once again from the largest source of this vital material.

I ask unanimous consent that the text of Mr. Allen's column be printed in the RECORD.

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

[From Human Events, Mar. 9, 1974]

THE UN EMBARGO: SOVIETS PROFIT BY BOYCOTT OF RHODESIAN CHROME

(By Robert S. Allen)

The detente-obsessed State Department is exerting heavy backstage pressure on the House Foreign Affairs Committee to report out a bill that would restore Russia's monopoly of the U.S. supply of metallurgical chrome—vital in the production of planes, missiles and other key weapons.

The measure was unobstrusively approved several months ago by a Foreign Affairs subcommittee headed by Rep. Donald Fraser (D.-Minn.), and the State Department is vigorously trying to force consideration by the full House.

Forcefully resisting this undercover drive are a number of House leaders—foremost among them Representatives Wayne Hays (D.-Ohio), chairman of the Administration Committee and a ranking member of the Foreign Affairs Committee, and Robert Sikes (D.-Fla.), Appropriations subcommittee chairman.

Both are scathingly blasting the legislation as a highly profitable windfall to the Soviets.

Says Hays: "The only thing this bill will do is force us to buy chrome from Russia, which will get it from Rhodesia and charge us an exorbitant price for it. The Soviet Union has been getting chrome from Rhodesia for a long time and totally disregarding the United Nations sanctions."

Sikes, making the same charge, declares: "While the U.N. sanctions were in effect, we paid a costly premium for chrome, much of which was transshipped from Rhodesia through Russia to the U.S. at a handsome profit to the Russians. It makes no sense to put an embargo on ourselves. It makes no sense to pay a costly premium out of the pockets of the American taxpayer. Yet that is exactly what this legislation will do if enacted into law."

The State Department's detente-motivated bill would repeal the measure put through Congress by Sen. Harry Byrd (Ind.-Va.), in 1971 abolishing the punitive U.N. embargo against Rhodesia. The department strenuously opposed Byrd's precedent-setting legislation.

Sponsors of the State Department's repeal bill are two leading supporters of the detente policy—Sen. Hubert Humphrey (D.-Minn.), and Rep. Donald Fraser (D.-Minn.), chairman of the Foreign Affairs subcommittee that quietly approved the measure.

Fraser, an ardent McGovernite and like Humphrey, an ultra-liberal and zealous internationalist, is now head of the New Left Americans for Democratic Action.

Outcome of the tense backstage struggle over this little-noticed but far-reaching legislation will be decided in the House.

After a long battle and strenuous lobbying, it was rammed through the Senate last December in the closing days of the 1973 session. The State Department is now aggressively trying to repeat these tactics in the House.

Directly zeroing in on that, Rep. Sikes bluntly warned that if the bill is to be defeated, that will have to be done in the House.

"It has already been approved by the Senate," he pointed out, "so if we are to prevent the reinstatement of sanctions imposed by the U.N., which had adverse and highly costly effect upon our country and which would serve no useful purpose whatever, we will have to do it in the House.

"We must have no illusions about exactly what this legislation does. Under it, we would again become dependent on Russia for our chrome supply. I know of no nation on earth that would cut off its supply of a vital and strategic material from a friendly country and place itself at the mercy of an enemy country for essential defense metals. Yet that is exactly what this measure will do.

"It makes no sense to punish our friends and reward our enemies. It make no sense to place our selves in a position of dependence for chrome on Soviet whims. The House of Representatives must make forcefully clear to the U.N. and to the world that the United States knows how to place its own interests above the interests of others."

Just how lucrative the United Nations embargo was to Russia is graphically shown by the following:

Prior to these sanctions—put through by the votes of the Soviet bloc, black African and Arab countries—Rhodesia was the largest U.S. source of metallurgical chrome. This country has no production of this in-

dispensable ore needed for the manufacture of military aircraft, missiles and nuclear submarines.

Following the embargo, Russia became the principal U.S. supplier, with exports soaring to 60 per cent of this country's chrome requirements. Simultaneously, the price skyrocketed from $30 to $72 a ton.

In 1971, the year Sen. Byrd's measure repealing the sanctions was enacted, Russian shipments amounted to more than 400,000 tons—at an increase in cost to U.S. taxpayers of more than $15 million.

Since adoption of the Byrd bill, Rhodesia has again become this country's main supplier of chrome—upwards of 500,000 tons have been imported.

Sen. Byrd, citing the indisputable fact that many U.N. countries are flagrantly disregarding the U.N. embargo, declared that reimposing it would be "senseless and self-destructive."

"That just wouldn't be sound judgment," maintains the Virginian. By observing the U.N. sanctions, the U.S. would be forced to import Russian chrome—a perfectly ridiculous situation in view of the fact that the USSR is our major military threat. Congress decisively put an end to that ridiculous and untenable situation, and now to undo that would be the height of folly."

Foreign Affairs committeemen report they are being literally buttonholed by State Department lobbyists to bring out the chrome bill for a House vote.

If that does happen, it's possible the department may be in for a jarring surprise.

The House might defeat the measure.

To the stunned astonishment of both the White House and the State Department, that's what happened on the bill to give a $1.5-billion "replenishment" to the International Development Agency—the "soft loan" branch of the World Bank.

In 1972, the Administration had no difficulty putting through Congress a $900-million "replenishment" for IDA. To date, the U.S. has provided approximately 40 per cent of its more than $4-billion capital—which is loaned to so-called undeveloped countries on 40-year terms at minuscule interest rates.

But this time, under the vigorous leadership of Rep. H.R. Gross (R.-Iowa), the House revolted and killed the measure by a margin of more than 100 votes.

It's entirely within the realm of possibility that the same upheaval may happen on the chrome bill. In the House, unlike the Senate, there is widespread bipartisan distrust of the policy of détente with Russia.

HOT LUNCH PROGRAM FOR SENIOR CITIZENS BEGINS IN DELAWARE

Mr. BIDEN. Mr. President, as a result of the enactment of the Older Americans Act of 1973, which I consponsored, funds have been made available for nutrition programs for the elderly.

I am especially pleased that Delaware, in keeping with its tradition as the "First State," has again been a forerunner in making hot lunches available to its senior citizens. Last November Wilmington was among the first cities in the Nation to participate in the hot lunch program when the Wilmington Senior Center opened its doors to over 250 senior citizens and serve them a hot meal of roast beef and mashed potatoes.

Before the first year of funding is over, it is expected that four project areas, Delaware's three counties and Wilmington, will be in full operation serving from 1,000 to 1,200 hot meals a day.

Mr. President, I commend the Delaware Division of Aging for its hard work and our senior Delawareans who have contributed donations so that these nutrition programs may continue.

I ask unanimous consent that the text of an article, "Senior Hot Lunch Program Starts," which appeared in the Division of Aging's newsletter, Delaware Horizons, be printed in the RECORD.

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

SENIOR HOT LUNCH PROGRAM STARTS

Over 250 older citizens in Wilmington pulled up their chairs and tucked in their napkins before partaking of hot roast beef and gravy, whipped potatoes, and new peas with pimento as the federally funded hot lunch program for the elderly began November 19, 1973. Also on the menu at four local senior centers were salad, hot rolls, dessert and milk, with a choice of coffee or tea being offered.

St. Anthony's Community Center at 9th and Scott Sts. led the list with 101 elders participating, while Wilmington Senior Center at 1901 N. Market St. drew a crowd of 85. St. Patrick's Senior Center at 1414 King St. reported 36 on hand, and West Presbyterian Church had about 30 eating lunch at 8th and Washington Sts.

Wilmington is among the first cities in the nation to participate in the program following Congressional authorization in March 1973. It is important to emphasize that the program is not a handout (unacceptable to many independent elderly). The project was planned as a contributory one with participants donating according to their means. The more contributions taken in to offset the cost of the meal, estimated at 75 cents, the more people can be served.

Four other senior centers in Wilmington began during the first week of December. As the word spreads and participation reaches peak levels, the various feeding sites will shift to a daily sign-up basis.

Paul L. Buehrle, head of Wilmington Senior Center and responsible for the Nutrition Program, said each location plans to handle 70 persons a day, with the Wilmington area expected to serve from 500 to 560 daily meals when in full operation. Provisions are being made to begin delivery of meals at home to those immobilized by illness, accident or handicaps. Transportation is available to those needing it, although scheduling still presents minor problems. Buehrle expressed pleasure at the turn-out for opening day, pointing out that the goal for the four operating sites would be 280 meals daily when the project gets into full swing. With over 250 patrons appearing at the inaugural session, a full 90 per cent of that target figure has already been reached.

The Wilmington area program is expected to cost $221,960 a year, of which $199,764 will come from federal money and the remainder from contributions in cash and in kind from local participating agencies. $493,000 in federal funds were made available to the State Division of Aging at the start of the 1973 fiscal year, and Delaware expects to earmark an added $25,000 for the state-wide project. Since the funds come from fiscal year '73 appropriations, they had to be obligated by December 31, 1973, or revert to the Federal government.

The Senior Services Division of the New Castle County Department of Parks and Recreation received its grant for the county area, on Dec. 15, 1973. It plans to serve a minimum of 150 meals daily at four proposed sites in Middletown, Odessa, Townsend and the New Castle area, beginning in early 1974.

The Dover Modern Maturity Center, cooperating with the Kent County Office on Aging, was funded on Nov. 1, 1973 and began operations early in December at the Dover Center, at the Milford Bi-County Center and at Harrington. Two additional sites, the Queen Manor Apartments in Dover and St. Paul's Episcopal Church in Wyoming, expect to begin feeding by February. When fully operational Kent County expects to serve over 300 meals a day.

The Methodist Manor House in Seaford received its grant on Dec. 31, 1973, and plans to serve a minimum of 250 daily meals at six proposed sites, beginning in the early spring.

The program will provide a hot, nutritious meal once a day, five days a week, to eligible individuals. It will also make available, where needed, such supportive services as transportation, nutrition education, shopping assistance, escort service, health and welfare counseling, recreation, and information and referral.

Eligibles are defined as those aged 60 and over who do not eat properly because of poverty or lack of the skills and knowledge to prepare nourishing meals; who have limited mobility which makes it difficult to shop and cook for themselves; or who, being isolated, rejected or withdrawn, have lost the incentive to prepare and eat nourishing foods.

Lacking funds to serve every eligible Delawarean, the Division of Aging has set up a target population of low-income and minority group elderly whose greater needs give them a higher priority. Each of the 3,000 persons over 65 on Old Age Assistance is probably eligible and in need of the benefits of this program. Money is available for up to 1,200 daily meals, although rising food costs may reduce this number.

Consumer advisory councils, established for each project area and for each meal distribution site, will set an expected contribution for the meals. However, no one will be turned away because of inability to pay.

Before the first year of funding is over, the four project areas—the three counties and the City of Wilmington—are expected to be in full operation, with a total of 1,000 to 1,200 meals a day being served statewide, and the necessary supportive services provided or made available to several thousand elderly.

SCIENCE AND AGRIBUSINESS CONFERENCE OF 1974

Mr. JAVITS. Mr. President, at a time when international economic cooperation between the United States and Europe is severely strained by the world energy situation, it is very encouraging to note that a high level group of Europeans and Americans met recently in London to discuss the world food situation and the means by which the agribusiness community might be mobilized to deal with the problems of agricultural production in the developing countries. This meeting was a timely gathering in advance of the World Food Conference to be held under United Nations sponsorship later this year.

It is efforts such as this conference that give one hope that the critical international economic problems that face the world in 1974 can be solved through informed and enlightened cooperative efforts.

Mr. President, I ask unanimous consent that the report on the Science and Agribusiness Conference be printed in the RECORD.

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

SCIENCE AND AGRIBUSINESS CONFERENCE OF 1974 IN LONDON

From February 18 to 20, 1974, a gathering of business, scientific, international organisation, government and foundation representatives met in London for a conference on "Science and Agribusiness in the Seventies" under the chairmanship of Henry J. Heinz II of the United States, and Edmund de Rothschild of France and Dr. Victor H. Umbricht of Switzerland. Some 80 Europeans, 45 North Americans and 20 leaders from developing countries participated in the conference, which was supported by foundations on both sides of the Atlantic. The meeting commenced on Monday evening, February 18, with a keynote address by Sir Robert Jackson, Under Secretary General of the United Nations, who called attention to the inter-relationships of the increasingly grave problems of population, food, energy, and currency stability.

The theme of the first day was "The Coming Revolution in Agricultural Production". Agricultural scientists, working throughout the tropical areas of the world, reported on their progress with such important basic crops as wheat, barley, corn, rice, sorghum and grain legumes, and livestock.

On the second day, the meeting concentrated on the theme, "Stimulating Agribusiness Investment in Developing Nations". Speakers from the developed and developing worlds addressed themselves to the problems and prospects of channelling greater private and public resources into the agricultural sector of developing nations. Participants from the developing nations spoke of their increasing desire to improve their agriculture, a sector neglected in some countries due to development plans where highest priorities were given to rapid industrialization. It is now evident, according to these spokesmen, that agriculture is as important as industry in economic growth, and especially today when food supplies are critical to survival.

The more than 140 participants from some 25 nations also met in discussion groups on both afternoons. The reports of these groups together with the papers delivered by the principal speakers, will form the conference record.

The meeting recognized that the gravity of the problems of food shortages, particularly in relation to the dangerously low level of stocks, explosive population growth, and energy constraints, is such that greater cooperation between the business and scientific communities, as well as with governments and the international development agencies, is essential. It was felt that everything should be done to improve communications within the international agribusiness and scientific communities, governments, and the international organizations.

It was the sense of this meeting that a continuing committee be established, composed of:

Giovanni Agnelli, Louis Camu, J. George Harrar, Henry J. Heinz II, Sir Robert Jackson, Pierre Liotard-Vogt, Victor Umbricht, Lord Zuckerman, (Ex Officio) The Chairman of the FAO/Industry Cooperative Programme.

This committee will publish the proceedings of the conference, study and determine appropriate action in relation to the international agribusiness community, the international research institutes, the international organizations and individual governments. In this process, the committee will consult with:

(1) Governments of the developed and developing nations

(2) International organizations working in the development field, particularly the United Nations and the UNDP, the FAO and its Industry Co-operative Programme, the World Food Programme, the World Bank, the International Monetary Fund, the Inter-American Development Bank, UNIDO, and other interested organizations such as the Agribusiness Council

(3) The Secretary General of the United Nations World Food Conference

(4) The international foundations

(5) The international agricultural research centres

(6) The international business and financial community.

The committee will render its report on these matters as soon as feasible to the conference participants and to all the interested international organizations.

TRADITIONAL OPPOSITION TO DICKEY-LINCOLN IS FADING

Mr. HATHAWAY. Mr. President, I was very pleased to learn that the New England Power Co. has decided to stop its long standing opposition to the Dickey-Lincoln hydroelectric project in Maine. I am very glad to have New England Power on our side, and I am hopeful that other private power companies in New England will soon follow the same course.

With the support of traditional opponents like the private power companies and with the support of House Majority Leader THOMAS P. "TIP" O'NEILL, plus many other Members of the House of Representatives, particularly in the New England delegation, who have indicated that they intend to back Dickey-Lincoln, plus the traditional support of the Senate, I am very optimistic about getting funds to construct this very worthwhile project which will mean so much to the people of Maine and the rest of New England.

Mr. President, I have just received a report from the Army Corps of Engineers with an update on the total cost, benefit-cost ratio, and other significant information relating to the Dickey project. I ask unanimous consent that this report, along with an article from the Bangor, Maine, Daily News announcing the decision of New England Power to support Dickey-Lincoln, be printed in the RECORD.

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

Project: *Dickey-Lincoln School Lakes, Maine.*

Summarized financial data:

Estimated total appropriation required	$356,000,000
Future non-Federal reimbursement	341,500,000
Estimated Federal cost (ultimate)	14,500,000
Estimated non-Federal cost reimbursement:	
Power	341,235,000
Recreation	265,000
Total estimated project cost	356,000,000
Allocations to date	2,154,000
Balance to complete preconstruction planning	2,046,000
Amount that could be used in fiscal year 1974	800,000

Authorization: Flood Control Act of 1965:

Location and description: Dickey Lake is located on the Upper Saint John River near the Town of Dickey, Aroostook County, Maine immediately above its confluence with the Allagash River. The project provides for an earth-fill dam and supplemental dikes impounding reservoirs with gross storage capacity of 7,700,000 acre-feet for power, flood control and recreation. The Lincoln School Lake is located on the Saint John River 11 miles downstream from Dickey Lake and provides for an earth-fill dam impounding a reservoir with usable storage capacity of 30,000 acre-feet for purposes of regulating discharges from Dickey Lake and power generation.

Proposed operations: The amount of $800,000 would be used to resume preconstruction planning.

Justification: The Dickey-Lincoln School Project is an integral unit of the comprehensive development and conservation of the water and power resources of the Saint John River Basin. Electric power will constitute the major benefits from the project and, due to power revenues, is fully reimbursable including interest. On-site annual power generation of 1.2 billion kilowatt-hours resulting from an installed capacity of 830 MW will provide needed power to the New England area. Additional power benefits will be realized at downstream Canadian power plants. Flood control storage provided by the project will eliminate flood damages below the site. The advent of low-cost power and flood protection would contribute significantly to the advancement of the economic climate of the State of Maine and the New England area. The Dickey-Lincoln School Project is located in the part of Aroostook County, Maine which is classified as a Title IV(1) Economic Development Area. The benefit-cost ratio is 2.6 to 1. Average annual benefits are estimated as follows:

Power	44,365,000
Flood control	60,000
Area redevelopment	817,000
Recreation	1,250,000
Total	46,492,000

Status: Of the approximate $2.2 million spent to date, $1.5 million or 68 percent was allocated to surveys and foundation and soils exploration. Remaining funds were expended on real estate investigations and general design effort. No detailed engineering for actual bid plans and specifications has been started. No planning has been accomplished since November 1967 because of lack of funds. Preconstruction planning is approximately 60 percent complete, but some lost effort will be realized in resuming design.

[From Bangor Daily News, Mar. 7, 1974]

POWER FIRM REVERSES STAND ON DICKEY-LINCOLN

PROVIDENCE, R.I.—New England Power Co. officials said Wednesday they no longer oppose plans for the massive Dickey-Lincoln hydroelectric power project in Maine.

The change in position was disclosed in Washington by Rhode Island Gov. Philip Noel and confirmed later by spokesman for New England Power and the Narragansett Electric Co.

Noel, chairman of the New England Regional Commission said that if new studies find the power project is viable, "There's no way the power companies are going to kill it now." He said power companies now are ashamed of their past opposition, which has been blamed for blocking the project.

However, a Narragansett Electric spokesman said the company feels "we were correct in our evaluation of the project several years ago, which indicated Dickey-Lincoln was not economically attractive."

The project proposed for the upper St. John River in Maine, was estimated originally to cost more than $300 million.

Spokesmen said power companies now feel a new study of the project should be made because of high fuel costs caused by the energy crisis.

They added that if the project is built with federal tax dollars, that power should be available to all utilities in New England.

Congress has repeatedly voted down money requests for the project.

THE AMERICAN ECONOMY

Mr. HARRY F. BYRD, JR. Mr. President, the American economy is experiencing many difficulties at the present time, but it is important for us to keep in mind that the private enterprise system remains the strongest possible basis for prosperity.

It is vital that in seeking to deal with such critical problems as inflation and the energy crisis, that we do not undermine the basis strength of the American system of private enterprise.

Recently Mr. Richard C. Gerstenberg, chairman of the General Motors Corp., spoke at a conference on "areas of public concern." In his address he emphasized that private enterprise, supported by reasonable profits, is essential to efficiency and economic growth.

Mr. Gerstenberg also pointed out that reasonable profits are needed for corporations to fulfill their social responsibilities. As he put it:

A corporation—or any business, for that matter—must first do well before it can do good.

Excerpts from Mr. Gerstenberg's address were printed in the New York Times on March 4. I ask unanimous consent that these excerpts be printed in the RECORD.

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

THE PROFIT SYSTEM AND AMERICA'S GROWTH

(By Richard C. Gerstenberg)

WARREN, MICH.—As a nation we have launched ourselves on a most ambitious social agenda. We want to achieve even higher standards of education, health, and well-being for all our people. We want to abolish poverty. We want to rebuild our cities. We want to preserve and restore the beauty of our great resources; our land, our waters, and our skies. We want to give every American—of whatever color, religion, or background—an equal opportunity to become all he is capable of becoming. We aim for full employment, and even more—the full opportunity for everyone to participate in all that America has to offer.

These tasks are inherent and they are right—right for our country and for our time. But they are formidable, and sustained achievement will require a full committal of our moral and mental resources. Right now the hard fact is that the material resources essential to this task will simply not be available unless our economy stays healthy, and this is possible only if business remains profitable. Not one of our grand national goals—not one—can be accomplished unless business prospers. Profits, from which come all wages, taxes, and dividends, fuel the growth of our nation, and our future depends on the profitability of free enterprise.

Yet we are daily confronted with evidence that not enough Americans understand this. To them, the word "profit" has a grubby, selfish sound. The Vice President, Gerald Ford, noted recently, that many Americans consider a legitimate profit as a "rip-off, something that the bad guys steal from the good guys."

My concern today is heightened because so many of the most pressing issues confronting our nation are economic in nature. There are dollars-and-cents considerations, hard questions of profit and loss, in the energy situation, in housing, the deterioration of public transit, in the economic inequities between the races. Yet most of our people are ill-equipped to recognize the economics in these issues, much less to recommend the economic remedies. This lack of public understanding seriously threatens the continuation of our competitive private enterprise system.

In America, public understanding is fundamental. The people still have the ultimate power. Nothing endures—not on Capitol Hill, not in Detroit, and not anywhere in our nation—except by the will and vote of the American people, however unwieldy, however imperfect, however capricious the democratic system may seem. In the last analysis, the people determine what regulations will govern our economy and the conduct of our business.

Remember when we used to say, "Fifty million Frenchmen can't be wrong." Now 200 million Americans can be wrong on balance if a growing number of them believe, as they seem to, that profits are too high, that more regulation is needed, and that big business is getting too big.

The opinion polls present a grim arithmetic. According to a recent survey, only 3 per cent of the American people think business as a whole is not making enough profit, while 35 per cent—or more than ten times as many—think business is making too much profit. The latest public estimate of the average manufacturer's after-tax profit is 28 cents on the dollar, whereas actually he earns in the neighborhood of a nickel.

For the first time since World War II, a majority of Americans no longer thinks that companies should be allowed to make all the profits they can. The trend instead shows a growing public support for a government ceiling on profits. And it may be significant that this study was taken before the energy situation was brought to the forefront of public attention by the oil embargo.

The public is wrong. Dangerously wrong, because the typical corporation is not the insensitive, unchanging inaccessible giant that so many picture it to be. On the contrary, it is one of the most flexible and responsive of man's creations. It takes on the character of its times.

We in General Motors know there is no conflict between corporate profits and social progress. We know that each is necessary for the other. We will continue to be one of the most effective and efficient assets to society that man has devised to achieve his social and economic goals.

In addition to our efforts at General Motors to earn a profit, and largely because of our success in those efforts, we are helping to create a better balanced system of transportation in this country and throughout the world; to explore space; to cleanse our air and water; to develop new materials and means of manufacture; to recruit, hire, and advance minority employes and women; to foster minority enterprise; to support education and a wide range of other community and civic programs. In short, to help do what must be done if our country and the world are to become all that we want them to be.

In such ways a corporation—and remember that there are more than 1.6 million of them in the country today—can help swell the tide of social and economic advancement for all the people of this country, even as they seek a profit.

We make these contributions today because the people—that is, the society we serve—expect us to. In that light, these contributions make good business sense, indeed, the times allow no alternative. And we will continue to make such contributions for as long as our business remains profitable.

In the minds of many people, these social contributions are no longer understood as ancillary to a corporation's basic purpose; they are judged to be basic—responsibilities whose performance is even more essential, or at least more praiseworthy, than providing value for the customer, wages for employees, and a fair return on the stockholder's investment.

In many popular trends of thought, basics have been turned upside down. A private corporation is being confused with a public, tax-supported agency. Profits are not applauded; they are scorned. Business is not encouraged; it is regulated. Enterprise is not rewarded; it is questioned and regarded with suspicion.

This is a road down which we dare not travel. It is a road darkened by a lack of public appreciation of what makes a person willing to risk his capital or to work harder than the next fellow. It is a road which leads to the dead end of excessive and irrational Government regulation—and ultimately to the end of private enterprise.

This, I know is not what the American people want. But this is what we will all get unless more understanding is gained of the importance of profit. Somehow, we must convince people, more people than we have already, that a corporation—or any business for that matter—must first do well before it can do good. Better understanding of our institutions won't just happen. We must make it a goal, make it "happen."

SOL HUROK—IN MEMORIUM

Mr. JAVITS. Mr. President, one of the real geniuses of our time in his world has just passed away at the wonderful age of 85—Sol Hurok, the impressario, unofficial ambassador extraordinary to the Soviet Union, and one of the most colorful figures who ever produced for the American theater, concert, and operatic stage in the United States. He certainly has earned national attention, and for his work in cultural interchange with the Soviet Union and the deeds of his whole life, national thanks and appreciation. I ask unanimous consent to have printed in the RECORD the most impressive obituary in the New York Times of March 6, 1974.

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

SOL HUROK, THE IMPRESSARIO, DIES AT 85

(By Alden Whitman)

Sol Hurok, one of the world's foremost impressorios, died yesterday afternoon of a massive heart attack at the age of 85.

He had had lunch with Andrés Segovia, a close friend who was among the many distinguished artists whose appearances he had sponsored, and had then gone to a meeting with David Rockefeller at the Chase Manhattan Bank in the financial district. He became ill in Mr. Rockefeller's office and was taken to Beekman Downtown Hospital, where he was pronounced dead.

The marquee headline "S. Hurok Presents" had been customarily followed by the name of a famous musical artist, ballet group, opera company, folklore ensemble, symphony orchestra or theater troupe. And what these groups offered was, like as not, a superb and exciting performance. Many of them, moreover, were the fruit of Mr. Hurok's persistent efforts to bring distinguished foreign virtuosos and ensembles, notably from the Soviet Union, to American audiences; as well as his pioneer campaign to promote the dance, and especially ballet, in the United States.

Singly and together, these artists were what Solomon Isaievich Hurok liked to call "S. Hurok Attractions," with the last word capitalized even when he spoke about his offerings without mentioning his name. The fact that his glittering performers appeared only in "Attractions" served to connote that Mr. Hurok was no ordinary purveyor of artistic talent, but an impressario, one of the few who could legitimately claim that majestic appellation.

Defining that word as it applied to him, Mr. Hurok explained a few years ago that

an impressario "is a man who discovers talent, who promotes it, who presents it, and who puts up the money and takes the risk."

"That's my main work," he went on, "which is a lot different from a mere agent, a booker, a fellow who works strictly on percentage."

A KEEN DISCERNMENT

And, indeed, Mr. Hurok was not being unduly immodest, for he had a remarkable ability to discern what American audiences would like. "He was absolutely illiterate musically, one observer said, "but he had a fantastic sense of what was excellent."

He looked for projection, that indefinable something that comes over the footlights and strikes an audience in its solar plexus. Hearing Marian Anderson, then an unknown contralto in Paris, for the first time in 1935, Mr. Horuk recalled, he felt chills dance up and down his spine, and his hands got wet. He knew immediately that she would project, and he signed her to a contract with a handshake. The contralto was one of his biggest discoveries.

But artists who flunked the projection test were not taken on, and many of those who grew cold were quietly dropped despite their technical abilities.

Over the years virtually every big name in music and the performing arts was presented by Mr. Hurok. In addition to Miss Anderson and Mr. Segorra, these included Arthur Rubinstein, Isaac Stern, Mischa Elman, Sviatoslay Richter, Emil Gilels, the Oistrakhs, Feodor Chaliapin, Anna Pavlova, Isadora Duncan, Victoria de los Angeles, Roberta Peters and Jan Peerce. Among the dance groups there were the Sadler's Wells Ballet, the Royal Ballet with Margot Fonteyn, the Bolshoi Ballet with Galina Ulanova, the Kirov Ballet of Leningrad and the Moiseyev Dance Company. Among theatrical troupes there were the Old Vic and the Comédie Francaise. There were, moreover, Kabuki players from Tokyo and parading Guards regiments from Britain.

TREATED WITH GRANDEUR

The short, rotund Mr. Hurok, who liked to say that what he did "was not a business, but a disease," often treated his artists with opulent grandeur.

When Miss Ulanova arrived in New York with the Bolshoi in 1959, the impressario ushered her into a three-room hotel suite that held a refrigerator stocked with caviar and champagne and other necessaries of a ballerina's life. On a table were an electric percolator and an unopened tin of the finest coffee (Miss Ulanova liked coffee); there were flowers all over the place; and in one room there was a specially constructed ballet barre, with full-length mirrors.

"So, my dear, you can practice here if you wish," Mr. Hurok said with an expansive wave of his gold-headed cane. (He had a silver-headed one for less stately moments.)

After the premiere at the Metropolitan Opera House, he gave the Bolshoi company a party at the St. Regis Roof with 200 notables as guests. There were champagne, peroshke, caviar, beef Stroganoff, chicken Hurok (sliced chicken with white sauce over a bed of rice and noodles), plus dancing to an 11-piece orchestra. The party cost at least $15,000.

In all, Mr. Hurok invested $100,000 of his own money and committed himself to expenses of $350,000, to bring the Bolshoi here. It was part of his panache to gamble on an "Attraction," but in this case he had a sure winner, and the hotel suite for Miss Ulanova and the party were in keeping with his view of himself as a great impressario.

To be great, he once said, means "first of all you have to love the things you do," adding:

"How much do you love this attraction or that personality? How much do you owe the American public? Those are the important things. The money you think about later."

Mr. Hurok's bravura behavior might have had another side, though, according to a man who has known him for a generation.

"Sol has a great need to justify himself," his friend remarks. "The way he fulfills himself is in doing things big and getting his name in print. He needs a feeling of recognition. That's why he overtips and throws his money around, though in some respects he can be a penny-pincher. He unconsciously remembers the old days when things were precarious. But always he wanted to be the grand seigneur, and in a curious way he has succeeded."

A man of impressive energy, Mr. Hurok liked to socialize with his eminent stars, and among the photographs he displayed on his office walls were pictures of him waltzing with Moira Shearer and Miss Fonteyn, the British ballerinas, and doing the conga with Katherine Dunham, the American dancer. He once fox-trotted with Miss Palova at the Palisades Amusement Park in New Jersey, but there was no photographer to record the event. On another occasion, he played in "Petrushka," dancing with the bear.

THE LOUDEST APPLAUSE

Attending many of the performances of his stars, Mr. Hurok visited them in the dressing rooms before the curtain rose to assure them that they would give a great performance. Afterward, he ranged the back of the house, applauding louder than anyone else and shouting well-placed "bravos."

To concert hall habitues Mr. Hurok was an immediately recognizable figure with his black horn-rimmed glasses, and his round, expressive face—and, of course, his cane.

In keeping with his station and his palate, Mr. Huroke liked to eat in New York at Le Pavillion, and its closing a couple of years ago sorrowed him. He was fond not only of the food, but also of the deference he was accorded there and other costly and elegant restaurants. He talked well over a meal in an English fractured with a Russian accent. The word "ballet" came out as "bolly" or "bollay," and the Old Vic was always "Ud Wick," but it was evident that he had a command of his business and a profound love for it.

He sometimes, too, spoke in Goldwynisms, one of which—"When people don't want to come, nothing will stop them"—has become a concert business classic.

HARD-EARNED SUCCESS

At the pinnacle of his profession Mr. Hurok could say "I'm not bragging when I say I am responsible" for the great growth of American interest in the ballet and full houses for classical music, for his success was hard-earned. "When other managers are out playing golf or something," a man in the business observed recently, "Mr. Hurok is on 57th Street [his office then was on the corner of 57th and Fifth Avenue] making plans."

His regal office, in which he was very much the patriarchal monarch ("I play a 100 per cent role"), was far removed from the lower-middle-class circumstances of his boyhood and youth in Czarist Russia. Born in Pogar, a small town not far from Kharkov, on April 9, 1888, he was the son of a hardware merchant and his wife, Israel and Naomi Hurok. When he was 17, the boy was sent to Kharkov with 1,000 rubles to learn the hardware business.

But his sights were set on the United States, where there were relatives, and he arrived here in May, 1906, with $1.50. There was a brief period in Philadelphia and then a job as a stock boy in a New York hardware concern. Out of his wage of $7 a week he managed to hear Chaliapin at the Metropolitan Opera House, then downtown, and told a friend:

"Someday I am going to manage artists like Chaliapin, maybe even Chaliapin."

Living in the Brownsville section of Brooklyn, Mr. Hukor became engaged in activities of the Socialist party, in whose behalf he took his initial managerial step in 1911. With chutzpah in hand, he persuaded Efrem Zimbalist to play at a party fund-raising concert at a bargain rate. The violinist was a great success in Brownsville, and Mr. Hurok was off and running.

His next venture was to form, with a partner, the Van Huga Musical Society, which sponsored Mr. Zimbalist in a Carnegie Hall concert. By 1916 Mr. Hurok was prepared to devote full time to his career. Among his first successes were Sunday concerts at the Hippodrome at 43d Street and the then Sixth Avenue, where, at a $2 top, the public thronged to hear such musical stars as Eugene Ysaye and Ernestine Schumann-Heink.

These triumphs led Mr. Hurok to present Pavlova, from whose performances he made $25,000, and Chaliapin, on whose opera tour he lost $150,000. He also presented the irrepressible Isadora Duncan, who bared one of her breasts in Symphony Hall, Boston, and was, as a result, almost banned in that city. Mr. Hurok was momentarily nonplussed, but he managed to surmount the crisis and, in time, became accustomed to artistic temperament.

"If they're not temperamental, I don't want them," he later remarked of his clients. "It's in the nature of a great artist to be that way. There's something in them—some warmth, some fire—that projects into an audience and makes it respond. Give me the temperamental artist every time."

FASCINATED BY BALLET

From virtually the outset of his business, Mr. Hurok was fascinated by the ballet. The Ballet Russe de Monte Carlo was among his early triumphs. But not all his ballet experiences were happy, and he once contemplated a book to be called "To Hell With Ballet."

Mr. Hurok persevered sufficiently, however, to become "the King of Ballet" and manager of the Ballet Theater from 1942 to 1946 and again for the 1955–56 season. In the nineteen-fifties he imported the Sadler's Wells, later the Royal Ballet, for a succession of cross-country tours. And at last, in 1959, he brought in the Bolshoi Ballet, perhaps the high point of his role as a dance impressario. The run was sold out in advance.

Before and since, Mr. Hurok dealt with the Soviet Government as a leading American agent for its artists. Long before there was an official cultural exchange, he was the agency through whom such Soviet groups as the Moiseyev and such instrumentalists as the Oistrakhs appeared in American halls. For his efforts he was decorated by New York City in 1961, and a number of his distinguished artists—Rubinstein, Stern and Miss Anderson—attended a dinner for him at the Waldorf-Astoria, for which William Steinberg conducted the Pittsburgh Symphony.

With the help of Ruth Goode, once his press agent, Mr. Hurok wrote "Impressario" in 1946, which later became a movie called "Tonight We Sing." He continued his story of his life in "S. Hurok Presents: A Memoir of the Dance World," published in 1953.

In early 1969, when he was 80, the impressario sold S. Hurok Concerts, Inc., then grossing between $8-million and $10-million a year, to the Transcontinental Investing Corporation for an undisclosed amount. "Hurok will be bigger than ever—tell the people that," he said then, adding that the acquisition would permit him to reach the youth audience, which "was not following concert music the way they used to."

At the time Mr. Hurok was offering 60 attractions a season that were playing more than 2,000 concert dates to five million American patrons.

Many of these attractions had been under his auspices for a long time—the Russian troupes since the nineteen-thirties, Rubinstein since 1937, Stern since the late thirties and Segovia since 1943. These and other friends gave him a dinner in 1967. "I didn't ask for it," he said. "The friends who will

come to this dinner to pay respects—this is my balance in the books."

A PERIOD OF DECLINE

After Mr. Hurok sold his business, he seemed to many to have gone into a decline. Martin Feinstein, long in charge of public relations, left the staff amid reports of a falling out, and Mr. Hurok's presentations appeared to limp a bit. He himself, however, maintained his cheery disposition in public and insisted that he was doing better than ever.

Mr. Hurok moved his offices from Fifth Avenue and 57th Street to the Avenue of the Americas and 56th Street. This office was fire-bombed Jan. 26, 1972. A young woman employe was killed and 13 persons were injured, including Mr. Hurok, who was borne from the scene cloaked in his fur coat. He suffered from smoke inhalation but quickly recovered.

Because of Mr. Hurok's prominent role in bringing Soviet artists to this country, the attack was attributed to the Jewish Defense League. Two members of the league, a militant organization, were nonetheless cleared of charges when their case was dismissed in Federal Court last year.

BOMBING IN A POEM

The fire bombing was the subject of a poem by Yevgeny Yevtushenko in Izvestia, the Soviet Government newspaper. The Soviet poet referred to Mr. Hurok by his first name and patronymic and paid tribute to Miss Iri Kones, who died in the fire. The poem was titled "With Bombs Against the Arts."

Last May, to mark Mr. Hurok's 85th birthday (it had been privately celebrated in April) and his 60 years as an impresario, a sellout crowd of 1,500 persons assembled in the Metropolitan Opera House for a gala. The audience included diplomats, royalty, aristocrats, members of the Social Register, famous musicians and dancers.

The program, steeped in nostalgia, included Van Cliburn at the piano, Isaac Stern playing a violin, a solo for Margot Fonteyn in a "Swan Lake" excerpt, Shirley Verrett singing Donizetti, and Mikhail Lavrovsky and Natalia Bessmertnova of the Bolshoi Ballet.

He is survived by a daughter, Mrs. Ruth Lief of this city and two grandchildren.

Funeral arrangements were incomplete last night.

SAVE CONNECTICUT'S RAILROADS

Mr. RIBICOFF. Mr. President, on Monday the Rail Service Planning Office of the Interstate Commerce Commission will hold a public hearing in Hartford, Conn., on the U.S. Department of Transportation's recommendations for rail freight line abandonments in Connecticut.

I oppose the DOT plan and shall urge the ICC to reject it.

Under the Regional Rail Reorganization Act of 1973—Public Law 93-236—the Department of Transportation was charged with developing recommendations for future rail service in the areas served by the bankrupt northeastern railroads. Unfortunately, the DOT has interpreted that mandate for change as a license to kill and maim rail service. DOT's plan for Connecticut disregards the State's interests and could result in serious economic dislocations.

Fortunately, it is not the final plan. Many steps remain and, hopefully, DOT's suggestions will be shelved by more responsible authorities. The next stage of the planning process is a review of DOT's report by the Rail Service Planning Office of the ICC. I am hopeful that when the evidence is in it will reject DOT's plans.

DOT recommends that 175 miles or 26 percent of Connecticut's 664 miles of rail freight tracks be abandoned, resulting in a decrease of over 7,000 freight car shipments each year. To the businesses that would lose rail service, it may be a death knell.

The DOT plan would eliminate the bulk of Connecticut's north-south routes that connect the State's businesses with their Massachusetts neighbors and customers.

Some of the routes that would be dropped are: The old New Haven "Canal Line" running north from New Haven through Hamden, Cheshire, Southington, Avon, and Granby into Massachusetts; the link between Waterbury and Bristol; and most of the Danbury and Berkshire line north from Norwalk.

Because DOT also recommends the elimination of the parallel Upper Harlem Valley line across the New York border, a vast area running east from the Hudson River past the Housatonic River Valley and almost into the middle of Connecticut, would find itself without any rail freight service.

Also determined by DOT to be "potentially excess" were the Middletown-Cromwell, Hartford-Rocky Hill, Hartford-Bloomfield and South Windsor-Enfield sections served by the Penn Central. Central Vermont's service from the Massachusetts border to Lebanon and a spur in Willimantic would also be dropped.

If DOT's recommendations are allowed to be implemented, hundreds, possibly thousands of jobs, would be placed in jeopardy. Hardest hit will be the small towns where the local economy relies on only one or two industries now threatened with the loss of their ability to ship or receive goods by rail. Many plants were built years ago on these rail lines far from main roads, and will find it extremely difficult and sometimes impossible to convert their shipping operations.

Connecticut's entire freight transportation network could be thrown into chaos. The 7,000 rail freight car loads will have to be hauled by truck either to their ultimate destination or the nearest railroad terminal.

Trucks may be difficult to find and will certainly be more expensive. Because of the present energy shortage in Connecticut it will be difficult to fuel the hundreds of trucks that would be needed to meet the demand.

Those trucks that were available would increase the congestion and hazards on Connecticut's already crowded highways and severely magnify the wear and tear on road surfaces and bridges.

Finally, it is particularly ironic that at a time when the Nation is faced with an energy shortage, DOT would eliminate a freight system that consumes far less fuel per ton than trucks. In fact, when it comes to hauling, freight trains are from 2 to 5 times more efficient than trucks along the same route.

The issue is more than just one of dollars and cents or freight tonnage per mile. The ultimate economic and social cost of abandoning these lines may be far greater than the cost of maintaining service on them.

Thousands of jobs and the economic future of towns, cities, and entire regions are at stake.

I urge the ICC to reject the DOT findings and recommendations.

HOUSING AND CONSTRUCTION COSTS SOAR WITH CONTINUED PRICE SPIRAL

Mr. HUMPHREY. Mr. President, the Wholesale Price Index released by the Bureau of Labor Statistics this week confirms the spiraling and pervasive inflation faced by the United States today. In February, wholesale prices rose 1.2 percent on a seasonally adjusted basis. At a compound annual rate the WPI rose 15.5 percent. In testimony before the Joint Economic Committee last week, Arthur Burns, Chairman of the Board of Governors of the Federal Reserve, cautioned that double-number rates of price increases, if continued very long, would lead to a South American-style inflation in the United States. I am afraid, Mr. President, that each passing month makes Dr. Burns' prediction more likely.

It is true that WPI increases in February were slightly less than in December or January, but a slowdown in the rate of inflation from 2 or 3 percent a month to 1.2 percent a month is hardly comforting. There is little expectation on the part of most economic forecasters that price increases will slow appreciably before midyear, if then.

In reviewing the February price increases, I was struck by the sharp rise in prices for basic manufacturing and construction items. The following table is only a partial listing of these items:

Wholesale price increases for selected items February 1974

	Percent change from 1 year ago	*Percent change from January to February*
Plywood	5.6	1.9
Paperboard	19.4	3.1
Iron and steel	16.6	2.9
Nonferrous metals	36.4	2.4
Fabricated metal products	9.7	1.0
Construction equipment	7.5	1.0
Concrete products	10.4	1.8
Asphalt roofing	21.9	6.4
Gypsum products (wallboard)	12.3	1.6
Paint materials	23.1	3.0

Removal of price controls and higher prices for petroleum products account for part of the rise in these basic construction materials. In the coming months, these higher materials costs will be reflected in higher housing prices, and higher construction costs for business.

Mr. President, the American homeowner or prospective homeowner has been buffetted on all sides in the last year. Skyrocketing land prices have put single-family dwellings out of the reach of many families. Then a restrictive monetary policy followed by the Federal Reserve Board since mid-1973 sent mortgage rates to unprecedented levels. Even at the high prevailing rates, prospective homeowners found that mortgage money was unavailable in many communities without restrictive requirements, such as 40-percent downpayments and 15-year-

term mortgages. On top of this, the consumer will face even higher house, and eventually rent, prices as higher costs of iron, steel, concrete, roofing, and wallboard are passed on.

Businessmen will also face sharply higher capital equipment prices. In a number of key industries, the United States is operating at or very close to capacity, and additional capital investment is sorely needed. The administration and private economists expect that plant and equipment spending will provide the major strength in the economy this year. However, a 13-percent increase in capital equipment spending projected for 1974 will largely reflect higher prices and, at present, it seems that the increase in real spending will be rather small.

Mr. President, undoubtedly, increases in world raw commodity prices and oil have accounted for a significant part of the rise in construction materials prices. But this administration is guilty of rushing from one brushfire to another, and doing a poor job of fighting each of them. The President and his economic advisers are in complete disarray, and this is sharply evident in the scarcity of recommendations in their budget and annual economic report for dealing with inflation. This country faces an economic crisis, yet leadership from the President is virtually nonexistent. Mr. President, it is incumbent upon this Congress to fill this vacuum if we are to avoid an inflationary spiral that is completely out of control.

OVERSEAS RELIEF PROGRAMS OF THREE GREAT FAITHS

Mr. BUCKLEY. Mr. President, one of the underlying strengths of our Nation is the reliance on private initiative and private organizations in the field of social welfare. Nowhere is the success of such private initiative demonstrated more than in the annual spring relief appeals of America's three great faiths to seek funds to assist the needy of other lands. These appeals will coincide on Sunday March 24, 1974.

Millions of Americans, each through his own faith, will make special contributions to support religious voluntary agency assistance programs for the world's homeless, hungry, and destitute.

The three appeals are: Protestant—One Great Hour of Sharing; Catholic—The American Catholic Overseas Aid Fund; Jewish—United Jewish Appeal.

The overseas relief programs of the religious faiths serve victims of war, natural disasters and destitution with both emergency aid—lifesaving medicines, food, clothing, and shelter—and with continuing programs of rehabilitation. Self-help projects restore their dignity and self-sufficiency.

These ministries of mercy account for a major portion of all American voluntary overseas relief efforts, giving assistance annually to millions of destitute men, women, and children.

Mr. President, I have long felt that part of the greatness of our Nation lies in the commitment of its people to these "ministries of mercy". It is my hope that this year's appeal meets with the traditional open hearts and financial support that has so long characterized the American people when others are in need.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, the Senate has balked time and again on the most crucial question of this century—the inherent rights of mankind. The failure to ratify the Genocide Convention is a case in point and it is time for the Senate to recognize the impact of its delay upon the people of the United States and all mankind.

In 1945 the Senate overwhelmingly ratified the United Nations Charter. In doing so, we reiterated a pledge of the founders of this Nation—to uphold "the dignity and worth of the human person."

Our nonratification of the Genocide Convention has jeopardized our credibility in the field of human rights. Our failure to adopt a treaty so consistent with our own national goals is a source of international disillusionment. It appears as if we prefer lipservice for concrete support of human rights measures.

I believe it is long overdue for the U.S. Senate to renew its dedication to human rights. It is time for us to regain a leadership position in this struggle for the improvement of the human condition.

Mr. President, it is time for us to restore our credibility in the international community by advising and consenting to this humanitarian treaty.

MINORITY ENTERPRISE—THE NEED FOR BOLD INITIATIVES AND STAUNCH ALLIES

Mr. JAVITS. Mr. President, the state of minority business enterprises today shows encouraging signs while plagued by discouraging statistics. In a speech to the Contractor's Association of Boston on March 2, my good friend and colleague, Senator BROOKE, presented a most compelling analysis of the plight and portent of minority business. His analysis and recommendations underscore the challenges and opportunities of American business and labor to insure that all Americans get a piece of the economic action. I commend to my colleagues Senator BROOKE's speech and ask unanimous consent that it be printed in the RECORD.

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

MINORITY ENTERPRISE—THE NEED FOR BOLD INITIATIVES AND STAUNCH ALLIES

(Remarks of Senator EDWARD W. BROOKE)

"Anyone looking for the Civil Rights movement in the streets is fooling himself. Politics is the civil rights movement of the seventies. Politics is the last non-violent hurrah."

I agree with Maynard Jackson's assessment. And right now, Atlanta's newly elected Mayor is at the Boston Statler taking Reginald Eaves away from the Hub and no doubt expanding on his observation about the new emphasis in the Civil Rights movement. I would add to the distinguished Mayor's assessment one word, "economics." Politics and economics are the civil rights movements of the seventies!

Politics is power! Economics is power!

The right to work and profit in our system of enterprise is a right to be shared by all Americans and must be shared equally. It is the right to shape and to improve one's life and one's community. It is the right that leads to power. And unless minorities gain this power they will be virtually impotent in a society whose strength is founded on economic power and political power.

Power is why we are here tonight. And we must seek power tomorrow and each day thereafter—relentlessly and responsibly! Not for our own egos and enrichment, but for the millions of Americans who look for signs of hope and examples of the successful application of power.

Looking back just a few years, we see impressive advances in the number of Black elected office holders in the United States. In 1969 there were 1,185. The latest survey shows 2,894 elected officials, an increase of 144 percent.

This percentage of increase is dramatic. It shows that Black Americans have learned how the political system works and how to work the political system. We have shifted our goals from confrontation to political achievement and set our sights on the Mayor's office, the State House, the Congress and, yes, the White House.

Yet, we 2,894 black elected officials still represent only one-half of one percent of all elected officials in the country. And regretably more than 50 per cent of eligible black voters failed to vote in 1972.

Blacks and other minorities must increasingly cast their ballots and be on those ballots. Similarly it is not enough that corporations hire minorities. It is essential that minorities serve on the Boards of Directors of our nation's corporations.

In 1963 the gross national product of the Black community was estimated at less than $20 billion. Today it is said to be more than $50 billion. To be sure the gross national product as a whole has also grown rapidly, but unlike 1963 there is, in just about every major city and many towns and rural areas, one or more fledgling organizations devoted exclusively to minority economic development.

With this new focus on economic development, the members of the Contractors' Association of Boston and similar organizations are fulfilling critical needs by helping minorities understand the real meaning of capitalism and how we can make it work for us. But the Black community now exercises little control over the $50 billion that we spend. Scant sums are channeled back into the Black community and very little of it benefits these communities.

What we need now are bold strategies and staunch allies to gain control of as much of that $50 billion that passes through Black hands each year as possible!

The Civil Rights movement significantly changed the inner city environment as more Blacks became aware of how the economic system works. There is more talk now of getting a piece of the action, and Blacks now realize that economic development has many spinoffs.

Keeping dollars in the Black community creates new jobs, makes services more accessible to the poor and the elderly, and contributes to a sense of community pride.

Looking back to 1963 and the heady days of the 1960's, let us recall how we have come to a new day. Few of the gains made in the past decade would have been possible without the Civil Rights movement as we knew it then. The legislative offspring of the Civil Rights movement—the Civil Rights Act of 1964; the Voting Rights Act of 1965, the Economic Opportunity Act of 1964; the Elementary and Secondary Education Act of 1965 and the Civil Rights Act of 1968—stem in large measure from the pressure tactics and powerful convictions of those who marched not just in Washington, but in Albany, Georgia; Selma, Alabama; St. Augustine, Florida; and countless other cities.

We now have the formalities and the legal protections of law. And the time has come for us to shift to the new dimensions of

civil rights—the living and working conditions of our people!

It is right to have laws that declare discrimination in employment illegal. But it is also right to have meaningful jobs and livable incomes. We must have jobs and income.

It is right to ban segregation in education. But it is also right to have modern, well-equipped schools with competent, well-paid teachers and relevant curriculums.

It is right to have government employ blacks and other minorities. But it is also right that corporate industries and the financial institutions practice equal opportunity and equal treatment in all of their economic, management, and employment functions.

Emphasis must be on broadening the American economic system to give opportunity to all segments of our society.

And there are some encouraging signs. The minority owned savings and loan field has made significant gains in recent years. Born in the self-help period of the turn of the century, these institutions forged by outstanding leaders like Booker T. Washington, J.B. Blayton and Carter Wesley. In 1969, there were 42 minority owned savings and loan associations. Today that number stands at 62. Moreover the current assets of these institutions now total over one-half billion dollars—a 65 percent increase in the past three years.

And through a combined government private sector program to increase deposit balances in the nation's fifty minority owned banks, deposits in these banks increased by $537.7 million—an expansion of 110% between June 30, 1970 and June 30, 1973.

Today there are more than 322,000 minority businesses, which produce over 3.3 billion dollars in annual sales.

But there are also some discouraging facts. Seventeen percent of Americans are minorities. But minorities control less than one percent of the nation's business assets! This statistic is as demanding as it is damning! It demands that we look at historic causes for this tragic disparity. It demands that we explore the present plight of minority business. It demands that we assess present remedies and propose new solutions.

In a way, the situation which minority entrepreneurs face today is analagous to that which Blacks faced at the turn of the century. Possessing little land and scant skills in farming, Blacks were encouraged to master rapid advances in agricultural know-how and to make themselves into better farmers. This advice suffered from a fatal flaw: the mainspring of the American economy was drifting from agriculture to industry.

And during the bitter days of segregation, of restricted access to housing and public accommodations, black businessmen came forward to meet the limited demand for services of a predominantly low income population.

And today we find that the fields of concentration of black enterprises—small scale retail trade and personal services—are growing more slowly than the economy as a whole.

Thus we need to diversify the range and focus of black-owned business. And in an era of "bigness" we need to increase the size and efficiency of black-owned firms.

This can be accomplished through consolidation as well as through cooperation. And the cooperative initiative of the Contractors Association of Boston—48 firms working together to gain greater access to the market—serves as an exemplary model for the nation.

There are two keys to success in business—managerial skills and capital.

The pursuit of both is essential to the acquisition of economic power.

In 1969, the establishment of the Office of Minority Business Enterprise marked the first national commitment to coordinate minority business development. OMBE was designed to be a catalyst, to stimulate and coordinate a joint federal-private partnership to assure America's minorities equal access to the rewards—as well as the risks—of the free enterprise system. In the five years since its formation, OMBE has mushroomed from a staff of seven people and a 46 thousand dollar budget to a national assistance network with minority business activity in every state with a significant minority population.

In Fiscal Year 1974, the OMBE program level was 52.5 million dollars, with a permanent staff of 230. The majority of these funds were used to maintain over 300 private organizations nationwide which, in turn, provide management and technical assistance to individuals or groups in their business ventures across the country.

Regrettably the vision of the OMBE team is not matched in OMB (Office of Management and Budget), which myopically has kept the Fiscal Year 1975 budget at the 1974 level with the exception of an additional $2.5 million for new marketing initiatives for minority businesses. The OMBE budget on the surface appears larger—totalling $94.9 million. But close scrutiny reveals that this larger budget stems mainly from the shift of 39.3 million dollars from the Office of Economic Opportunity to OMBE to continue funding Community Development Corporations.

This transfer is premised on the Administration's continued desire to totally disband OEO, an effort which I hope and believe will once again be thwarted by the Congress.

I have great confidence in OMBE's Director Alex Armendaris and his team. And as a member of the Senate Appropriations Committee and its Subcommittee on State, Justice and Commerce, I shall explore fully the funding needs of OMBE and hopefully increase substantially its funding for Fiscal Year 1975.

The Small Business Administration also has an important role in spurring minority business enterprise, as it carries out the intent of the Small Business Investment Act and the Minority Enterprise Small Business Investment Act. Under Section 8(a) of the Small Business Act, SBA is permitted to obtain procurement contracts from other federal agencies and to award subcontracts to minorities to help them become owners of sulf-sustaining manufacturing, construction and other related service enterprises. It is anticipated that 1,500 companies will be thus assisted in 1975 with contracts totalling 250 million dollars.

The SBA loan guarantee program seeks to assure the availability of capital to minority entrepreneurs. Through this program, progress has been made.

However, a large gap still remains unfilled. So far, the emphasis on the financing of minority business has been through the extension of loans. While debt financing has been pursued, equity financing, which is the more usual, desirable source of funds for high-risk ventures, has been ignored.

Equity financing through the private sector creates a situation whereby the investor, who supplies the venture capital, becomes a partner in the enterprise. And thus brings to it not only capital and a broad base of experience—technical and managerial expertise—but a strong commitment to its success.

Last March Senator James Buckley of New York and I introduced legislation to stimulate the flow of equity capital into minority business ventures. Our bill would provide qualified investors in such endeavors the right, sharply limited in time, to sell their investment to the SBA at 70 percent of cost. Simply put, if the market value of the investor's stock declined below 70 percent of the purchase price, the investor would have the SBA as a ready market, for his shares. We felt that this provided a potential investor a sufficiently large risk of loss to insure that no investment was made lightly and that the investor would provide the expertise to insure the venture's success. Our bill has stimulated thought and comment in the business community and the Administration. In the next few weeks I am hopeful the Committee on Banking, Housing and Urban Affairs, on which I serve, will hold hearings on a refined draft of our bill.

Minorities must be increasingly willing to share in joint ventures with businessmen of other races and to tap the stream of risk-taking capital flowing through the economy as a whole. And most important, minorities must be prepared to undertake the hard task of acquiring the technical managerial skills increasingly required to survive and prosper in the sophisticated business world.

In this regard the report released in January by the National Task Force on Education and Training for Minority Business Enterprise underscores the magnitude of the problem.

I strongly urge that this compelling report be widely read. The report makes six basic findings:

"1. The alarmingly high failure rate of minority owned businesses is attributed primarily to poor management and business skills of the owners and managers of these enterprises.

"2. There is a chronic shortage of trained minority talent available to meet the pressing need for owners, managers and business technicians in the growing number of new and expanding minority business firms.

"3, Management and business skills are critical elements in the survival and successful growth of minority business enterprises.

"4. Education and training programs designed to provide needed management and business skills must become an integral part of the national strategy to expand minority business ownership.

"5. Entrepreneurship as a career opportunity for minority youth is given inadequate attention within the total educational system; and

"6. There is a wide range of existing national, state, and local resources which can be enlisted to support or conduct minority business enterprise education and training programs for existing, potential, and future entrepreneurs."

Based on these findings, the Task Force concluded that a comprehensive program for minority business enterprise education and training must be established if the national goal of expanding minority business ownership is to be successful.

The Task Force's recommendations should become the agenda for the entire business community. Business should demand of itself and the appropriate levels of government proper responses to the need for business education, and training programs utilizing and improving upon existing public and private resources.

Our educational and job training processes are not adequate to the needs of minorities, indeed, most Americans in the 1970's. I have long advocated expansion of the career education concept and the message is slowly getting across. Young people must be exposed early in their schooling to the vast and varying world of work. They should learn of the role of plumbers and physicists, stock-brokers and surgeons, retailers and riveters, carpenters and contractors. Pride in each and every endeavor should be instilled. The workings of our economic system must be understood.

And here is an area where all can help. Not at some distant time, but now. Your firms, facilities, foremen and workers are invaluable educational resources that are overlooked. Go to your school committees, your school boards and the schools themselves. Offer these resources to them. Encourage our youth to come to your building sites and learn about the construction industry first hand. And this applies to all economic endeavors; stock-brokers, insurance companies, banks, stores and others.

Our children need more than text book

examples, they need practical experiences in the world of work which they will inevitably enter.

Fortunately this is being done in some experimental programs. But if you in the business community offer relevant experiences for our youngsters and offer your facilities to the school systems, I am sure that your offers will be accepted and that our young people will benefit.

And the new manpower revenue sharing act provides job training decision making and direction at the state and local level and invites business inputs which hopefully will insure that job training responds to job opportunities.

If we promise minorities that they can indeed get a piece of the action, we must first be sure there is enough action to go around.

In the next few weeks, the Senate will take up an omnibus housing bill, with which I have been working for months. This bill authorizes 8.5 billion dollars in federal expenditures for housing and communtiy development over the next two years.

And, let us hope this bill will pass the Senate and House of Representatives and will be signed into law by the President. And that the money authorized therein will be appropriated and spent without delay or impoundment. For too long we have deferred our nation's commitment of a decent home for every American. Hopefully, the funds spent pursuant to this act will both meet the needs of all Americans for decent housing as well as the needs of the construction firms and workers. And, we must, in spending these funds, insure that minorities will receive their fair share of the act.

Tonight, while we celebrate the successes and contributions of a few, let us not forget the hopes and aspirations of the many who look to us for help and leadership.

These are Americans who are unemployed or underemployed, unskilled and perhaps undereducated. Many have been displaced by technology and by-passed by affluence. They cannot also be denied hope.

Regardless of their color, what unites them is far greater than what divides them. They want jobs. They need job opportunities.

They need, in Leon Sullivan's words, "a hand up, not a hand out." Tonight I want to commend CAB's goal of self-sufficiency by 1975, which I hope symbolizes the determination of all minority entreprenuers.

But when help is needed let us not be too proud to seek it! And, let us insure that our allies and aid mechanisms are close at hand.

We need and are fortunate to receive talents of executives like Charles O'Leary now on loan from Polaroid to CAB.

We need and are fortunate to receive federal seed money from OMBE to initiate programs like CAB. And I have assured Gus Perry that CAB will receive OMBE's aid.

We need and are fortunate to receive joint ventures like the black and white Morton Plaza Shopping Center in Mattapan, where John Mugar, President of Star Market, and John Cruz, President of John Cruz Construction Company are combining their wealth of talents to enhance opportunities and the community.

In Boston, throughout the Commonwealth and the nation, we find similar examples of Blacks and Whites, of people working together.

The needs of all Americans are intertwined. As Whitney Young used to say: "We may have come here on different ships, but we're in the same boat now."

Thus admonished; let us do what we can to rekindle the American dream.

A BIG SKY CHAMPIONSHIP FOR IDAHO STATE UNIVERSITY

Mr. CHURCH. Mr. President, Idaho State University has just won its first Big Sky conference championship, and its basketball team now goes on to a berth in the NCAA playoffs. I take this opportunity to extend my congratulations to a great team, a fine coach and athletic department, and a fine university.

I ask unanimous consent, Mr. President, that an article in the March 6 Idaho State Journal of Pocatello be printed in the RECORD.

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

[From the Pocatello (Idaho) State Journal, Mar. 6, 1974]

ISU WINS BIG SKY

(EDITOR'S NOTE: Idaho State University's Bengals captured their first Big Sky Conference championship Tuesday night in Missoula, Mont., defeating the University of Montana Grizzlies 60–57. The now-undisputed Bengal title holders will face the University of New Mexico Lobos at 9:10 a.m. Saturday in the Minidome, in the first round of an NCAA west sub-regional tournament.)

(By Lyndam Fillmore)

MISSOULA, MONT.—It had to be poetic justice, pure and simple.

Early Tuesday, Montana coach Jud Heathcote maneuvered a huddle with Big Sky Conference athletic commissioner John Roeing.

Heathcote, knowing his Grizzlies would face Idaho State University on the Montana court for the right to meet Western Athletic Conference winner New Mexico in the NCAA West sub regional Saturday, proposed to the commissioner that Tuesday night's playoff not only decide the Big Sky representative to the NCAA, but also the conference champion.

Although it had been announced last Friday that Idaho State and Montana would share the crown this season on the basis of identical 11–3 conference records, Roeing announced his decision late Tuesday that the victor of the playoff game would hold sole claim to the Big Sky crown.

And as it turned out, Heathcote got a lot more than he bargained for, as the Bengals turned back Montana, 60–57, for the Grizzlies' first loss of the season on the Missoula court, and their first defeat in the last 14 games.

"I really want to extend a big thank-you to Jud Heathcote for making all this possible," said ecstatic ISU coach Jim Killingsworth. "We thought we were coming up here to play for an NCAA berth, but Jud decided it should be for all the marbles. At this point, I am very glad he did. We are no longer co-champions; we are the Big Sky champions, and the only Big Sky champions. Thanks again, Jud."

ISU athletic director Dubby Holt said Montana 'blew" any chance of an NIT bid for a conference team with its actions prior to Tuesday's game.

"It's a classic example," said the proud ISU athletic director, "of putting all your eggs in one basket.

"Montana assumed it was in a very good position to beat us," he continued. "The NCAA berth was not enough; they wanted it all. And they got Roning to agree with them.

Apparently Heathcote referred Roning to an obscure paragraph in the Big Sky handbook, from which Roning decided the winner of the playoff would be named conference champ.

"However," Roning told a Journal reporter, "this is not for national publicity. As far as national publicity is concerned, we have co-champions. We want an NIT bid for the conference, and the NIT indicated it was only interested in a champion, not a runner-up. So as far as the conference is concerned, the winner holds the title. But as far as the NIT is concerned, it's co-champs."

Holt attempted to argue the point with Roning prior to the game, but Roning insisted "winner take all."

"I had done a lot of work with the NIT selection committee to get them to consider accepting a co-champion," Holt said. "But Montana threw it all out the window with their decision to ask for a single titlist."

Killingsworth noted the Bengals were "up" for the game, even before leaving Pocatello Monday.

"They remembered what Montana did to us when we were up there the last time, and they wanted to repeat," said the Bengal mentor.

Killingsworth pointed to guard George Rodriguez, who had proclaimed he was happy when Montana won the coin toss to determine the playoff site.

"George kept telling everyone we had a piece of Montana due us, and he wanted to go up there and get it, Killingsworth said. "He kept saying this right along, and it made a difference."

Killingsworth said Montana's decision to ask for the conference championship to Tuesday's winner "only worked to psych the players up."

"They probably thought it would work against us," the "Killer" said, "but we fooled them. We used it to our advantage. We knew we had all the more to go out there and work for, and we did it.

"I am extremely proud of these young men," he continued. "All season long, with the odds against them, they continued to fight. And it paid off. Nobody picked us as Big Sky champs, but here we are."

Although freshman center Steve Hayes, who filled in for an ailing Dan Spindler Tuesday, stole the show with 19 points and 13 rebounds—several of them coming in the crucial closing minutes—Killingsworth declined to single out a hero.

"Steve was utterly fantastic in there when it really counted," Killingsworth declared, "but it's been a team effort all along. As I look back over the season, I can point to several occasions where each player made the difference between winning and losing. And that's how I want it to stay. No star, just a great team effort."

Killingsworth said the victory was the greatest in his 25 years of coaching basketball.

"At this point, it has to be," he exclaimed, choked up with emotion and barely able to speak. "If there ever was a finer one, you'll have to show it to me."

Besides earning "Killer" his first berth in an NCAA tournament—and the first for Idaho State since the Rocky Mountain Conference days—the big win fulfilled another dream for the ISU coaching staff.

"I sincerely believe, for the first time since I've been here, we'll fill the Minidome," he declared.

And, of course, he was referring to the game Saturday night against New Mexico . . . "a team we can beat if we put it together like we did in this one."

Bengal Banter—Approximately 500 ISU fans, including the Pep Band and three busloads of fans from Pocatello, were among the record crowd of 8,343 in Adams Field House . . . ISU shot a hot 52 per cent from the field, compared to 39 per cent for the losing Grizzlies . . . Montana's Ken McKenzie, the leading scorer in the Big Sky, did not tally a point in the first half, while sitting out a good portion with three fouls. He finished the night with 14.

ISU boosters, out to meet returning planes carrying fans Tuesday night at the airport, put together a "memorial" to Heathcote, consisting of a huge "We try harder" Avis car sign and several ISU "We're No. 1" buttons. An order for a funeral wreath was also placed to be delivered to Heathcote . . . Tickets are now on sale at the Minidome box office for Saturday's regional games, which will be televised throughout the West, except in the Pocatello area . . . The ISU team and coaches will return by plane at 5:09 p.m. today at the Pocatello Airport. Chamber of Commerce president Tom Spofford said he hopes 2,000 or more fans are on hand to greet the Big Sky champs.

NATIONAL ASSOCIATION OF COUNTIES OUTLINES LEGISLATIVE PRIORITIES

Mr. HUMPHREY. Mr. President, a few days ago I received a copy of the National Association of Counties most recent newsletter entitled "1974 National Legislative Priorities." In this outstanding newsletter, NACO outlines the critical issues currently facing every American community, such as energy shortages, the need to build better communities for the future, and land use policy, and offers an array of intelligent recommendations on action to alleviate them.

In addition to the areas mentioned above, NACO also expresses its strong support for the full funding of the Rural Development Act of 1972, in a separate statement recently issued on this subject.

Short of the full funding that is needed, NACO recommends that priority be given to annual appropriations of $300 million for rural water and waste disposal grants, $30 million for rural water and waste disposal planning grants, and $10 million for rural comprehensive planning grants.

Mr. President, funding for rural development by this administration has been totally inadequate. We must see to it that it is greatly increased.

NACO understands that most counties, whether urban, suburban, or rural in nature, have similar needs, and in trying to meet these needs NACO effectively coordinates 12 policy steering committees to develop comprehensive policy recommendations for member counties. This organization has done a tremendous job over the years in identifying the legislative priorities of local governments, informing the Congress of their problems, and working closely with the Congress to achieve their goals.

Mr. President, I ask unanimous consent that this newsletter and statement on rural development funding, be printed in the RECORD.

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

[NACO Newsletter]

1974 NATIONAL LEGISLATIVE PRIORITIES

ENERGY LEGISLATION

The National Association of Counties is appalled by the federal government's lack of action on the worsening energy shortage. Congress and the Administration are continuing to squabble over emergency energy legislation. After eight months of attempts to reorganize federal agencies and formulate a consistent national program, there is still internal division and confusion.

It is now time to act. NACo believes the highest priority of the Congress has to be the enactment of comprehensive energy legislation. The time for further debate is over. The country cannot afford either congressional delays or threats of Presidential vetoes of this vital legislation.

GENERAL REVENUE SHARING AND CONGRESSIONAL BUDGET REFORM

NACo urges the Congress to exempt future revenue sharing programs from the provisions of the Congressional Budget Reform bills and, therefore, the necessity of going through an annual appropriations process. The present versions of the Congressional Budget Reform bills, in both the House and Senate, would require that General Revenue Sharing go through an annual appropriations' process after 1977 just like any other federal grant program. Counties are trying desparately to move away from government by reaction and into government by planned action which requires a more stable and dependable financial base than presently exists.

COMMUNITY DEVELOPMENT BLOCK GRANTS

As the Congress considers legislation consolidating various community development categorical programs into a single block program, NACo strongly recommends: that counties be eligible recipients of a guaranteed formula share of community development block grant funds; that the legislation authorize and provide financial incentive for multi-jurisdictional community development applications from units of general purpose local government; and that the Congress promptly enact community development block grant legislation at an adequate funding level.

RURAL DEVELOPMENT FUNDING

NACo urges the Congress to give top priority to appropriating the full annual amounts for the following grant programs authorized by the Rural Development Act of 1972: $300 million for rural water and waste disposal grants; $30 million for rural water and waste disposal planning grants; and $10 million for rural comprehensive planning grants.

MANPOWER FUNDING

NACo congratulates the Congress for enacting the Comprehensive Employment and Training Act of 1973. This legislation provides the basic vehicle to respond to the manpower needs of county residents. In view of rising unemployment in part due to the energy crisis, NACo urges Congress to promptly appropriate sufficient additional funds in the FY '74 supplemental appropriations for Title II. NACo also urges Congress to carefully review the level of unemployment in providing sufficient funds for the 1975 appropriations.

TRANSIT OPERATING FUNDS

NACo urges Congress and the Administration to agree quickly on legislation giving counties and cities transit operating cost assistance. At least $800 million per year is needed. In transit assistance and other local transportation decisions Congress should define local officials as ones locally elected, publicly accountable with capability to raise matching monies for federal funds.

CLEAN WATER FUNDING

The National Association of Counties calls on the President to release the full $18 billion appropriated by Congress for planning and construction of sewage treatment plants and sewage collection systems. NACo calls on the Environmental Protection Agency to speed up its funding and review process to provide local governments with the money now available.

SOCIAL SERVICES REVENUE SHARING

NACo supports the social services revenue sharing proposal (HR 3153) and urges the House Ways and Means Committee to conduct hearings as soon as possible so that the definitions and programmatic components of social services will be clearly identified. In the meantime, the status of the current regulations needs to be clarified by Congress so that services delivery will not be crippled by the absence of definitions.

PUBLIC HEALTH SERVICES

NACo supports continuation of public health services, planning and health manpower programs and urges the adoption of a federal-state-local cost-sharing program that reimburses states and counties for specified categories of public health services.

LAND USE POLICY LEGISLATION

NACo urges passage of the land use bill reported by the House Interior Committee (HR 10294) which contains NACo amendments strengthening local planning and reflects NACo's policy. NACo urges defeat of amendments to be offered on the House floor which would attempt to gut the thrust of the legislation. NACo urges the Senate to agree to all NACo amendments in the House-Senate Conference Committee.

ECONOMIC DEVELOPMENT ACT

NACo strongly recommends that the Congress assure continuation of the grant and loan program of the Public Works and Economic Development Act through FY '75 at a substantial level of funding. NACo reserves judgment at this time on the proposed "Economic Adjustment Assistance Program" until its details are made public.

CHILD WELFARE SERVICES FUNDING

NACo urges the House and the Senate Appropriations Committees to recommend a substantial increase in Title IV–B to better match local resources. There is currently authorized $226 million for Title IV–B child welfare services—those services guaranteeing protection and care to all children. The 1975 HEW budget request is $46 million or only eight percent of total state, local and private agency spending ($600 million).

WELFARE REFORM

NACo urges expeditious development of welfare reform legislation, including a national work security program to replace public assistance for employable persons. This program should provide income maintenance during periods of unemployment or training with an adequate minimum cash floor. This program should also provide support for individuals unable to work because of disability or the need to care for dependent children.

NATIONAL HEALTH INSURANCE

NACo endorses the principle of a single universal comprehensive health insurance system for all people. Comprehensive benefits must be made available to all citizens regardless of socio-economic differences. The program should also cover expenditures related to public health and insure an adequate supply of manpower that will be needed to provide services covered under a national health insurance program.

COUNTIES AND THE CONGRESS, A PARTNERSHIP FOR PROGRESS

County officials and Congress share the same goals in wanting to serve their constituents better, being responsive to their needs and working to improve government at all levels. It is a continuing, interdependent partnership.

The National Association of Counties (NACo) is the only national organization representing county government in the United States. Its membership spans the spectrum of urban, suburban and rural counties which have joined together for a common purpose of strengthening county government to meet the needs of all Americans.

NACo is governed by its member counties through a weighted voting system based on population. The counties elect a Board of Directors annually. Twelve policy steering committees meet several times a year to develop policy recommendations for the member counties. The organization's official policy positions are documented in the *American County Platform*.

NACo works closely with Member of Congress and Congressional Committees in gathering information on local needs and the views of county and local officials. This research is directed towards constituent services as much as legislation. In addition to the 70 staff members headquartered in Washington, D.C., NACo works closely with state associations of counties in 46 states. All told, there are 250 people ready to serve the Congress.

STRIKE FORCE PAPER—RURAL DEVELOPMENT FUNDING

BACKGROUND

The Rural Development Act of 1972 is designed to bring new life to the rural areas of America. It is composed of various grant and loan authorities which are intended to assist business and industrial development, together with the provision of essential community facilities. Included among the authorizations are:

Unlimited loan authority for rural development programs such as business and industry and essential public community facilities.

$300 million for water and waste disposal grants

$30 million for water and waste disposal planning grants

$50 million for industrial park development

$10 million for comprehensive rural development planning grants

$7 million for rural fire protection grants

Like the Fiscal 1974 budget, the Fiscal 1975 budget proposes that for the most part only the loan authorizations in the Act be funded. The total amount of rural development loans is proposed to increase to $1 billion over the $720 million requested for Fiscal 1974. Included is $400 million for water and waste disposal loans (down from $470 million), community facility loans—$200 million (up from $50 million) and business and industrial development loans—$400 million (up from $50 million).

The budget proposes spending $20 million for water and waste disposal grants, down from $30 million in Fiscal 1974. No appropriation for these grants is requested as the funds will come from a total of $150 million appropriated in Fiscal 1972 and 1973 but not spent. Also requested is $10 million in grants to local governments to facilitate development of private business facilities such as industrial parks—the same amount as appropriated in Fiscal 1974.

NACO POSITION

NACo policy with respect to funding of the Rural Development Act of 1972 was adopted in July, 1973. It recommends:

That the act, insofar as possible, be fully funded. Recognizing, however, that this may not be possible in view of limited federal funds, priority should be given in appropriating the full amounts for the following programs:

an annual appropriation of $300 million for rural water and waste disposal grants;

an annual appropriation of $30 million for rural water and waste disposal planning grants;

an annual appropriation of $10 million for rural comprehensive planning grants;

a total of $45 million through Fiscal 1976 for rural development research.

ACTION NEEDED

Reaffirm the NACo policy with respect to full funding of the Rural Development Act.

All counties (both urban and rural) should pass resolutions supporting full funding of the Rural Development Act and specifying how the programs could help in the development of their county. This must be a high priority for all counties.

HIGH-POTENCY VITAMINS AND MINERALS

Mr. GURNEY. Mr. President, I would like to make a few comments about S. 2801, a bill to prohibit the Food and Drug Administration from classifying safe vitamins and minerals as drugs, rather than as foods or food supplements.

First, I am not too sure that vitamins and minerals should be taken in the huge doses advocated by some health food faddists. There is evidence of physical dammage resulting from extreme overdoses of certain vitamins, and I don't think we should disregard this evidence. I further believe that particularly elderly people must be very cautious in the use of high-potency vitamins and minerals, being certain that they continue to eat properly whenever possible. No vitamin pill is a substitute for sound, nutritionally balanced meals.

At question here is whether the Food and Drug Administration should have the authority to remove these high-potency vitamins and minerals from the over-the-counter market simply because they do not promise a cure for disease. To my mind, the purchase of vitamins and minerals should be a personal decision.

It may be that time and a careful examination of the facts will tell us that mega-vitamins and minerals are dangerous, and should be provided only with a prescription. Classifying all vitamin and mineral pills in excess of 150 percent of the "recommended daily allowances" as drugs, and regulating them as such, now, even with no evidence of danger, would be "big-brotherism" at its worst.

WAGE-PRICE CONTROLS

Mr. KENNEDY. Mr. President, the Amalgamated Meat Cutters & Butcher Workmen, AFL–CIO, has presented unusually frank and informative testimony to the Senate Production and Stabilization Subcommittee concerning wage-price controls. Few organizations have told a congressional committee so bluntly and so directly how their members feel about a particular problem as this 500,000-member food industry union has on this important issue.

In their statements, Patrick E. Gorman, secretary-treasurer and chief executive officer, and Leon B. Schachter, vice president and director of the Washington office, analyze effectively the economic fallacies and inequities of the stabilization program, show how badly their members have been hurt by the program, and demonstrate the reactions of their members to it.

I commend the Amalgamated Meat Cutters & Butcher Workmen for their very frank presentation and painstaking research on this important subject.

I ask unanimous consent to have printed in the RECORD the two statements of the Amalgamated Meat Cutters & Butcher Workmen.

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

STATEMENT BY LEON B. SCHACHTER

My name is Leon B. Schachter. I am a Vice President and the Director of the Washington Office of the Amalgamated Meat Cutters and Butcher Workmen (AFL–CIO). Accompanying me are James Wishart, the Research Director, and Arnold Mayer, the Legislative Representative of our Union.

The Amalgamated is a labor union with 500,000 members organized in more than 500 local unions throughout the United States and Canada. The Amalgamated and its local unions have contracts with tens of thousands of employers in the meat, retail, poultry, egg, canning, leather, fish processing, sugar and fur industries.

Mr. Chairman and Gentlemen of the Committee, we have submitted to you a detailed statement by our Secretary-Treasurer and Chief Executive Officer, Patrick E. Gorman. It contains (1) an analysis of the price inflation factors concerning food, especially meat, and (2) case studies of our members' bitter experience with wage controls in 1973. It is, in effect, a study of how wage and price controls have increased profits for industry and reduced earnings for workers. It demonstrates that if the purposes of the Economic Stabilization Act had been to shift income distribution from lower and middle income workers to rich corporations, it could not have been carried out more effectively in the food industry. We would appreciate your making the Gorman statement a part of the hearing record.

FRANK TESTIMONY

In this oral testimony, I shall draw on information from the Gorman statement, but I shall not summarize it. Instead, Mr. Gorman has instructed me to talk very frankly about what the so-called economic stabilization has meant to our members, how they are reacting to it and what its consequences are likely to be for future labor-management relations in the food industry. I must warn you in advance that our testimony is not very pleasant or hopeful.

We appeared before this Committee in 1972 and in 1973 to discuss economic stabilization, to urge prevention of the all-too-evident inequities, to plead for real *price* control, to warn about the dangers to the sanctity of labor-management contracts and to raise danger signals about the deterioration of collective bargaining. Last year, we provided a detailed statement about prices and wages in the food industry. We pointed out that more than 80 per cent of the food price increases were due to cost rises of raw agricultural products, whose prices the President and Congress had specifically exempted from controls. We complained about the maintenance of a rigid mandatory 5.5 per cent wage ceiling for food industry workers, while price control was a sad joke and while wage controls in most other industries were no longer mandatory. We urged the Committee to treat our members like other groups in the economy by either setting meaningful standards for prices throughout the economy or by taking the wraps off us.

Neither this Committee, nor the Senate, nor the House of Representatives apparently agreed with our analysis or conclusions and they did little about them. Aside from the major action of excluding from controls those workers who earn less than $3.50 an hour and writing some minor amendments into the Act, you left all of the power and all of the decisions to President Nixon. Let him have all of the responsibility, we were told—as if Congress could possibly wash its hands of the whole mess.

AMALGAMATED EXPERIENCE

And how the President and his Administration have used that power and carried out that responsibility! I should like to itemize briefly some of the consequences of the Congressional decision not to decide and the ensuing Administration performance:

1. Our members have been under mandatory wage controls since 1971. Any contract which provides for wage increases over 5.5 per cent a year or fringe benefits over 0.7 per cent annually must be specifically approved by the Cost of Living Council. The amounts over 5.5 and 0.7 per cent cannot go into effect until the Council has specifically acted on them. Legitimate labor-management agreements are cut to shreds. These contracts—once considered sacred—are often not worth the paper they are written on after the Council has finally decided them.

2. Some of our members have lost as much as $2,000 in a contract term from freely and legally negotiated agreements because of cuts ordered by the Cost of Living Council. The combination of rigid wage controls, wage

reductions and rampant inflation have slashed the real wages of food industry workers. Average hourly earnings for food processing workers in December 1973 after adjustment for increased living costs were $3.64 an hour compared to $3.72 in December 1972 and for food retailing workers $3.15 as compared to $3.24 in the same time frame.

3. Many employers with whom we have bargained for decades readily shake hands with us on contracts which provide increases of more than 5.5 per cent. We reach full and stated understandings that the higher increases are necessary in view of the cost of living rises and the relationship of our members' wages to those of other workers. Yet, the ink on the contracts is hardly dry before these very same employers urge the Cost of Living Council to reduce the provisions of these "inflationary" agreements. Needless to say, the money from the resulting wage cuts do not go into any public fund or into any charity for the poor. They go into the corporate treasuries.

EMPLOYER WEAPON

4. Rigid and discriminatory wage controls have provided employers additional weapons against workers and their unions. Some managements have been able to effectively short-circuit organizing campaigns by using the chilling question, "Why join a union when all it can get you is 5.5 per cent?" Hostile employers whose shops are already organized have benefitted from the suspicion, hostility and skepticism of the rank-and-file union members who blame the union for their impossible-to-understand pay cuts. Many local unions are undergoing internal difficulties and an increasing number of competent and responsible local union officers have been defeated for re-election because of the plight of their contracts before the Cost of Living Council.

5. Contracts undergo incredible delays before they are decided by the Cost of Living Council. A decision takes at least months and often a year. If either party appeals a decision—which is often the case—the final outcome may take years in coming. It is not unusual for our Union to negotiate a new contract before the final decision on the expired one has been rendered. The effect on negotiations is chaotic and stifling.

6. Workers pay for these delays. When increases are totally or partially approved many months or a year after the contract was to go into effect, the Cost of Living Council often does not permit the approved increases to be paid retroactively. Each day and each month of bureaucratic delay, therefore, takes additional money out of workers' pockets and puts it into corporate treasuries.

7. The wage decisions of the Cost of Living Council are incredibly capricious and arbitrary. Those which concern food workers are really made by the Food Wage and Salary Committee, where an alliance of management and public members hold sway. The Council's rules and guidelines seem to mean nothing. Long-established relationships between the wages of different occupations are upset without qualm. Long-established relationships between labor markets are destroyed with little care. The Council's and Committee's own "precedents" are overturned from one case to another. The Committee's or Council's treatment of contracts negotiated by various unions reflect national politics and relationships to the Administration as well as the vagaries of economic stabilization.

HUGE PRICE INCREASES

8. The 1973 cutbacks—the efforts to keep wages around 5.5 per cent in the food industry—occurred at the same time that food prices increased 22.5 per cent. Ironically, our members probably have the most direct experience on food price increases. They know more about them than either the Cost of Living Council personnel, economists, legislators or even housewives, for they mark up prices weekly or several times a week at the orders of food retail executives in the stores.

9. Workers are expected to absorb the increased cost of living while their wage increases are kept around 5.5 per cent and the cost of living skyrockets much higher. But business groups are allowed the so-called pass-throughs. No increased business cost need be absorbed. Increased business costs are passed on to the consumer and perhaps a little more is added.

10. The so-called control of business profit margins probably exists in paper-shuffling only. In our detailed testimony, we show the increases in profits in various parts of the food industry during the 1973 "control" period. If the Committee doubts our skepticism, perhaps it might find out why retail meat prices went down so little in September through November 1973 when cattle prices plummeted. What happened to profit margins then?

11. Economic protests by groups against the bungling of the Cost of Living Council or other parts of the Nixon Administration generally result in the massive layoffs of food workers. In May 1973, consumers boycotted meat to protest high prices and cattlemen held back shipments to maintain them. In July, August and September 1973, cattlemen were incensed at the beef price freeze and held back shipments. In February 1974, truckers refused to haul goods in order to win better treatment. In each of these cases and in others, the result was massive unemployment and loss of wages for our members. Every time someone in the economy sneezes because of the draft caused by the so-called stabilization program, our members catch pneumonia.

12. The sacrifices which our members have made have hardly won them the thanks of a grateful nation. Some managements in the food industry still come before you and complain about inflationary wage settlements. Various Congressmen and Senators still delight business audiences by lambasting the "labor bosses' greed." Far more serious, our members are continuously asked by their fellow citizens to defend their wages against the charge of forcing meat and food prices on their continuously upward spiral. You can imagine how this salt feels in their wounds.

ABUSE AND MOCKERY

To summarize these background factors, let me say that our members have been used and abused. Their patriotism has been taken advantage of. Their desire to abide by the law has been made a mockery. They have been cheated out of wages. Their families' income has been reduced. Their union contracts have been shredded. They have made sacrifices to the great benefit of their employers. And still, they are accused of causing inflation.

Our members recognize these facts and they are damned angry. In meeting after meeting, the example of the independent truckers is brought forward. Why don't we do the same, they ask? Union officers urging restraint are reminded very pointedly about the years of restraint and what the results have been.

Many members blame their union, as well as the President and Congress, for the economic trickery which has hurt them so badly. Our lobbying and our many court cases against the blatant inequities of the Act and the Cost of Living Council's actions appear quite irrelevant to them. Why did the union finally accept the mickey-mouse controls instead of leading the members into massive walkouts to force a change in the stabilization structure, they ask?

The farce of the so-called economic stabilization has been exposed at the same time as the apparent Presidential corruption has. The problems of inflation, wage controls, energy crisis, milk scandal, ITT case, Presidential taxes and campaign contributions, may be nicely compartmentalized to lawyers and perhaps to politicians. But they melt into one rotten mess to a packinghouse worker or a meat cutter or a poultry worker. They believe government policies are for sale and *they* are paying the bill.

CONFIDENCE IN COLLECTIVE BARGAINING

The workers' loss of faith is not limited to their government and its policies. Confidence in collective bargaining has suffered as well.

The contract between labor and management setting wages and working conditions was once considered sacred. It no longer is. As we previously said, employers run to the Cost of Living Council shortly after negotiating and signing the agreements to denounce them as inflationary. The Council changes them by fiat. The provisions of the freely negotiated agreements have been shown to be meaningless in the last two and one-half years. Then, why should workers believe in them? Why should they obey them. Why should they not go on wildcat strikes—as British workers do regularly—whenever some problem occurs?

Under these circumstances, what should you do about the Economic Stabilization Act? Please do not consider me insulting when I tell you honestly that what you do may possibly not matter too much. You can deliberate about the continuation of controls, what the controls should be, whether standby controls are desirable, whether you should give full responsibility to the President again, what policies are wise and which are politically beneficial. The fact of life is that many workers regard the legislation as irrelevant. They just don't believe in it anymore. In 1974, economic policy may be made and remade on an emergency basis by the Administration and Congress in response to what happens in the streets—as occurred during the independent truckers' strike, the independent gasoline dealers' protest and so many other *non-labor actions*.

Please believe me when I tell you that we shall do all we can to avoid this disaster. We have to. If we are the leaders of workers, then it is our job to practice leadership. But, I greatly fear that the Administration and Congress have probably used up our leadership and our strength with the charades of economic stabilization during the last two and one-half years. In fact, you may have used them up before the main event has begun.

RETRIEVAL OF FAITH

Needless to say, food prices are not only increasing, but their upward rate is accelerating. Holding food industry wage increases to 5.5 per cent has had no effect on food price inflation. It has simply fattened corporate profits. The U.S. Department of Agriculture predicts that food prices will increase some 12 per cent this year. That means—based on the Department's past performances—that they may rise 24 or 36 per cent.

We have had wage controls, but we have had little price or profit control. Our Union, therefore, urges that Congress ought to attempt to retrieve the faith of workers by attempting price and profit control and letting wages go free to catch up for the losses of recent years.

If you decide against such an approach, then we suggest, secondarily, that you drop the whole farce of controls. They have little or no effect on prices and probably none on profits. They do lower wages and that process is simply creating a bitter and resentful labor force.

Perhaps God will stop inflation. Certainly the Administration and Congress have shown no ability—and sometimes little inclination—to do so.

STATEMENT OF PATRICK E. GORMAN

My name is Patrick E. Gorman. I am the Secretary-Treasurer and Chief Executive Officer of the Amalgamated Meat Cutters and Butcher Workmen (AFL-CIO).

The Amalgamated is a labor union with 500,000 members organized in more than 500 Local Unions throughout the United States and Canada. The Amalgamated and its Local Unions have contracts with tens of thousands of employers in the meat, retail, poultry, egg, canning, leather, fish, sugar and fur industries.

DISASTER AT HAND

In our 1972 and 1973 statements to this Committee, we warned about the mushrooming inequities of the so-called economic stabilization program, the rigidity of wage controls, the lack of meaningful price and profit controls, the increasing bitterness among workers, the workers' decreasing faith in their government's fairness and the deterioration of collective bargaining. Unfortunately, the great harm which we predicted would result from the inequitable controls is now becoming a reality.

This accuracy is of little comfort to our Union. What has occurred in the so-called economic stabilization program in 1973 has been a disaster to many of our members. They have been kept to a 5.5 per cent wage increase level, while food industry prices increased 22.5 percent. Their contracts have been torn to shreds as the Cost of Living Council cut as much as $2,000 from the workers' pay during the contract term. Bureaucratic bungling has delayed consideration of contract increases by the Council for months and even more than a year. The Council then punished the workers for its own procrastination by forbidding retroactivity for their long-delayed wage increases.

How the so-called economic stabilization has worked in the food industry in 1973 and what its effects have been is difficult to describe in a rational fashion. A malevolent Alice in Wonderland would have an easier time. However, in this statement, we shall attempt to deal briefly with (1) the economic aspects of stabilization, and (2) the experiences of our members before the Cost of Living Council.

I. UNBOUNDED INFLATION

Dr. John Dunlop deserves credit for an unusual degree of candor for spokesmen of the Executive Branch. In his February 6 testimony before this Committee, he conceded that the year 1973 and Phase IV price controls "saw rapid inflation unmatched" since 1948, with the exception only of the year 1950.

Government and private economists had forecast a 3 per cent price rise for the year 1973. In fact, a 5.3 per cent rise occurred in the year's deflator of the Gross National Product and an 8.8 per cent rise in the Consumer Price Index from December of 1972 to December of 1973. The January 1974 Consumer Price Index brought further rise of 1.0 per cent.

In the food sector of the economy, where the rigid wage controls of Phase II had been continued and intensified during the year, Dunlop's scorecard marked up the heaviest defeat for the crusade against inflation. Dunlop cited the Department of Agriculture's prediction on February 13, 1973, that retail food prices for that year "would average about 6 per cent above 1972."

In reality, retail food prices averaged 14.5 per cent above 1972. By December, as Dunlop pointed out, the average price of food at retail was 20 per cent above the level of December, 1972. By January of this year, the total rise in food prices under the "controls" of Phase III amounted to 22.5 per cent.

FALSE PREMISES

From the beginning, it should have been obvious that Phase III economic policy was based on false premises.

The Administration assumed by January 1973 that the battle against inflation was essentially won. Only a few minor skirmishes remained to be fought. Stabilization had been generally effective, it was announced, with the exception of some continuing pressures on food prices. The health care and the construction industries also remained as isolated trouble spots. These comfortable assumptions had no basis in fact. They led to a massively mistaken policy.

We shall offer no detailed analysis on that general failure and the impact of inflation on the total economy. In our opinion, however, the premature celebration of victory over inflationary tendencies ignored at least two basic elements: (1) The preference of highly concentrated industry for limited output at higher prices rather than expanded production at stabilized prices, and (2) The degree to which the U.S. economy had been made vulnerable by dollar devaluation to world inflationary trends.

NO MEANINGFUL PRICE CONTROL

In the food industry, Phase III was based on a series of paradoxes as well as fallacies. Farm prices—the cost of raw agricultural products—continued to be specifically exempted from controls. They had risen 19 per cent from December 1971 to December 1972 and accounted for more than 80 per cent of the increases in the consumer price of food and some 90 per cent of the increases in the consumer price of meat. This was the real inflationary dynamic in the nation's food economy, but it was ignored. There was not even a pretense of controls.

Controls were supposedly applied to the costs and profits of processing, transporting and retailing foods. Yet, according to the U.S. Department of Agriculture, this element in food costs—the cost of getting food from farm to retail market—had increased only 2.9 per cent from the fourth quarter of 1971 to the fourth quarter of 1972. The performance here was close to the Administration's own ideal goal of inflation; no more than 2.5 per cent a year.

To soften the discriminatory nature of applying price controls only to this part of the industry, the Administration made certain that the controls were elastic, flexible and often meaningless. They were a bother to the industry, to be sure. They brought about many, many conferences in Washington in which industry sought and often got relief. But they were hardly rigid, tough controls where price increases had to be approved by a tri-partite committee, including adversaries of business.

UNFAIR WAGE CONTROLS

This type of control was reserved only for the wages of workers in the food industry. They, together with workers in the health and construction industry—alone among U.S. workers—were kept under rigid, mandatory controls. Any contract providing more than 5.5 per cent wage increases had to be approved by the Cost of Living Council before any amount over this guideline could be paid. As we shall show later in actual case histories, this procedure meant, in practice, that the increases really had to be approved by the management representatives and their public member allies of the Food Wage and Salary Committee of the Cost of Living Council.

This discrimination against workers made even less sense than the rest of food industry "controls." In the first place, food industry wages could hardly be considered high and, therefore, a specially needed target for control among the incomes of various parts of the U.S. labor force. Average hourly earnings in December 1972 were $3.95 an hour for all manufacturing, but only $3.72 for food processing and $3.24 for food retailing.

Secondly—and more important—food industry wages had shown no inflationary trend whatsoever. Actual 1972 increases in hourly earnings were 5.7 per cent in food processing and 5.5 per cent in food retailing as compared with 7 per cent in all manufacturing and 6.2 per cent in the entire private economy. Food workers had actually increased their earnings by less than the amount allowed other employees under the old Pay Board guidelines which were the governing rules in 1972.

But the workers were to be allowed even less in 1973 and Phase III. The rigid controls which were applied to food industry workers alone and the rampant inflation had the inevitable result of reducing employees' real wage levels. Average hourly earnings for food processing workers in December 1973, after adjustments for increased living costs, amounted to $3.64 an hour as compared to $3.72 in December 1972. For workers in food retailing, the decline was from $3.24 an hour in December 1972 to $3.15 in December 1973. The real wages of meat product industry workers fell by 18 cents an hour in the same period.

EMPLOYER WEAPONS AND PROFITS

The Phase III control over food industry wages has been a powerful weapon in the hands of employers. With it, they have been able to sidetrack, delay and deny many wage increases negotiated in good faith. With it, they have been able to short-circuit union organizing drives. "Why join a union when all it can get you is 5.5 per cent?" is a normal, chilling question in company-sponsored literature during organizing campaigns.

And hostile employers whose shops are already organized have benefitted from the suspicion, hostility and skepticism of rank-and-file union members who blame the union for their impossible-to-understand pay cuts. An increasing number of competent and responsible Local Union officers have been defeated for re-election because of a "wage stabilization" policy for which they are no more responsible and which they do not understand any better than their members.

Industry profits, on the other hand, did very nicely under Phase III. Despite controls which management executives bemoan so greatly, profits increased steadily at a good rate in all parts of the food industry. We are enclosing tables of announced profit figures for major supermarkets, food processing companies and meat companies. Some firms did better than others, but average increases in all or part of 1973 as compared to 1972 were 34.7 per cent for retail grocery chains and 41.6 per cent for meat corporations. These figures, especially such profit gains as 153.3 per cent for Kroger, 61.3 per cent for Del Monte and 66.3 per cent for Iowa Beef compare very well with the 5.5 per cent wage increases permitted workers.

GOVERNMENT SCHIZOPHRENIA

As if the government's other idiocies in food policy were not enough, its total approach to the problem of restraining food price inflation also had an element of schizophrenia. The right and left hands of the Administration were working in massive opposition. On the one side, the Cost of Living Council proclaimed the need for rigid limitations over wages and prices in the food industry. On the other side, the Department of Agriculture policy continued to work for the creation of scarcities which would inevitably continue upward pressure on farm prices.

In explaining the failure to predict food price inflation in 1973, Dr. Dunlop observed, "The most important single source of the underestimation in 1973 was the failure adequately to relate the United States economy to the world economy, particularly when large agricultural stockpiles no longer served as a buffer." In other words, the Administration had simply underestimated the impact of farm polices in 1972 which had kept 60,000,000 acres of land out of cultivation, had paid out nearly $5 billion to farmers to curtail production and, at the same time, had enormously increased the export of U.S.-produced farm commodities. Food price problems in 1973 reflected in part a giant "miscalculation" of domestic and foreign demand

for food—a "miscalculation" which just may have been aimed at influencing certain farm state votes in November 1972.

FUTURE FOOD PRICES

What about the future of food prices? Unfortunately, our Union cannot share the comfortable assurances given recently—once again—by the Secretary of Agriculture Earl L. Butz, that food prices will stabilize in the second half of 1974.

Farm prices reached a peak last summer as the Administration tried to control the inflation which it had unleashed with its own farm level policies by putting price ceilings on the wholesale level. As of the third quarter of 1973, the food bill for the average American family, as computed by the USDA, had risen to an all-time high of $1,603.70. This was an increase of $273 a year over the level for the fourth quarter of 1972, when Phase III was in gestation. Out of this $273 in increased cost paid by consumers, $226, or 83 per cent, had gone to pay higher prices at farm levels.

In the fourth quarter of 1973, some decline showed in farm prices, most significantly in the prices of cattle and hogs. But only a minor fraction of these reductions were passed on to consumers. Food processors and retailers operating under "profit margin controls" brought their net income levels for the year up to and sometimes beyond permissible maximum.

By the first months of 1974, farm prices are again showing sharp gains. From December to January, the price of food at farm levels rose by 8.2 per cent. The price of processed foods rose by 4.1 per cent and the price of food at retail, as registered in the Consumer Price Index, rose by 1.8 percent. Such trends will continue. Higher fuel costs, for example, have yet to spread their impact fully through the food economy.

Efforts have been made to reverse the scarcity policies basically responsible for 1973's food price inflation. Reportedly some additional 25 million acres have been opened for livestock grazing. This creates some possibility of higher farm outputs this year. But even these hopeful prospects are heavily endangered by the energy crisis. The ready availability of fertilizers and insecticides needed to obtain maximum crop output in 1974 is open to serious questions. The manufacture of these farm supplies is heavily dependent on petroleum products.

Also, the figures on livestock supplies are not reassuring. As of January 1, the number of cattle and calves on feed in the 23 major feeding states was down 6 per cent from the number on feed as of January of 1973. Actual placements of cattle and calves in the 23 states during the fourth quarter of 1973 dropped by 15 per cent from the comparable period of 1972. Actual slaughter rates for cattle in the fourth quarter of 1973 were running only 4 per cent below the same period of the previous year. There is no evidence that any increase in placements of cattle in feed lots has occurred in January and February. These statistics suggest a sharp reduction in the total numbers of cattle to come to slaughter in the first seven or eight months of 1974.

PRICE AND WAGE TRENDS

[December 1971 to December 1973]

	December 1971	December 1972	December 1973
Consumer Price Index (1967=100.0)	123.1	127.3	138.5
Food at home	120.3	126.0	151.5
Wholesale Price Index (1967=100.0)	115.4	122.9	145.3
Farm food	115.8	137.5	187.2
Processed foods	115.9	129.4	155.7
Average hourly earnings:			
Food processing	$3.52	$3.72	$3.97
Food retailing	3.07	3.24	3.43
Meat products	3.71	3.93	4.10
All manufacturing	3.69	3.95	4.21
Total private economy	3.52	3.74	4.01

	Percent change		
	1971 to 1972	1972 to 1973	1971 to 1973
Consumer Price Index	3.4	8.8	12.5
Food at home	4.7	20.2	25.9
Wholesale Price Index	6.5	18.2	25.9
Farm food	18.7	36.1	61.7
Processed foods	11.6	20.3	34.3
Average hourly earnings:			
Food processing	5.7	6.7	12.8
Food retailing	5.5	5.9	11.7
Meat products	5.9	4.3	10.5
All manufacturing	7.0	6.6	14.1
Total private economy	6.2	7.2	13.9

Source: Bureau of Labor Statistics.

FAMILY MARKET BASKET OF FARM FOODS

Period	Retail	Farm value	Farm-retail spread
2d quarter 1971	$1,244.76	$474.16	$770.60
3d quarter 1971	1,260.90	482.30	778.60
4th quarter 1971	1,260.09	486.17	773.96
1st quarter 1972	1,291.36	506.86	784.50
2d quarter 1972	1,297.85	510.29	787.56
3d quarter 1972	1,323.42	534.15	789.27
4th quarter 1972	1,330.63	534.23	796.40
1st quarter 1973	1,413.83	614.46	799.37
2d quarter 1973	1,497.05	665.19	831.86
3d quarter 1973	1,603.92	762.29	841.62
January 1973	1,374.98	587.86	787.12
February 1973	1,409.47	607.13	802.34
March 1973	1,458.11	651.13	806.98
April 1973	1,481.32	654.48	826.84
May 1973	1,493.78	652.38	841.40
June 1973	1,517.55	686.74	830.81
July 1973	1,529.28	698.47	830.81
August 1973	1,653.76	838.84	814.92
September 1973	1,626.73	747.59	879.14
October 1973	1,620.20	723.19	897.01
November 1973	1,634.07	707.27	926.80
December 1973	1,650.00	710.00	940.00

Source: U.S.D.A.

SUPERMARKET PROFITS LAST 9 MONTHS

[In thousands]

	1973	1972	Percent change
Albertsons	$6,944	$5,454	+27.3
Allied Supermarkets	2,370	1,485	+59.6
American Stores	12,020	184	+433.2
Colonial Stores	1,891	2,017	−6.3
Fisher Foods	7,450	6,404	+16.3
Food Fair	4,606	3,466	+45.5
Gamble-Skogmo	13,780	11,389	+20.9
Grand Union	4,789	5,668	−15.5
Great Atlantic & Pacific	(270)	(50,015)	+
Jewel	16,837	17,123	−1.7
Kroger	26,310	10,388	+153.3
Lucky Stores	25,099	23,626	+6.2
National Tea	−33,806	3,031	−
Safeway	68,170	73,081	−6.7
Stop & Shop	3,881	1,298	+198.9
Supermarkets General	3,068	675	+354.5
Winn Dixie	34,519	31,470	+9.7
Total	197,658	146,744	+34.7

Note: Based on the latest 9 months according to published company reports.

PROFITS OF FOOD PROCESSING COMPANIES

[In thousands]

	1973	1972	Percent change
Del Monte (6 mo)	$15,966	$10,554	+61.3
Stokeley Van Camp (6 mo)	4,281	3,889	+10.1
Beatrice (9 mo)	92,321	79,009	+16.7
General Mills (6 mo)	$43,984	$37,907	+16.0
Pillsbury (6 mo)	16,741	11,134	+50.4
Heinz (6 mo)	24,696	23,597	+4.7
Ralston Purina (year)	77,550	62,746	+23.6
General Host (40 weeks)	2,070	917	+125.7
Borden (9 mo)	55,029	50,556	+8.8
Kraftco (year)	103,428	100,335	+2.8
General Foods (39 weeks)	85,767	79,165	+8.3
Campbell Soup (6 mo)	43,307	39,804	+8.8

PROFITS OF MEAT COMPANIES 1973 AND 1972 FISCAL YEARS

[In thousands]

	1973	1972	Percent change
American Beef [1]	$3,378	$1,098	+207.7
Esmark	48,802	37,003	+31.9
Flavorland	1,750	1,286	+36.1
George Hormel	7,403	7,778	−4.9
Hygrade	4,539	2,808	+61.6
Iowa Beef	12,248	7,367	+66.3
Kansas Beef	2,470	1,984	+24.5
Marhoeffer	(197)	(1,294)	
Oscar Mayer	17,382	15,975	+8.8
Missouri Beef	4,670	2,359	+97.9
Monfort	1,027	5,820	−82.4
National Beef	1,699	936	+81.5
Rath	106	(2,915)	
Spencer	4,563	(546)	
Tyson	5,309	1,777	+198.8
Western Beef	1,630	1,018	+60.1
Total	116,779	82,464	+41.6

[1] Year ending June 2, 1973.

RETAIL BEEF PRICE SPREADS

	Retail price per pound	Farm value	Farm retail spread
2d quarter 1971	$1.048	$0.682	$0.366
3d quarter 1971	1.054	.686	.368
4th quarter 1971	1.066	.699	.367
1st quarter 1972	1.144	.737	.407
2d quarter 1972	1.123	.736	.387
3d quarter 1972	1.153	.727	.426
4th quarter 1972	1.132	.701	.431
1st quarter 1973	1.292	.874	.418
2d quarter 1973	1.358	.929	.429
July 1973	1.363	.967	.396
August 1973	1.442	1.085	.357
September 1973	1.449	.919	.530
October 1973	1.360	.832	.528
November 1973	1.399	.800	.599

RETAIL PORK PRICE SPREADS (1971–73)

2d quarter 1971	$0.688	$0.301	$0.387
3d quarter 1971	.713	.336	.377
4th quarter 1971	.719	.353	.366
1st quarter 1972	.790	.438	.352
2d quarter 1972	.799	.443	.356
3d quarter 1972	.861	.516	.345
4th quarter 1972	.877	.517	.360
1st quarter 1973	.981	.637	.344
2d quarter 1973	1.031	.649	.382
July 1973	1.075	.825	.250
August 1973	1.315	.993	.322
September 1973	1.263	.769	.494
October 1973	1.171	.733	.438
November 1973	1.154	.719	.435

Source: U.S.D.A.

II. THE DISASTER OF FOOD WAGE CONTROLS IN 1973–74

In our testimony last year, we presented case studies of the rigidity, arbitrariness and unfairness of the old Pay Board in Phase II. We showed how our members were systematically denied meaningful wage increases and how slowly the bureaucracy of the Pay Board functioned.

The advent of Phase III and Dr. John Dunlop was to bring about a new flexibility and equity to wage controls. Our members were to be kept under mandatory controls, while all other workers—except those in the con-

struction and health, as well as food industries—were to be under voluntary controls. But this great discrimination was to be somewhat compensated by a new rationality and fairness.

Our Union accepted these assurances. We joined in the tri-partite Food Wage and Salary Committee, which is composed of an equal number of labor, management and public members. The Committee was supposed to apply the new principles in deciding the merits of contract wage increases which exceeded 5.5 per cent, including those increases in contracts which had been negotiated during Phase I and II.

The Committee was vested with advisory powers only. The Administrator of the Office of Wage Stabilization, Donald M. Irwin, was given final authority over the Committee's decisions whenever the Committee was not unanimous. The majority and minority on the Committee were to file separate reports with the Administrator. The latter was then to consider the issues and make a decision which was to be final. A petition for review by an aggrieved party was to be permitted and to be considered.

BITTER REALITY

From the start, we have been bitterly disappointed. The new program did not live up to its advance billing. The new principles of flexibility and equity are still to be put into operation. The new system has certainly been as harmful to workers as the old one and in many cases even more so.

We soon found that:

Split decisions between management and labor on the Committee are the rule and public members generally vote with management in an alliance.

Committee actions simply become an extension of management's bargaining with our Union in that management representatives try to win from us what they could not get in the original bargaining.

The Administrator's umpire function is meaningless. He simply and always rubberstamps the management-public member majority positions against those of the labor minority.

The review function available to an aggrieved party about a decision is meaningless. It is *pro forma* in that it takes place before the very same Advisory Committee which originally heard the case and split on the decision. The Administrator never attends. In fact, in no case involving our Union has the Committee or the Administrator reversed the original opinion.

LOUISVILLE CASE

That our hopes were to be dashed became apparent early in the operation of the Committee. We did not think that we would ever look back favorably to a decision of the old Pay Board—our past nemesis—but that is exactly what occurred.

In reconsidering our Union's agreements with Kroger and the A & P Tea Company in Louisville, Kentucky, the old Pay Board approved $1.40 of a $1.50 wage increase negotiated over the life of the contract. The Board found that the Louisville contract was patterned after and was "tandem" to contracts which had been negotiated with the retail industry, including A & P and Kroger, in adjacent geographic areas prior to the beginning of Phase I. In these adjacent areas, the companies were paying the full contract rate.

The decision affecting Louisville was handed down in February 1973, just before the new Food Wage and Salary Committee began operating under the Cost of Living Council. Our Local Union in Louisville had waited for this decision for more than one year and, according to the Pay Board's rules and regulations, the decision was final. The only recourse, under those rules and regulations, was through the courts.

Instead of taking their case to the courts, however, the companies in Louisville brought an appeal to the new Food Wage and Salary Committee. Management members of the new Committee—two of whom were representatives of Kroger and A & P—and the public members reversed the old Pay Board decision. In effect, they allowed only approximately 76¢ of the $1.50 negotiated over the contract. They cut in half the allowable wage increase permitted by the old Board.

In addition, they denied the retroactive payment of money which the old Board order had permitted. Each Meat Cutter in Louisville, therefore, lost more than $2,000 in wages which he would have received if the old Board's order had been enforced. The companies involved saved at least $1,000,000 from wages due our members under these contracts.

To reverse the old Pay Board's decision, the new management-public member alliance fabricated the rationale that Louisville was a "separate labor market" apart from the adjacent geographic areas to which the Louisville contract had historically been linked. It determined further that non-union wage rates in the Louisville area would put Kroger and A & P at a competitive disadvantage—despite the facts that (1) these two companies had always paid higher wage rates; (2) had signed the new contracts after Phase II began and, (3) were fully aware of the agreement's economic realities.

Several important factors must be noted from this case: The Committee allies were more concerned about the companies' competitive position than the companies' own bargainers were. One would assume that the bargainers knew about non-union wage rates in the area, yet they willingly signed the contract. The Committee allies, however, rolled back the increase; in part, because of the non-union rates.

Also, the old Pay Board did not seriously consider the non-union wage rates. And, the Pay Board always permitted retroactive increases when it approved a particular wage long after it was to have been in effect. The Food Wage and Salary Committee management and public members successfully showed that they could reduce wages of workers even more drastically than the old Pay Board could.

NEW ORLEANS CASE

For members of our union, the Louisville Case marked the beginning of a history of decisions by this Committee which have worked serious economic hardships on our members throughout the country. The rationale of the Committee's management-public members alliance has swerved and zig-zagged from case to case in a futile effort to avoid collision with its own logic in previous cases.

In New Orleans, the A & P and National Tea Company have had identical collective bargaining agreements with our Union for more than ten years. Wage rates had been identical to a quarter of a cent up to the beginning of Phase II (November 14, 1971). In late 1971, our Union negotiated first with National Tea. The contract was concluded just prior to the beginning of Phase II and National Tea put the negotiated rates into effect.

The identical contract was then negotiated with A & P just after Phase II began. A & P, however, paid only 5.5 per cent in wages, which left Meat Cutters in the A & P stores $15.56 a week behind the same classification in the National Tea stores. The Union appealed to the old Pay Board, but because of bureaucratic delays and foul-ups, we never received any decision from that Board.

The new Food Wage and Salary Committee took up the case but the allies did not permit A & P employees to receive the same wage paid by National Tea until one year later (November, 1972). As a result, a Meat Cutter in A & P lost more than $800 in that one year—$800 which a Meat Cutter in National Tea had received.

To even matters out, the Committee allies ordered National Tea not to pay any further wage increases until they were approved by the Committee. Therefore, National Tea did not pay even the minimum permissible 7 per cent which it could have paid in the second year of the *contract* (1972)—an increase which it could have paid without prior approval under old Pay Board regulations. Meat Cutters in National Tea, therefore, did not receive any further wage increases until October 1973—two years later—when the Committee allies allowed them a small increase of $9.50 per week. This amount was less than even 5.5 per cent. A & P then paid the same increase on the same date.

During this two-year period, Retail Clerks employed in the same National Tea stores working under a contract which National Tea had negotiated with the Retail Clerk's Union, received all of their contract increases on their due dates. The skill differentials within these stores between the Clerks and Meat Cutters narrowed from $49.30 a week in 1971 to $17.30 a week in 1973.

There was no "separate labor market theory" or "competition between chains argument" for the Committee allies to fall back on in determining what wage rates A & P in New Orleans should have paid from 1971 to 1972 and, certainly, historic wage and skill relationships with the Clerks in the same stores dictated a different consideration for Meat Cutters. But these arguments fell on deaf ears. Instead, the Committee allies found non-union wage levels to be a suitable rationale to hold down Meat Cutter wage rates. Yet, differences between union and non-union wage levels for Retail Clerks in New Orleans did not impede the operation of their wage increases!

DALLAS WAREHOUSE CASE

In Dallas, we have two examples of the arbitrary and unfair decisions of the Committee allies. We shall discuss the warehouse case first. Our Union has under contract the meat distribution plants located within the A & P, Kroger, and Safeway grocery warehouses in Dallas. In the same warehouses, the Teamsters Union has the bargaining rights for the grocery employees and the Machinists Union has the contract covering mechanics. Employees in the various bargaining units are separated by only as much as a swinging door.

The Teamsters' and Machinists' contracts in the Dallas warehouses were untouched by the old Pay Board in 1972 and, consequently, operated according to their full contract terms. However, the wages of Meat Cutters bargaining unit employees in these same warehouses were cut by a total of 40 cents an hour. The Meat Cutters appealed to the Food Wage and Salary Committee, but to no avail.

As a further and glaring example of this gross discrimination, consider what happened to the wage rates of fork lift drivers. We have fork lift drivers in our bargaining unit in the warehouses and so do the Teamsters. Their jobs in the two bargaining units are virtually identical. Because of the wage cut ordered in our contract, fork lift drivers receive 16 cents an hour less than those in the Teamsters' bargaining unit from January to June 1972, 21 cents an hour less from June to November 1972, 41 cents less from November 1972 to June 1973, and 62½ cents less from June to November 1973. The same sharp reverses in wage relationship occurred in the other job classifications in the two

bargaining units where jobs are virtually identical.

Wage rate differences for skilled jobs in our bargaining unit and in the Machinists' bargaining unit were sharply accelerated by the Committee allies' action. From 1968 to 1972, for example, mechanics averaged approximately, 30 cents more than our Meat Cutters. From February to August 1972, however, the wage spread increased to 66 cents and from August 1972 to February 1973 to 71 cents. In February 1973, the spread increased further to 91 cents, and in August 1973 it was more than one dollar per hour. The Committee allies did not even consider these relationships relevant.

DALLAS RETAIL CASE

Our Dallas warehouse members did not have a monopoly in getting the back of the hand from the Committee allies. Our retail members in the city did too.

Over the last decade, the Dallas retail Meat Cutters' contracts have been patterned directly after the ones in Houston. Representatives of the Dallas Local Union have been physically present in the Houston negotiations and have signed essentially the same contract two or three weeks later. The same major food chains—Safeway, Kroger, A & P and Shop Rite operate in both Dallas and Houston. The warehouses discussed above service both the Dallas and Houston stores.

Nevertheless, the Committee allies decided that Dallas is "a separate labor market" from Houston when they considered the retail Meat Cutters contract. The Committee's public members permitted only a small wage adjustment for Dallas without any retroactivity. The result was that Meat Cutters in Dallas lost more than $1,500 over the life of the contract—$1,500 that Meat Cutters in Houston received because their contracts had not been cut by the old Pay Board.

In their report to the Administrator permitting the small wage increase, the public members seemed to have their tongues in their cheeks as they wrote:

"Nevertheless we feel equity requires some adjustment before the end of the contract year (1973) so that new negotiations (in Dallas) can begin with unionized Dallas meatcutters in a reasonable relationship to unionized employees in other areas of Texas. The adjustments recommended would put Dallas cutters at $4.98, 10 cents ahead of San Antonio, a less organized and lower wage area. It would leave them 17 cents behind Houston, a more highly organized area. In the absence of a *strict tandem* relationship, it is hard to be dogmatic about the precise amounts that are appropriate."

If the Dallas rates were in some reasonable relationship when the contract negotiations began, that relationship should have been maintainable—especially if it is a historic one. Houston was clearly the bench mark. At no time, did the Local Union ever claim any tandem or other relationships with San Antonio. San Antonio, in fact, was always in a wage-catch-up relationship with Dallas. In November 1971, for example, a Meat Cutter in San Antonio received $1.14½ an hour less than a journeyman in Dallas.

In comparison, it is interesting that the Committee allies totally ignored wage rates in other parts of Louisiana, such as Shreveport, Lake Charles and Boussier City, in their decision affecting Meat Cutters in New Orleans. The Union pointed out that the vast majority of Meat Cutters outside New Orleans and throughout the rest of the state were receiving $5.15 an hour, or 72 cents more than Meat Cutters in New Orleans. And the Committee allies in their Louisville decision totally ignored the specific tandem relationship which the old Pay Board cited in its decision.

MINNEAPOLIS CASE

A further example of the Committee's allies' incomprehensible logic and capricious actions, is the decision affecting retail Meat Cutters in Minneapolis. They were denied a 20-cent an hour wage increase even though they performed virtually the same skilled work as the Meat Cutters in the same Local Union who work in the Minneapolis wholesale meat industry. The decision to cut the retail store rates came *after* the Committee had approved the identical wage increases over the same time period in the agreements of both the wholesale industry and a large independent retailer operating in that city.

The approved contracts were negotiated after and patterned directly from the retail agreement. What is more, retail Meat Cutters gave up substantial overtime-hour guarantees and significant premium pay provisions contained in their previous agreement to get the contractual wage increases. But all of these facts presented to the Committee allies were of no avail.

The allies' real reason for cutting the retail rates in Minneapolis was apparently summed up in one sentence of their decision: "The straight-time hourly rates in these contracts are some of the highest in the country for these classifications in the industry." The actual fact is that Meat Cutters in Chicago and Detroit and other metropolitan areas in the Midwest are earning more!

The Committee allies' concern over high wage levels contrasts sharply with their lack of bother over low wage levels. Meat Cutters in Miami, Florida, for example, are today the lowest paid in any other metropolitan area in the entire country *as a result of being held back by economic stabilization decisions.* Their wage rates were so low that these skilled employees were leaving the industry for better-paying, lower-skilled jobs in construction and elsewhere. The Committee allies, in their benevolent consideration, however, continued these workers as still the lowest paid in the country.

NO RULE OF LAW

In St. Louis, our Meat Cutter members have lost more than $1,000 out of their contract since January 1972 because the Committee allies refused to recognize the historic collective baragining relationships that have existed between St. Louis and East St. Louis. Not only did the St. Louis members lose $1,000 which East St. Louis Meat Cutters received, but the rate for a Journeyman in St. Louis is now $7.00 a week less than the rate for the very same employee in East St. Louis. All this is in spite of the fact that companies operating in both cities transfer employees from St. Louis into East St. Louis and vice versa.

These examples are by no means the exceptions. They are actually pattern-setting cases as a result of which thousands of workers have lost millions of dollars. The equity and flexibility promised food workers in Phases III and IV have been a fraud. If those words mean anything to the Committee allies, then equity has been considered in relation to the lowest common denominator (non-union wage levels) and flexibility has meant the right to operate under shifting ground rules. Rules are made and then changed and then ignored.

Some of the very basic rules of the Economic Stabilization Act itself have been flagrantly ignored by the Committee allies. For example, the Act stipulates that productivity and cost of living were among the factors to be considered. The Committee allies have consistently ignored these points when they have been introduced by the Union. In Dallas, for example, the cost of living, according to the Bureau of Labor Statistics, is higher than in Houston. But this fact was absolutely of no relevance to the allies. In Detroit, where Meat Cutters will get approximately an 8¢ an hour wage increase in this contract year, the Union argued that significant productivity increases occurred because of the increased flow of boxed meat into the retail stores. Yet, the Committee allies never even demanded a single statistic from the companies. The Union has filed an unfair labor practice and persisted in its demands that this information be brought before the Committee.

Under old Pay Board rules, wage increases could be put into effect and then challenged by either the employers or the Council itself. These rules were changed so that wage increases must now be announced in advance. They cannot be paid if they exceed 5.5 per cent until they are specifically approved by the Committee. The Committee allies have even prohibited payment of the automatic 5.5 per cent in some situations, such as in New Orleans, until it has reviewed wage rates. The snail's pace of the Committee and the bureaucracy delayed the consideration of that increase for months and months.

In our testimony last year, concerning the operations of the old Pay Board, we discussed at length the long delays and the bureaucratic foul-ups which occurred We gave specific examples in case studies. In this testimony, we have concentrated on the arbitrary and capricious nature of the decisions against our members. That does not mean that the Committee allies and the Cost of Living Council staff now work efficiently—even if adversely. Quite the contrary!

The long delays, the loss of documents and the bungling continue. The mess is messier. A worker is kept waiting for *months,* perhaps a year or more, before he finally hears that he has suffered a pay cut from the contract rate. The cut has been enforced against him often by representatives of the very same companies which bargained and agreed on the contract originally. What is more, whatever increase is allowed may not be made retroactive. The worker pays for the delay.

This is what the new flexibility and equity of the Cost of Living Council has meant to our members in 1973 and part of 1974.

III. END WAGE CONTROLS

The so-called economic stabilization program has been even a greater fraud in the food industry in Phases III and IV than in the previous I and II. Farm prices are specifically exempted from controls. Other food prices are not controlled in any meaningful way. Profits are allowed to mushroom. But wages are controlled very effectively with management playing a major role in this "stabilization."

Inflation has not and is not lessened in any way by the workers' sacrifices. In the food industry, inflation accelerates at an ever quickening pace. Perhaps the wage cuts are not even meant to affect inflation. They may be meant simply to increase corporate profits at the expense of wages. It is vital that this Committee remembers that the money from the wage cuts does not go into a public fund or some charity for the poor, but simply into corporate treasuries.

STRUCTURAL REFORM

Fortune Magazine had an interesting commentary on the wage control process in its August 1973 issue. It declared:

"In his day to day attention to the details of wages and prices, Dunlop keeps a long-range objective in mind. He wants to use the leverage of controls to promote permanent 'structural reforms' to tinker with institutional arrangements that now makes some sectors of the economy 'inflation prone,' as he puts it. The payoff may be three to five years away, he admits, but 'in six months you can get started' . . . Perhaps the most am-

bitious of Dunlop's aims is to use his wage control powers to spur enduring improvements in labor-management relations. He is currently trying to do this in the supermarket industry, the only segment of food retailing where unions have substantial footholds. Its labor relations, Dunlop says, are 'in more than a mess'."

We do not know whether this report is accurate. If it should be, then Dunlop fails to understand workers. Nothing could doom such a proposed policy to greater failure than the bitterness, the anger, the loss of trust and the decline in faith caused among food industry workers by the actions of the Cost of Living Council and its various units. If labor relations in the industry were a mess before—and we sharply disagree with such a conclusion—then we are afraid that much, much worse is yet to come.

To be very frank, workers have been had. They know it. They do not like it. They are not going to permit the process to continue.

The so-called economic stabilization program has taught them that contracts are not sacrosant and that their government and their employers are not to be trusted. Their observance of the law has been made a mockery as they suffer more and more from wage cuts, on the one hand, and accelerating inflation, on the other.

AMALGAMATED RECOMMENDATIONS

We suggest that Congress play fair with these workers now. We suggest that it attempt to win back their faith. Since wage controls have been in effect for more than two years and price and profit controls have not, we recommend that wages be allowed to rise. We urge that prices and profits, on the other hand, be controlled for a change. Perhaps then, food price inflation, which has only accelerated during the period of effective wage control, may be stemmed.

If the Committee will not take this fair step to make up for the suffering which has so far been caused workers, then we suggest that you drop the controls entirely. In actual fact, you will be dropping only wage controls, because the others exist in fraudulent name only.

THE FEDERAL BUDGET

Mr. BUCKLEY. Mr. President, the budget proposed by the Nixon administration is likely to further fan the fires of inflation without checking the growth of the Federal bureaucracy he has pledged to limit. The efforts made early in the second Nixon administration toward eliminating wasteful Federal programs which attempted in President Nixon's words to simply "throw dollars" at problems rather than attempt to achieve sensible solutions to our pressing social and economic problems.

The new budget abandons any attempt to limit superfluous Federal programs; it merely follows the path of least resistance along the well-tread fault lines of special-interest social legislation.

It is time the Congress curbs the runaway level of spending by the Federal Government by rationing the largesse to the "uncontrollable" Federal social programs so that the budget can be contained within manageable limits, the growth of the bureaucracy restrained, and inflation brought under control.

UNITED NATIONS DEVELOPMENT PROGRAM IN JAMAICA

Mr. McGEE. Mr. President, as a staunch and longtime supporter of the United Nations, I have been quite concerned in recent years over efforts in the Congress to erode our participation in that institution.

In this connection, I have also been concerned over what I believe to be unjustified and oftentimes blind criticism of such programs as the United Nations development program. It becomes a simple matter for many in the Congress to play politics with such issues as our contribution to UNDP.

Therefore, it was with interest that I read Majorie Banks' article on the contributions UNDP is making to the social and economic progress of the nation of Jamaica. The article, entitled "Two Faces of Development: Jamaica" appeared in the December issue of Vista magazine. The article portrays the human side of the United Nations development program and is a poignant illustration of its value. After studying the article, it is little wonder that the developing nations of the world view the U.S. contribution to UNDP as evidence of this Nation's commitment to the United Nations, or lack of it.

I would hope my colleagues in both the Senate and the House would devote their attention to this article. I believe it will serve to enlighten us all over UNDP and what it is accomplishing for such developing nations as Jamaica.

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:

TWO FACES OF DEVELOPMENT: JAMAICA

How does a developing country feel about the United Nations Development Programs?" I asked this of the editor of the *Daily Gleaner*, the morning newspaper of the island of Jamaica.

"The United Nations Development Programs are absolutely essential for us," Mr. Theodore Sealy, the editor, replied emphatically without a moment's hesitation. "How else can we buy at the lowest prices? How else can we get the best possible experts from anywhere in the world?"

"Does the UN exert 'outside influence'?" I inquired.

"The experts leave when the projects end and we are on our own. There is no 'influence' implied by the assistance we receive. It's a program of cooperation that we can trust."

The *Daily Gleaner* has the qualities of a metropolitan paper even though it serves only the small island of Jamaica, roughly the size of Lake Ontario and the home of about two million people. The *Gleaner* (it was Noel Coward's favorite newspaper) soon becomes the vacationer's morning staple for both world and Caribbean news. However, one difference from the metropolitan press in the United States slowly emerges. Every day or so there is an article about some ongoing project in which the Jamaican government is assisted by that major arm of the United Nations in developing countries, the United Nations Development Program (UNDP).

With the *Gleaner* at hand for possible reference to UNDP-assisted projects, I rode east along the North Shore. The flowers were brilliant and the coconut palms kept watch overhead. Suddenly the palms appeared beheaded. Only the stark trunks remained. Later the *Gleaner headlined*.

30,000–60,000 COCONUT PALMS LOST ANNUALLY—LETHAL YELLOWING

The account told that after ten years of research the villainous killer had been isolated but not eradicated. Although the cause has been found, the search for a cure continues with help from a team of scientists, one affiliated with UNDP and others from the United Kingdom bilateral assistance program. In the meantime the scientists had successfully introduced the disease-resistant "Malayan Dwarf" palm. The important coconut industry has been saved.

Day after day there were banner headlines of the *Gleaner* about the price of bananas per ton for overseas shipment—just as the price of hogs comes first in news in Omaha.

Farther on in my journey a gleaming white banana boat was loading. An inspector was throwing out great green stalks with the ruthless scrutiny of a perfectionist. The small growers turned away in despair. Then a truck arrived with bananas packed in containers and already inspected. A UNDP-assisted project had set up a new marketing method whereby only imperfect bananas are thrown out rather than the whole stalk. The others are cut off in small bunches and boxed for shipment at top prices. What was wrong with those rejected bananas? Many had been bruised by jolts over rough roads.

Sir Arthur Lewis, the West Indian world-renowned economist and President of the Regional Caribbean Development Bank, also UNDP-assisted, argues that better roads in certain areas of the Caribbean would produce an increase in banana productivity that would be worth the cost of road improvement. Accordingly, a World Bank team (financed by UNDP) has just completed an investment feasibility study in Jamaica which is expected to lead to a major loan from the World Bank. The loan would allow the Government to modernize its roads' maintenance capacity, upgrade its system and the personnel to run it, and provide the much-needed equipment to do the job. The small banana farmer now has hopes of substantially fewer rejections.

Along the roads and in the towns I saw many idle youths. The younger generation in rural areas often finds life meaningless. They can't get paying crops to market due both to the poor state of existing roads and to an outmoded marketing system. The *Gleaner* reported this conclusion on the basis of a UNDP-assisted survey of the availability of good farm land. For a new nation with the recently declared goal of becoming self-sufficient in food production, here was one of the countless pieces to be fitted into overall national planning. As I turned back toward Kingston a figure from Robert McNamara's annual report as President of the World Bank to its Board of Governors persistently recurred to me. He said that forty percent of the total population in all developing countries, despite their economic growth, are trapped in poverty.

The Kingston slums showed what he meant. The population has doubled to 700,000. The poorest families live under improvised lean-tos, too often pressed so tightly under hot roofs that they can't stretch out to sleep. Children go to schools (if they go at all) to classes of 80 to 200, sometimes packed into makeshift space where there is hardly room to squeeze onto a narrow bench. Lunch is often inadequate.

Mr. McNamara put it bluntly: "Current development programs are seriously inadequate. The affluent nations are not moving effectively enough to assist the indigent nation. The indigent nations are not moving effectively enough to assist the poorer forty percent of their own populations."

"What does this mean for the future of our world?" he sharply asked the Board of Governors of the World Bank. He advised that the highest priority be given to the population problem. Next to be considered should be jobs for survival for the very poor (two and one-quarter billion worldwide). Third, a more equitable income spread needs to be achieved in the next thirty years than the present $4,500 per capita annual average

in developed countries in contrast to around $100 per capita annual average income in the developing countries. He declared that we know enough to significantly improve conditions for this forty percent of the world's people without unacceptable penalties for national growth.

In Kingston I talked with the United Nations Resident Representative, Mr. Sturges Shields. As Chief of Mission he has the awesome responsibility of comprehending the total scene; of assuring a mutually satisfactory partnership between the National Government and twenty-some UNDP-assisted projects; of informing the UNDP administrative structure of feasibility studies, making funding arrangement, submitting evaluative reports with recommendations; of hosting informal conferences between international agencies, the development banks and the donor countries such as Canada, the United Kingdom and the United States; and of inducing cooperation among non-governmental agencies who might participate in development.

The day I returned to Kingston the *Gleaner* had a four-column spread on a speech by Mr. Shields on Social Planning in National Development. He said, "Some of the highest priorities in development are in the social field—uncontrolled population growth, unemployment especially of youth, unequal distribution of income and proper nutrition."

Then he defined these problems for Jamaica. "Population density has moved in the last twenty years from 200 to more than 400 persons per square mile. This creates pressures on both family life and the national government. Unemployment is the lot of forty-five percent of those under twenty-five, while many skilled posts go begging. The gap between rich and poor is worsening even in Jamaica. Proper nutrition through growth of the right food crops must reach the critical groups that need it most."

There are 160,000 unemployed youth under twenty-five in Jamaica. Five UNDP-assisted youth camps are reaching one percent or 1,600 of them with vocational training, and the graduates are finding jobs. The new government is taking the initiative to reach 16,000 in the near future through community centers all over the island.

Thanks to American youths who participated in marathon walks at so much a mile to benefit the World Food Program, the youth camps receive flour and other staples for those hungry campers from the World Food Program.

The UNDP headquarters occupies a modest, aging residence in middle Kingston. Mr. Shields is a big man, quietly absorbed in his role and obviously on top of it. I mentioned my awareness, gained from the *Gleaner*, of UNDP-assisted projects touching at some time almost every major concern in Jamaica. I inquired if I might see some terminating projects with tangible long-range impact. So it was that I visited the Topographical Mapping Project in the Jamaican Survey Department and the production headquarters of the National Physical Plan for Jamaica.

The mapping project started in 1966. The Survey Department building was modified to meet the requirements of the modern methods of mapping. Air conditioning was installed to maintain temperature and humidity within narrow ranges, Mr. Allen Williams, Project Manager, explained. After the map-making equipment was installed groups of young Jamaicans were recruited by a team of UN experts in the four main disciplines: photogrammetry, cartographic drawing, photomechanical techniques and lithographic printing.

A young Jamaican trainee spoke up with pride: "We get the machinery best suited to our work and at the best prices available anywhere in the world." I noticed their machines came from four different countries—Germany, Switzerland, England and the United States. I recalled that buying at competitive prices rather than just from the donor country usually meant a saving of fifteen percent, according to Senator Frank Church of Idaho, in an article in *The New Republic* where he explained his vote against U.S. aid but his approval of the World Ban.

The Topographical Mapping staff was also very proud that they helped to meet what promised to become a serious emergency. The shortage in the Kingston area water supply obliged engineers to request topographical maps on short notice. The Survey staff produced the maps according to the engineers' time demands.

The maps are put to all kinds of uses. I saw an engineer of a bauxite company poring over an array of them, searching for clues for possible mining sites. Much of this bauxite is shipped to the United States to be made into aluminum products. The maps serve for the selection of sites for dams, for real estate developments, for the location of a newly planned farming community, for airport extension. The Survey Department for mapping is well on the way to becoming self-supporting as the basic work is completed and special requests are met.

The Topographical Mapping project was an essential contribution to the other project I visited, the making of a National Physical Plan that would establish a frame of reference for future economic and social decisions for the twenty years from 1970 to 1990. It is a monumental achievement, fully documented and beautifully published in two parts, as a National Plan and as an atlas of Jamaica. The National Plan covers twenty areas of national life—agriculture, forestry, fisheries, mining, tourism, water resources, manufacturing, population, urban structure, housing, utilities, education, libraries, health, parks, recreation, conservation, environmental quality, land use and transportation.

Against this comprehensive and detailed background of facts all Ministries of Government can make decisions. It is up to Jamaicans to make use of this remarkable National Plan for shaping their future. There is no financial indebtedness to eat away the hopes it raises, as it was paid for in advance as always by matching funds from UNDP and the government—a partnership of equals.

I returned to the office of Mr. Shields with a few questions.

"How are UNDP-assisted projects selected?"

"They are determined by the Jamaican government with the advisory services of the UN Resident Representative. The UNDP is always dealing with changing governments. The projects are so basically needed and so flexibly executed that they continue through different administrations."

"Will these projects help just the sixty percent who have work and some fulfillment?" I asked. "How will the other forty percent benefit?"

"First, the developing nations themselves must take on this responsibility as part of their national purpose—Jamaica seems to be doing this—although I must say that it involves a growth of national awareness and of national spirit. These are developing but will take time. Secondly, UNDP and other sources of external assistance must make conscious efforts to channel more help into these types of programs. Community development in rural areas, agricultural projects for the small farmer, training of youth to meet the needs of the community—these are as important as the building of dams, bridges and new industries. To expand both national capabilities and international assistance in these areas required expanding resources for development."

"What is the funding situation with UNDP?" I inquired.

"Funding has been increasing over the last few years by about twenty percent in the delivery of actual services," he stated. "The increase has come from countries other than the U.S.A. The United States contributed the same amount, $86 million, for the three years 1969–1972.

"In 1972 about $250,000,000 was expended worldwide by UNDP and about two million of this was allocated here in Jamaica. As I said before, the governments contribute as much or more than UNDP provides. The goal is to increase such services to $500 million annually from UNDP by 1976. However, the anticipated increase in prices will take up much of this increase. But without annual increases in contributions our momentum will level off and good projects will have to be cut back or dropped, particularly if the United States only maintains or reduces the 1972 level of contribution.

"We have to ask ourselves if we believe in the power of building a better life for ourselves and others. Look here, we all know that people, organizations and countries who look out only for themselves cease to grow and become decadent. Those that reach out to help themselves and others generally maintain healthy growth."

With this declaration from the United Nations Resident Representative, my *Gleaner*-inspired tour of Jamaica ended. Editor Sealy's outlook and that of the Jamaicans I had met was of a people who expect to win the economic struggle.

THE FARMER CONSERVES ENERGY

Mr. McCLURE. Mr. President, I believe that my colleagues are specifically aware of the critical problems facing American farmers this year—shortages of everything from fuel to baling wire to fertilizer, uncertainties as to the availability of transportation to haul their crops, and consumers who place the blame for higher prices on farmers, who are providing food at prices far below what most of the rest of the world is paying. To top it off, the Government is placing the responsibility for keeping our balance of trade in shape squarely on the shoulders of those same farmers, by calling for increased production for export to the markets of the world.

If only those facts are considered, it may seem that the farmer has a near-impossible job. Fortunately, however, there is one additional factor, a factor which impresses me more every day. That extra variable is plain old American ingenuity, which our farmers have to possess in greater quantities per capita. In fact, they seem to be looking at today's problems with an attitude that says, "How can we make all these problems turn out to be a long-range asset?" The answer to that question is arising in the form of new technology and more efficient operating methods, as a recent Farmland News article indicates. I ask unanimous consent that the article titled "Energy Crisis Hastening Age of Zero-Till Farming" be printed in the RECORD at the conclusion of my remarks, along with a "Facts for Farmers" column, also from Farmland News. The column contains an excellent example of an attitude I find encouraging when it says:

This is a good time to evaluate your entire farming power input. The past energy needs of many farmers have evolved under conditions that are no longer with us. The elimination, reduction, postponement, or readjustment of some of your operations could

result in considerable fuel savings and still allow for the necessary work.

As I have said before, the farmer can live up to the challenge that has been presented to him. Our responsibility in the Congress is to remove the barriers that could hold him back.

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

ENERGY CRISIS HASTENING AGE OF ZERO-TILL FARMING

(By Michael Graznak)

Zero tillage has come of age.

The energy crisis forced the maturity of a practice that has been a "toddler" for a decade. New herbicides have hastened adoption of the practice to a point where last year almost eight million acres in the United States were planted in some variation of the system.

This year the acreages of minimum bill, no-tillage, stubble mulching, or any of the other variety of names given to the practice, will certainly leap upward rapidly. America's fuel-hungry agriculture is ready for some new fuel saving ideas! perhaps part of the answer is zero-tillage.

On a spring day, when others are not yet starting to plow, Norman Weiss of Jackson, Mo., plants his corn. "I can plant quicker, earlier and have my work interrupted less by unpredictable spring weather by using a no-till planter than by any other way that I know of," Weiss said. He explained how residue of the past crop not only protects his sloping ground from erosion during the winter but keeps giving soil protection until his crop roots anchor it in the current season.

It doesn't take a lot of tractor horsepower . . . 35 to 40 will do it. He doesn't have to plow his ground in the fall to have it ready to work at the earliest possible date, thus it isn't exposed to winter washoff.

In the spring of 1973, when farmers were having trouble getting into their fields because of continuing rains, Weiss and some 40 others in his area who own no-till equipment were able to put in corn and soybeans while those with conventional equipment waited, helplessly in many cases, until only very late planting was possible.

"A 4-row unit, basic in the southeast Missouri area, costs about $2,800," said John Brown, Allis Chalmers dealer in Jackson. He sold 12 units in the spring of 1973. "Every unit in the area was busy and farmers who cared to do it had all the custom work that they could handle," he said. Many lent equipment to neighbors to increase the no-till acreage of the county to more than 8,000 acres of corn, milo and soybeans.

"I feel it is now a well established practice in our area," said Norman Weiss. He recalled there was much skepticism in the community when Harlan Hager of Gordonville purchased the first unit.

"You have a larger original cash outlay for the crop when you farm no-till because you need chemicals to control the weeds," Weiss said. "To me the savings in labor, time and fuel make it come out about equal to standard practices in cost. Being able to plant the crop on time, or earlier, more than evens things up. The erosion control makes it a whale of a benefit above the usual way."

As head of the county ASCS office, he is aware of abuses to soil and appreciative of practices which prevent them.

The University of Missouri's Dr. C. M. Woodruff has done some early work with no-till corn production. "American people recognize needs for careful and wise use of natural resources, elimination of waste, cessation of polluting, and revitalizing family farms as a means of supporting more people comfortably and profitably in rural communities," Woodruff said. "Considerations today extend beyond economics. They encompass aesthetics, and the spirit of the people as they provide opportunities to lead rich and rewarding lives."

Woodruff sees the no-till as a practical form of conservation farming.

"The primary emphasis of our research today is directed toward generating and developing new systems of conservation farming made possible by no-tillage technology," he said in viewing the practice as ". . . systems of farming for use of land that previously has been deemed unfit for production of row crop production."

Woodruff has compiled an outstandingly thorough mimeographed set of directions of interest to farmers who are considering the system. This material may be obtained by writing his office at the University of Missouri, Columbia, Missouri 65201. It bears on Missouri conditions but brings out points every prospective no-till farmer will want to examine. Woodruff covers the entire range of conditions from sticky Gumbo river bottoms to brushy sod hillsides.

George McKibben, agronomist of University of Illinois Research Center at Dixon Springs, Ill., comes as near as anyone in the field to being the "Granddaddy" of zero-tillage. The last eight years have found him looking at more angles of the practice than any other person in the nation.

"Double cropping soybeans really caught on in Illinois last year," said McKibben. He explained a system whereby soybeans are planted into wheat to produce both a crop of wheat and a crop of soybeans the same year. Not only is there the profitable 2-crop advantage but the soybeans add nitrogen to the soil for the use of the succeeding crop of wheat.

McKibben finds a 2-pass system more suitable for his zero-tillage program. He explains that the herbicide application, the key to zero-tillage, needs to be done with all of the possible care that a farmer can muster. "Weed control is so important that a farmer needs to pay full attention to it rather than trying to put on seed, mouse control, fertilizer and insecticide in one pass," said McKibben. "When zero-tillage is done on heavy sod the farmer is putting on a great deal of water which will make numerous stops necessary while planting. This can complicate matters if a farmer is trying to do everything at once."

McKibben outlined a system of using red clover to grow some of the needed nitrogen for a nitrogen-short agriculture. "Grow wheat in fall and seed red clover into it in spring; then cut the wheat and let the clover stand over," he suggested. "This would provide nitrogen for a corn crop the following year. The problem here is that we would lose a chance at a second crop, say soybeans, the same year, but if nitrogen gets that short it is a way of growing some of it."

McKibben is investigating the harvest of several crop systems in a single season. His success with wheat, planted to soybeans prior to harvest of the wheat, and then combining the soybeans in time to get in another crop of wheat has been shown to have extremely practical economic possibilities in Illinois.

A somewhat parallel project at the University of Missouri by C. M. Woodruff bolsters the evidence of practicality. The work of both men and numerous farmers of both states has shown profitable results. In several instances farmers thought so much of the idea that they changed prior major farming commitments to include the practice in their future plans.

I think everybody needs to recognize that with our prospects for limited nitrogen supplies for the coming seasons we need to plan to cut nitrogen use down quite a bit," McKibben said. "If it could be put on at the proper time as a side dressing there is no question that we can cut back the amount needed without hurting ourselves too much.

"We made an anhydrous side dressing applicator. Workers side dress the crop when the corn is eight to 10 inches tall. A regular plow coulter is used ahead of the ammonia blade to cut through the surface trash."

Workers there have experienced a need to develop equipment as situations arose, but McKibben feels that the implement industry eventually will be able to provide the needed tool for zero-tillage. He told of local dealers who were sold out of no-till planters early last spring.

"One of our dealers fixed up a number of side dressing ammonia applicators to be used by his customers," said McKibben in noting drawbacks to nearly all of the commercial units available for seeding and other zero-tillage operations. The researcher feels that a trend toward improvement is past due. He is convinced that industry is entirely too slow in getting machinery developed.

His needs for a zero-till grain drill took him to farm machinery manufacturers who, in effect, told him, "You go ahead and develop the practices and machinery and if the market develops, we will build the machinery for it."

"This is just the sort of thing that you face though, when you get to breaking new ground," said McKibben as he explained how all of the pieces of the zero-tillage "picture puzzle" would eventually fall into place.

"Once we get some good solid engineering to provide us with equipment that will work for the farmer who, using established practices, has to stay out of the field because the ground is too wet, the practice will really take off," concluded McKibben.

The Universities of Illinois and Missouri are working on zero-till on corn, soybeans, sorghums, cotton and combinations of several crops. The University of Kentucky has tobacco work in progress. Others throughout the nation are researching the field at an intensified pace. Energy requirements, fertility practices, labor, insect and disease relationships, management techniques and even crop varieties are entering the picture at an astounding rate.

At Ohio State University, Dr. G. B. Triplett, research agronomist, sums up the feelings of most of the specialists: "Success with no-till crop production hinges on the satisfactory performance of the herbicide system to control weeds."

He has considerable advice for farmers switching from conventional to no-tillage crop production—most of it is aimed at effective weed control. At the other end of the corn belt, Nebraska tests are leaning strongly in favor of no-till corn for its energy-saving potential. In addition, figures there show that machinery costs of slightly more than half of those required by conventional methods will produce comparable results, thus capital-short farmers are examining that practice.

It is impossible to summarize easily the position of zero-tillage. Even an effort to list a few of the people heavily committed to the research and development of the practice falls very short of being representative. As with all new or evolving agricultural practices, there will be many mistakes, many along for a free ride and much that will need to be unlearned as more accurate knowledge comes to light.

Seldom in agriculture has there been a development that has sparked such high interest, or one that requires so much continuing study by those engaged in or contemplating the pursuit.

The axiom, "Be not the first by which the new is tried nor yet the last to lay the old aside," fits the situation most farmers find themselves in. As with most new developments in agriculture, local agricultural information sources such as the county agent, the co-op, or the agricultural college will be counted on heavily to keep the inquiring farmer informed.

FACTS FOR FARMERS

If ever there has been a year when proper farm machinery maintenance prior to the season was important, the experts say this is it. Spring planting season is by far the most demanding on machinery. Heading the list of key equipment is the tractor.

If possible, take the tractor to a dealer and have him check the power with a dynamometer. This will index its condition and allow him to adjust it. It will indicate bad plugs in a gasoline engine, leaky valves and bad rings which should be corrected. A compression check, a change from winter to summer oil, air cleaner and radiator check will help improve performance and reduce fuel-robbing tendencies.

The fluid in the hydraulic system and transmission may need changing. Clutch pedal travel, exhaust system, muffler and power take off adjustment should be checked.

Finally, make sure of all safety devices, covers and guards. Replace "make-do" repairs before the rush starts. Functions that appear trivial while you are relaxed and rested can invite disaster when you are tired and hurried.

This is a good time to evaluate your entire farming power input. The past energy needs of many farmers have evolved under conditions that are no longer with us. The elimination, reduction, postponement or readjustment of some of your operations could result in considerable fuel savings and still allow for the necessary work.

The following table compiled by Edward J. Constien, University of Missouri Extension Agricultural Engineer, will give you an idea of where and to what extent fuel consumption takes place in your farming.

ENERGY AND FUEL REQUIREMENTS FOR SELECTED FARMING OPERATIONS

Field operation	Energy required		Fuel required (gallons per acre)	
	Pounds pull per foot	Horsepower hours per acre	Gasoline	Diesel
Moldboard plow	950	20.9	2.32	1.67
Chisel plow	635	13.9	1.55	1.12
Field cultivator	240	5.3	.58	.42
Disc harrow-stalk ground	250	5.5	.61	.44
Disc harrow—tilled ground	280	6.2	.68	.49
Spike tooth harrow	105	2.3	.26	.18
Spring tooth harrow	180	4	.44	.32
Plant—conventional	180	4	.44	.32
Plant—no tillage	90	2	.22	.16
Spray			.14	.1
Rotary hoe	100	2.2	.24	.18
Row crop cultivator	195	4.3	.48	.34
Combine—small grain	375	8.25	.92	.66
Combine—corn	650	14.3	1.59	1.14
Mow	130	2.9	.32	.23
Rake	80	1.8	.20	.14
Bale	400	8.8	.98	.70
Flail type harvester	400	8.8	.98	.70
Field chop—green	800	17.6	1.46	1.40
Hay or straw	200	4.4	.49	.35
Row crop	1,250	27.5	3.06	2.20
Rotary mower	375	8.3	.92	.66

Note: Energy requirements shown are for typical conditions and include only fieldwork. Transport to and from the field is not included. The chisel and modlboard plow figures are based on plowing in loam 8 inches deep at 4¼ miles per hour.

SSI AND OUTREACH

Mr. CHURCH. Mr. President, the supplemental security income program—SSI—which became operative on January 1 of this year represents a Federal assumption of various State and local welfare programs. For the first time, a system of direct Federal income maintenance payments at a set national minimum level will be made to the blind, disabled, and elderly. Through the administration of the Social Security Administration, SSI guarantees a monthly income of at least $140 for an individual and $210 for a couple. A cost-of-living increase will be provided in July bringing the levels to $146 and $219, respectively.

From the national standpoint, the SSI program will reach a great many more people than the previous State welfare programs. It is estimated that SSI will reach an approximate 6.3 million persons while the previous programs for the aged, blind, and disabled reached only 3.3 million. The 3 million "new recipients" who were not on State public assistance rolls offer a particular problem, as they must be sought out systematically on a largely individual basis.

To seek out these needy eligibles, a joint effort has been launched by the Administration on Aging and the Social Security Administration. SSI-ALERT is an extensive outreach effort being conducted in cooperation with the American Red Cross and national aging organizations. Each Federal Social Security District office is responsible for coordinating the efforts within their areas with about ten agencies per district designated as ALERT components. Enlisting the services of media and volunteers, ALERT is attempting to find and help those individuals eligible for SSI to apply for the benefits.

An example of one of the ALERT programs is the Community Council of Greater New York. Mr. President, I ask unanimous consent that the New York Times article be printed in the RECORD.

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

[From the New York Times, Feb. 25, 1974]

COURAGE AND DIGNITY OF ELDERLY POOR SURFACE DURING PROJECT TO AID THEM

(By Deirdre Carmody)

Courage can be a quiet quality when it breeds in the obscure and joyless corners of the city. For the most part it goes unheralded. But it can be found, if anyone tried hard enough.

Thousands of examples of this kind of courage against the anguish of old age and poverty have surfaced in the last few weeks as the city has been conducting a major drive to find 275,000 elderly people who are living on incomes of about $50 a week. The point of the drive is to inform the old people—as well as the blind and disabled of any age who are living in poverty—that they are eligible for the new Federal program of Supplementary Security Income, which should add a few more dollars each month to their meager incomes.

At the beginning of the year, 71,512 people 65 years old and older were switched from the city's Old Age Assistance lists to the Social Security Administration, which oversees the new program. But the vast majority of the elderly poor do not appear on these lists because they have traditionally maintained that welfare is the ultimate abnegation of dignity. And thousands upon thousands of them continue inexorably to cling to this tenet and to live in overwhelming poverty.

The Community Council of Greater New York, which is conducting the search for eligibles for the new Federal program in cooperation with the American Red Cross, has been combing the 1970 census figures to lift the anonymity of the elderly. One major conclusion the officials have reached is that the majority of the elderly poor are white, which is not particularly surprising since statistics show that whites live longer than blacks and since 90 per cent of the people over 65 in the city are white.

But who are the elderly white poor?

They are of Jewish, Italian, Irish, German, Greek, Polish and Russian origin for the most part, and they live in small cluttered, rent-controlled apartments in shabby neighborhoods throughout the city. A study now being compiled by the Mayor's Office on the Aging found that whites make up 49 per cent of the elderly who live in the 26 neighborhoods designated as poverty areas by the Human Resources Administration.

Their life expectancy is 68.3 years for a man and 75.7 years for a woman, seven years longer than that of blacks. The study found that about 100,000 of the elderly whites in the inner city were more than 70 years old. And although it is generally assumed that they are mostly foreign-born, 47 per cent of them were born here, and of this group, 40 per cent are at least second-generation Americans. Most of them worked during their lives and once knew better days. but now 30 per cent of them have annual incomes of less than $2,000.

But despite the paucity of their funds, many of them hold on desperately to small savings that will guarantee them a decent burial and assure that they will leave this world with the same, fierce dignity with which they lived in it.

Gertie Tucker is a 70-year-old woman who lives on upper Riverside Drive, somewhat north of Harlem but well south of the neat brick apartment buildings of Washington Heights, where other elderly Jewish women like her live. She is deaf and has been partially disabled since she was 5 years old when doctors damaged her spine during an operation to cure the effects of polio.

As a result of her spinal condition, she is 4 feet 6 inches tall and it has become increasingly painful for her to walk. She also has a bronchial condition and needs oxygen, but no one is willing to lug the oxygen equipment up the six steep flights of steps in her building.

There is an elevator, but it has been broken for the last six months, and despite her disabled condition, Miss Tucker has to trudge up the stairs to get to the small, three-room apartment, where she has lived since she sold the family house in the Williamsburg section of Brooklyn during the Depression for just enough money to guarantee a grave for her father when he died.

Recently she was confined to her apartment for days because of her bronchial condition, with nothing more to eat than the cereal from the boxes on the shelf. She does not go to the doctor at times like this because it costs to much and she is too proud to apply for Medicaid.

"You have to go through a means test," she said, "And I just couldn't go through that."

In the early days she was quite a phenomenon because, despite her physical disabilities, she had been one of 13 girls in a class of 400 men to graduate from the Brooklyn College of Pharmacy. For years after that she worked for doctors and in hospitals.

When she was 53 years old, she tried to lift a metal X-ray container, but it was too heavy and it ripped her chest. She had to stop working.

One day she awoke to find a man trying to climb through her window. She got out in time, but the apartment has since been broken into four times. She has been mugged on the street four times and twice thieves have taken her eyeglasses as well as her money.

"Once it was three young boys," she said. "Two were 11 or 12 years old and one was maybe 7 or 8. Can you imagine them mugging me? It's because I'm so small and because I'm a very slow walker. The oldest one got me around the throat and one went through my pockets while the third one grabbed my bag."

After that she began staying home all the time.

"I began to feel myself go very much downhill and I was beginning to get morose," she said. "I think I might have become senile but I recognized it in time and I decided suddenly one day that I had to get out."

She loves to study, so she went to the Jewish Theological Seminary and persuaded them to take her as a student in a Hebrew class. The seminary agreed, but it was nonetheless a problem because the bus left her three blocks from the siminary at the top of a sharp incline that was too steep for her.

So, day after day, people driving onto Riverside Drive stopped in amazement as they caught sight of a tiny, elderly woman hitch-hiking down the steep hill to Broadway to attend her class.

Now, her health is worse and she has had to give up her classes. She will not say what her income is, but it is evidently sparse. Her television set has been broken for four years and she cannot afford to have it fixed. Every day she struggles down the six flights of stairs where a bus, sponsored by a neighborhood group, picks her up and takes her to the local senior citizen center where she can get a free lunch.

The neighborhood is almost entirely black and Puerto Rican and she is the only white person at the center. She says she is often excluded from activities as a result.

"I don't really blame them," she said. "Perhaps they want their own."

The curious thing about Miss Tucker, who declined to have her picture taken, is that her face is unlined and her hair still dark brown. The thing that bothers her most is that she is completely alone and if anything should happen to her, she thinks it might be days before anyone found her. She has heard that there are groups who call old people at home once a day to check on them and she would like that.

"It would give me a feeling that someone knows I'm here," she said.

One of the principal lures of the Federal program for people like Miss Tucker is that it is not what they consider a handout from the Government but money from Social Security funds to which they are entitled by virtue of having worked during their life. Actually, however, a person does not have to have held a job to be entitled to join the Federal program and recipients automatically get Medicaid.

People who are over 65, blind or disabled are eligible if their total income does not exceed $227 a month if they are single or $315 a month for a couple. They are also allowed to own a house valued at $25,000; a car valued at $1,200; and have savings of up to $1,500 ($2,250 for a couple) and insurance policies with a total face valuue of $1,500 or less. Income limitations are slightly higher for people who are working.

Applicants should apply to their local Social Security Administration offices, listed in telephone books under "United States Government: Health, Education, and Welfare, Department of . . ."

To date, the program has unearthed 56,000 of the 275,000 persons thought to be eligible.

Shloime Davidman is 75 years old and there is still a lot of red in the thick thatch of hair above his crinkled face. It is easy to see what the brash, husky-voiced Rumanian immigrant must have looked like 50 years ago when he first came to New York wearing a straw hat and carrying a cane.

When he left Ellis Island, he had $24.50. Today, his total income is the $182 a month he receives from Social Security, although this will probably rise to $227 a month when he applies for supplemental income. He pays $143 a month in rent and $13.65 every three months for Medicaid, although he will be able to forgo this when he gets S.S.I.

But Mr. Davidman is so cheerful and so busy and so smiling that it is as if he had no cares at all. It is difficult to get him to talk about how he lives on so little money, not because it seems to be the raw and painful subject that it is to so many elderly people, but simply because he seems to dismiss his poverty with impatience as if he didn't have time to dwell on it.

He has been a butcher in Philadelphia, worked in laundries in the Bronx, owned a small store in the Crown Heights section of Brooklyn, which sold knishes, and has run all around the city as a messenger, even in his later years.

But his talent has been as a teacher and a writer and he taught Yiddish history and literature in Jewish schools in Chicago, Detroit, Passaic and Paterson. In addition to English, he speaks Yiddish, Hebrew, Russian, Ukrainian and Rumanian and the zest that carries him through the lean days now is the zest of a scholar for whom days are never long enough. He says he often does not go to bed until 2 A.M.

"I'm not looking for money," he said. "What I'm interested in is that people should know my work as a teacher."

Mr. Davidman has just completed a book called "A Song to Yiddish," which is a compilation of essays and poems, many of them his own. Friends gave him enough money to have it published privately and he considers it his greatest achievement.

A radio plays classical music as he works in the kitchen of his sunny apartment in Brighton Beach, a block away from the ocean.

There are spools of thread, rubber stamps, bottles of ink, cough medicine, playing cards and endless notebooks scattered around and he works for hours writing stories or working on translations into Yiddish. A few years ago he went to work for a small Jewish newspaper for $30 a week as a proofreader, but times were bad and they let him go a year ago.

He smokes three packs of cigarettes a day. He does his own washing and cooking and eats chicken, when he can, with lots of onions. The rest of the time he eats rice and drinks tea.

His wife died six years ago and he has a daughter who lives in Queens and a son who is an artist in San Francisco.

"When I get in a jam, I write to the kids and they're good to me," he said. "Sometimes I'm so busy, but this way it's happiness. You feel that you're really creating."

One of the most difficult problems for many of the elderly white poor is that they never experienced the degree of poverty that they have now and they are bitterly aware of their decline. The study for the Office of the Aging found that the largest bulk of whites they studied were skilled workers during their adult working years, but that 15 per cent were once involved in professional and managerial occupations and 20 per cent were owners of small businesses or employed in clerical or sales occupations. But in 1970, according to the study, 30 per cent of them had annual incomes of less than $2,000.

Another characteristic of the white elderly is their fierce independence and their refusal to move in with children who are often living in suburban homes in comfortable circumstances. The Office of the Aging study found that 95 per cent of the old white people continued to maintain their own homes despite the overwhelming difficulties in doing so.

Julie O'Connor is a 64-year-old widow whose $50 a week of unemployment ran out in July and whose life savings ran out in September.

"I got panicky," she said. "But oh, I swallowed my pride and that was hard. Living in the neighborhood and knowing all the families and knowing that they knew my daughter wasn't living with me. I don't like people asking me personal things like wasn't my son giving me anything?"

So she applied for food stamps, but she didn't even have enough cash to buy the quantity that was required. Then she applied for welfare, although years before when her husband was dying she had been treated roughly when she applied and had sworn she would never go to a welfare office again.

She had been told at that time that she was ineligible because she had a $1,000 insurance policy and when she said she would use it for her husband's funeral, she was told she had no reason to worry because the city paid $250 to bury paupers.

But last fall she was desperate so she swallowed her Irish pride and went to the welfare offices again, only to find that her battered old car, which she uses to visit her son and his family in the suburbs on weekends, prevented her from being eligible for welfare.

Julie O'Connor, however, is made of a certain kind of toughness despite her frail demeanor and her gentle pale face. She had been widowed in her 30's, raised two children and taken care of her father until he died at 83. When her father forbade her to work because he felt that women shouldn't, she took in ironing and did it in secret without his knowing.

This time she found a job taking care of an old woman and now she has a secretarial job. Her apartment in Long Island City costs her $85 a month, but she cannot afford to rent an apartment in the suburbs near her son. Her pride is immense (she refused to have her picture taken) and her strong Irish Catholic faith carries her through.

"The wolf isn't at the door, he's at the table," she said. "But God gives us what we have and what we don't have we don't need."

GAO RULES ON RUSSIAN ENERGY DEAL

Mr. SCHWEIKER. Mr. President, I am today releasing a ruling by the Comptroller General stating that the pending $6.1 billion Russian energy development deal in Siberia is illegal without a specific determination by the President that this specific transaction is "in the national interest."

The GAO also concluded that all past Export-Import Bank transactions with the U.S.S.R. have been illegal because they circumvented existing law.

I asked for this GAO ruling because I oppose this Russian "energy deal" and felt that the Export-Import Act requirements were not being followed. American tax dollars should be put into domestic energy exploration, and not spent on Russian energy exploration.

Based on this GAO report, I am taking two actions:

First. I have formally requested the Export-Import Bank today to "immediately suspend consideration of all credit, loan, guarantee, or insurance applications for the benefit of the Soviet Union until Congress has received adequate assurances that future Export-Import Bank transactions with the Soviet Union will comply with existing law."

Second. As a member of the Appropriations Committee, I have begun preparations to introduce an amendment to bar

the multibillion-dollar Russian "energy deal" in the event that the President does report to Congress that the Export-Import Bank credits for the Siberian energy development project is in the national interest.

One Russian "wheat deal," which has been driving American bread prices skyhigh is enough. I vehemently oppose putting billions of precious American energy development money into the proposed Russian "energy deal."

The United States should be concentrating our long-range energy investment dollars on domestic coal, shale oil, atomic energy, and other potential U.S. energy sources, rather than investing in Russian development.

The Export-Import Bank Act of 1945, as amended, prohibits Export-Import Bank transactions with Communist nations unless the President reports to Congress that each such transaction is in the national interest. It is not enough, as the present and past administrations have done, to simply certify across-the-board that trade with a particular country will be in the national interest.

I will press for congressional review of this Siberian energy deal and congressional action to put our money into domestic energy development instead.

I ask unanimous consent that the full text of the GAO legal opinion be reprinted in full at this point in the RECORD.

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

COMPTROLLER GENERAL OF
THE UNITED STATES,
Washington, D.C., March 8, 1974.

Hon. RICHARD S. SCHWEIKER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SCHWEIKER: Your letter of January 31, 1974, raises several questions concerning the participation of the Export-Import Bank (Eximbank) in transactions involving the Soviet Union. These questions arise primarily in view of section 2(b)(2) of the Export-Import Bank Act of 1945, as amended, which prohibits the Bank from guaranteeing, insuring or extending credits in connection with the purchase or lease of any product by a Communist country except in the case of any transaction which the President determines would be in the national interest and so reports to the Congress.

You state it to be your understanding that on October 18, 1972, President Nixon determined it to be in the national interest for Eximbank to extend credits to the Soviet Union. Subsequent to this Presidential determination, Eximbank has extended credits to the Soviet Union in numerous transactions, and the Bank has reported such transactions to the Congress. However, no separate determination of national interest for each individual transaction has been issued by the President.

You also indicate that Eximbank is presently considering an application by the Soviet Union for a $49.5 million direct loan to be invested in an energy development project in the Yakutsk area of Eastern Siberia, and that the Soviet Union is expected to seek additional Eximbank credits to finance a $7.6 billion North Star energy development project in Western Siberia.

In consideration of the foregoing matters, you request our response to the following specific questions:

(1) In view of the restrictions contained in the Export-Import Bank Act of 1945, as amended, has the Bank acted in compliance with applicable law in extending credit to the Soviet Union in the absence of individual Presidential determinations, submitted to Congress, to the effect that each such transaction is in the national interest?

(2) Regardless of the legality of prior loans, in view of the present American energy crisis, can the Eximbank legally extend credit to the Soviet Union for the pending Yakutsk energy development project in the absence of a specific Presidential determination, submitted to Congress, that such transaction is in the national interest?

(3) What is the total amount of Eximbank funds presently outstanding in loans, guarantees or insurance to the Soviet Union, and what is the total amount of Federal funds presently committed to energy research and development in the United States?

As you indicate, the President made a determination concerning extension of Eximbank credits to the Soviet Union on October 18, 1972. The full text of this determination, as published at 37 F.R. 22573 (October 20, 1972), is as follows:

"THE WHITE HOUSE,
Washington, October 18, 1972.

"I hereby determine that it is in the national interest for the Export-Import Bank of the United States to guarantee, insure, extend credit and participate in the extension of credit in connection with the purchase or lease of any product or service by, for use in, or for sale or lease to the Union of Soviet Socialist Republics, in accordance with Section 2(b)(2) of the Export-Import Bank Act of 1945, as amended.

[signed] RICHARD NIXON"

This determination was reported to the Congress on the date it was made. See Congressional Record for October 18, 1972, H10409 (Executive Communication No. 2432). Obviously this document evidences a determination that it is in the national interest to extend credits to the Soviet Union as a general matter, and without reference to any particular transaction or transactions.

Your first question, as to the validity of such a general determination, requires consideration of the legislative history of section 2(b)(2) of the Export-Import Bank Act and prior appropriation act provisions.

Section 2(b)(2) of the Export-Import Bank Act of 1945, as amended, 12 U.S.C. 635(b)(2), provides, quoting from the United States Code:

"The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

"(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 2370(f) of Title 22), or agency or national thereof, or

"(B) in connection with the purchase or lease of any product by any other foreign country, or agency, or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined),

"except that the prohibitions contained in this paragraph shall not apply in the case of any transaction which the President determines would be in the national interest if he reports that determination to the Senate and House of Representatives within thirty days after making the same."

The above-quoted provision was added by section 1(c) of the act approved March 13, 1968, Pub. L. 90-267, 82 Stat. 47, 48. The 1968 act was in this regard based upon a somewhat similar limitation which had been carried in appropriation acts for prior years.

The appropriation act limitation first appeared in the Foreign Aid and Related Agencies Appropriation Act, 1964, approved January 6, 1964, Pub. L. 88-258, 77 Stat. 857, 863, as follows:

"None of the funds made available because of the provisions of this Title shall be used by the Export-Import Bank to either guarantee the payment of any obligation hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961, as amended) or any agency or national thereof, or in any other way to participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national, except when the President determines that such guarantees would be in the national interest and reports each such determination to the House of Representatives and the Senate within 30 days after such determination."

The same language was included in the appropriations acts for 1965 (78 Stat. 1022), 1966 (79 Stat. 1008), 1967 (80 Stat. 1024–25), and 1968 (81 Stat. 943).

The appropriation act limitation, as originally enacted in 1964, represented a compromise between proponents of a flat prohibition against Eximbank participation in any transactions involving Communist countries, led by Senator Mundt and Representative Findley, and those members who insisted upon according discretion to the President. However, the legislative history indicates that this language was intended to require a specific Presidential determination for each transaction to be exempted from the prohibition. Thus Senator Mundt commented as follows in a statement appearing at 109 Cong. Rec. 25619:

"* * * The compromise language which we finally developed in the conference report and which has been adopted by the House is a significant and important policy recommendation by Congress and a firm expressional intent. It contains the same specific prohibition against extension and guarantees of credit to the Communist nations contained in S. 2310 but it provides an escape clause to be used by the President of the United States only—and I repeat only—when he himself finds in the case of each proposed credit transaction that he believes it to be in the national interest * * *.

* * * * *

"I am confident there are many in Congress and throughout the country—and I include myself among them—who will want to scrutinize each such transaction most intently and carefully if it should actually eventuate and be authorized. * * *

"Thus, I am well satisfied with the policy declaration and the specific prohibition in this matter contained in the conference report and by the work accomplished by the House-Senate conference committee in writing into this foreign aid appropriations bill a prohibition which can be voided only by specific Presidential action to be publicly reported in each case within 30 days to both Houses of Congress."

The same intent seems to be manifested during House consideration of the conference report. Mr. Passman observed:

"* * * The so-called Mundt amendment which was agreed to by the conferees requires two things specifically: The President must determine that financing such assistance by the Export-Import Bank is necessary, and the President must report each such determination * * *.

* * * * *

" * * * If, for example, there are 20 such determinations, the President will report 20 different times * * *." 109 Cong. Rec. 25416–17.

In response to an observation that the President had already in effect determined that sales of wheat and other agricultural products to the Soviet Union were in the national interest, Mr. Rhodes stated:

"Of course, the gentleman realizes that a new determination has to be made with each transaction under the terms of this amendment?" *Id.* at 25418.

As noted previously, the present statutory provision was enacted in 1968 by Public Law 90-267. The report on the 1968 legislation by the Senate Committee on Banking and Currency noted the similar provision contained in prior appropriation acts, but pointed out:

" * * * the committee provision goes beyond the existing provision in two respects. First, as indicated, *it would require a determination of national interest by the President in the case of indirect as well as direct transactions* with Communist countries. Second, the provision becomes a part of the Bank's statutory charter and does not need to be adopted each year by the Congress as in the case with the appropriation act." S. Rept. No. 493, 90th Cong., 1st sess., 4. (Italic supplied.)

The conference report commented with reference to the provision enacted:

"The Bank is also prohibited from participating in credit transactions in connection with the purchase or lease of any product by a Communist country * * * *except after a Presidential determination communicated to Congress within 30 days after it is made, that the transaction would be in the national interest.*" H. Rept. No. 1103, 90th Cong. 2d sess., 4. (Italic supplied.)

Finally, in explaining the conference version of the 1968 legislation, Senator Muskie reiterated that section 2(b)(2) was patterned after the similar limitation which had been carried in appropriation acts. 114 Cong. Rec. 3836.

Thus the language of section 2(b)(2) of the present act, together with its legislative history, clearly requires a separate determination for each transaction. Your first two questions are therefore answered in the negative.

With reference to your third question, the materials enclosed herewith indicate the present status and extent of Eximbank participation in transactions involving the Soviet Union. Finally, a report to the President dated December 1, 1973, from the Chairman of the Atomic Energy Commission indicated the following obligations for Federal energy research and development for fiscal years 1973 and 1974:

[In millions of dollars]

Program element	Actual 1973	Planned 1974
Conserve energy	$52.8	$62.3
Increase domestic production of oil and gas	20.0	19.5
Substitute coal for oil and gas	88.8	167.2
Validate nuclear option	395.8	517.3
Exploit renewable energy sources	82.8	123.0
Total	640.2	889.3

We have not audited or verified the above data. The President's fiscal year 1975 budget contains $1.5 billion for direct energy research and development.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

INTERNATIONAL DEVELOPMENT ASSOCIATION

Mr. McGEE. Mr. President, what did the House vote in January, which saw the defeat of our fourth replenishment to the International Development Association, really prove?

Was it an indication that the American people were fed up with our participation in such programs? Was it an indication that the American people were turning their backs on two-thirds of the world's population? Was it an indication that Americans feel they could now go it alone in the world? Or was it an indication that we had become coldhearted and ruthless in our treatment of the poor, the starved, the illiterate, and the less fortunate of the developing world?

Even though considerable rhetoric to this effect was sounded in the House vote, I do not believe the American people necessarily support the action taken by their elected representatives. I base this conclusion on the hundreds of editorial letters, and resolutions by numerous organizations which have poured into my office condemning the action.

Today, I am inserting in the RECORD a sampling of the editorial sentiment from around the Nation which I believe represents the true spirit of this Nation and not what the opponents of IDA perceived to be the sentiment of our citizens.

From the Milwaukee, Wis., Journal:

Uncle Sam has been left looking like Uncle Scrooge.

From the Providence, R.I., Bulletin:

It (the House vote) was unexpected and largely unexplainable.

From the Spokane, Wash., Spokesman Review:

Congress may have lost a long-term positive gain because of a short-term negative aspect.

From the American Banker:

The House vote last week was spiteful, and directed at the wrong targets. In the midst of all the country's troubles involving self-respect and public stature, it ought not to impose on the country this unnecessary disgrace.

From the Knoxville, Tenn., News Sentinel:

Ever since the Marshall Plan, foreign aid has been firmly based on the enlightened self-interest of the United States. It would be a pity to abandon this philosophy now in an attempt to strike back at oil blackmail.

From the Los Angeles Times:

But for the United States itself to adopt the selfishness, the shortsightedness of these oil-producing nations on the broad question of economic development would compound the crisis, not resolve it.

From the Boston Globe:

Congress has no reason to be proud of its first substantive act after returning from a six-week recess for the holiday season—a recess which probably involved a lot of personal pleasure and comfort for many of its members.

From the Chicago Sun-Times:

By its unthinking act, the House may have imperiled not simply the economies of some of these countries, but also the lives of many of their inhabitants.

From the New York Post:

Obviously many Americans are weary of high food prices, political corruption and seemingly contrived shortages. Their fatigue is understandable. It does not, however, compare with devastating deprivation elsewhere in the world—or excuse refusal to extend relief in conformity with our worthiest tradition.

From the Columbus, Ohio, Citizen Journal:

If the poor nations of the earth conclude there is no compassion left among the wealthy countries, and no hope of further help in improving the lot of their woefully needy people, the ultimate price to the United States and the rest of the Western World might be very high indeed.

From the Buffalo, N.Y., News:

We are all in the same world, and the problems of the poor countries are, in part, the problems of us all.

From the Baltimore Sun:

But as a percentage of the nation's gross national product, the American contribution rates well down the list of the developed countries.

From the Hartford, Conn., Courant:

Just when others are increasing their support of the IDA is no time to withdraw ours. The hand that's lost could be our own.

From the Louisville, Ky., Courier Journal:

Last week's vote by a substantial majority of the House to reject the U.S. commitment of $1.5 billion to the International Development Association (IDA) was indefensible and deplorable.

From the Kansas City Times:

Bias, narrow self-interest and outright misunderstanding won the field this week.

From the Philadelphia Inquirer:

We like to think of ourselves as a generous people, yet as World Bank President Robert McNamara notes, the U.S. ranks 14th among the top 16 donor countries in terms of national income.

From the Wilmington, Del., News:

The House of Representatives has voted against the honor, tradition and interests of the United States.

From the Washington Star-News:

The refusal to authorize the contribution of $1.5 billion over the next four years is an act of shocking irresponsibility.

From the New York Times:

Often it is argued, the Congress seems reluctant to recognize that development assistance brings mutual benefits to industrialized and less developed nations alike.

As I mentioned earlier, these are only a sampling of the editorial comments from around the Nation. In the next few days, I will be inserting more editorials in the RECORD. I would hope that my colleagues in the Senate would not lose sight of what these editorials are saying to the Congress. The tenor of these editorials are reasoned, logical, and farsighted. I would hope that we, as elected representatives of the people, could conduct ourselves with some semblance of the responsibility to be found in these comments.

With all our domestic difficulties, it might be just the time for the Congress to begin exerting a little leadership, rather than engaging in narrow and self-serving ends. The Nation will pay a high price for this reckless self-indulgence if we do not begin acting responsibly.

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

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

[From the Milwaukee Journal, Jan. 25, 1974]

HOUSE SHUNS POOR NATIONS

Uncle Sam has been left looking like Uncle Scrooge. Abruptly and foolishly, the House has killed a bill for a new contribution to the World Bank to help economic

development in the poorest countries on earth.

The contribution, amounting to $1.5 billion over four years, is part of a total contribution of $4.5 billion from wealthier countries and is proportionally smaller than the current U.S. share of support. The Nixon administration is behind the idea, but many defecting Republicans joined Democrats to crush it.

The need is clear. The World Bank calculates that for 41 of these poorer nations the additional oil import bill this year will exceed the entire amount of foreign aid they receive. It is too often overlooked that while the industralized West is squeezed hard by the high cost of oil, backward nations are devastated.

Congressmen who argue that the aid will merely flow to the Arab oil countries are thinking narrowly. It's a lot like saying that you shouldn't pass the hat for the gravely ill because wealthy physicians might ultimately profit. It may be true, but it does not lessen the need, or the moral obligation to assist.

As for the argument that the US itself has pressing domestic needs, none can deny that this is so. But it is also true that we possess the basic wealth to meet our own problems as well as assist impoverished nations.

This is the right kind of aid. It is economic, not military. It is channeled through a multinational agency and thus does not entangle us in the political affairs of assisted countries. The House should reconsider.

[From the Providence (R.I.) Bulletin, Jan. 28, 1974]

DISASTER FOR POOR NATIONS

The House defeat of a bill to increase the United States contribution of "soft loans" to developing countries through the World Banks has spread dismay among the whole development aid community. It was unexpected and largely unexplainable.

This country had agreed last year, in consultations with other members of the World Bank, to a doubling of the total contributions to the "soft loan" program, which is handled by the International Development Association, a subsidiary of the World Bank. The increase would raise the program to a level of 1.5 billion dollars a year, compared with the old program of about 800 million dollars annually. Where the U.S. share was 40 per cent in the old program, American negotiators had insisted on cutting it to one-third in the new.

Still, the House rejected the entire authorization, which, in the legislative process, had been changed to 1.5 billion spread over four years. The vote was decisive—248 to 145. It was so startling that it drew a strong statement of protest from Secretary of State Kissinger and Secretary of the Treasury Shultz. An even stronger blast came from Robert S. McNamara, World Bank president, who called the vote "an unmitigated disaster for hundreds of millions of people in the poorest nations in the world."

The "soft loan" program is separate from the regular loans of the World Bank. The bank, in the past five years, has boosted its annual volume of loans from 1.5 billion to three billion dollars. These are made on a much tougher basis, from a banker's point of view, although interest charges are relatively low. They are designed to foster business and industrial enterprises in the poorer nations. IDA "soft loans" are interest-free, extend for as much as 50 years, and go only to countries with per capita incomes of $300 a year or less. They are much more in the nature of "foreign aid," although not outright grants.

One of the arguments in the House against the expansion of the program was that the total of increased loans for most of the poor countries would be less than the increased cost of oil. Members argued, in effect, that the extra money would simply flow through to the oil exporting countries, especially the Arab oil producers that have created international upset by their current oil embargo. But the developing nations desperately need oil. They do not have any margin of waste or luxury that can be cut, as does the United States, for example. The increased cost of oil poses an overwhelming problem for them. In short, the squeeze on oil makes aid all the more urgent for them, not less urgent.

Although Congressman Mahon of Texas, chairman of the House Appropriations Committee, warned that House members aren't going to change their minds, an attempt ought to be made to prevent a crisis for the developing countries. Possibly a favorable vote by the Senate could have some impact. Certainly, greater pressure ought to have come from the congressional leadership and from the White House, despite their preoccupation with the Watergate scandals.

The World Bank and the IDA can provide the impetus for putting the poorer nations on their own feet economically. But they cannot do it without full cooperation from the rich nations. The House vote has left U.S. participation in the stepped-up program in question.

[From the Spokane (Wash.) Spokesman Review, Jan. 26, 1974]

INVESTMENT IN VITAL RESOURCES

It may not be an unusual circumstance, but Henry Kissinger is mad at Congress. The House has killed a bill sponsored by the administration for a new contribution to the World Bank to aid economic development in poor nations. Kissinger considers us to be committed to an equitable share among all industrialized nations and this action will mean a major blow to United States world leadership.

At first glance, it is easy to see the root of the bill's defeat. The country is understandably disillusioned with foreign aid. Many congressmen pictured the aid simply flowing from the poor countries into the pockets of the oil-producing Arab countries. We would be throwing money away with nothing to show for it.

These fears are understandable but Kissinger has a point also. The contribution should be handled as a loan and not a gift and with that condition it can be thought of as a grubstake for our future. The poorer nations may be poor in the way of development but certainly not in terms of natural resources that will be extremely valuable in future years. In a sense, through economic development loans we are investing in those resources.

There is a legitimate fear that these poorer nations will pull a stunt similar to the Arab oil boycott. Nevertheless, they could do so and in fact may be more likely to do so without U.S. loans. When the United States doesn't utilize its influence others are quick to fill the gap. The Arab oil-producing nations have already announced plans to set up a $200 million fund to help African countries purchase Arab oil. That can feasibly mean the beginning of an Afro-Arab alliance that can team up against the United States later.

Kissinger is right in warning we can't go it alone. We may be able to become self-sufficient in energy and other areas but there is always going to be some vital resource we need. Provided the loans are legitimately treated as loans, provided our economy can afford the investment and provided other developed nations are also doing their share, the economic development lending program is a worthwhile investment in our future. Congress may have lost a long-term positive gain because of a short-term negative aspect.

Summary: In the House defeat of a bill to give a contribution to the World Bank, Congress has weakened a valuable investment for our future.

[From the American Banker, Jan. 28, 1974]

THE DENIAL OF IDA IS A DISGRACE

It was a disturbing signal that the House of Representatives gave last week, when it voted overwelmingly against the replenishment of IDA.

By a count of 248 to 155, the House killed the bill which had been passed by the Senate to commit $1.5 billion over a period of four years to the International Development Association. As the soft-loan agency of the World Bank, the IDA makes loans to the most desperately poor countries on easy terms. The $1.5 billion represents one-third of IDA's budget for that period, a reduction from the 40% which the United States had granted in the past.

The sadness of the action is not so much that it is one more manifestation of the new isolationism which seems to be gaining strength in the nation. Rather, it is a cause for concern because it seems to show a turning away from the poor and helpless—a repudiation of the national characteristic of thoughtful charity.

One of the main reasons for this rebuff, of course, is the national disenchantment with foreign aid. That process of disillusionment set in when the promise of political benefits abroad, which was one of the early selling points for these programs, was dashed, and the country learned that could not buy friendship. That poor climate was subsequently made worse by the impact of foreign competition upon domestic industries, giving rise in recent years to a virulent new form of protectionism. And the oil crisis, of course, has dramatically sharpened antipathy and fear of the harm foreign economic and business activity can do to American workers.

That quite legitimate concern has grown so large that it has caused Congress to revoke its traditional modest expression of charitable concern for the poor nations which pose no threat to the economic well-being of Americans.

The arguments on behalf of IDA, which make a clear distinction between its function and the more politically motivated forms of aid, have been engulfed in the overwhelming resentment of all endeavors remotely suggestive of giving anything to foreigners.

The fact that the U.S. economic leaders, particularly Treasury Secretary George Shultz, have labored successfully to diminish the proportion of the U.S. load, and to spread this modest burden more fairly among other industrial nations, has availed nothing. The fact that the U.S., once the world leader in foreign aid, now has fallen well behind other industrial nations in the proportion of its wealth that it allocates for development has not appeased the political mood to reduce it even further.

Oddly, the cutting off of aid to the poor abroad does not appear to be in response to a demand to take better care of the poor at home; it seems to be entirely a protest vote against foreign aid as such.

The banking industry is in a unique position to appreciate how wrong is this denial of IDA, both because of its sense of community responsibility, as expressed in individual institutions' support for local charities, much as the U.S. government has helped its poor neighbors around the globe, and in its sense of the potential for healthy business relationships in helping the less developed countries to grow.

Now the Administration, beset by enormous problems elsewhere, faces the task of trying to salvage what it can, legislatively,

in the hope of delivering on its promise to the poorest of the world. There seems to be some hope that the IDA replenishment bill, which breezed through the Senate before it was overwhelmed in the House, could be revived, possibly for less money. There is some embarrassment to the political technicians who will have to do this chore, and there will be some difficulties within IDA in making the necessary adjustment if they do have to settle for a smaller amount.

But that awkwardness is insignificant compared with the shame of the rich U.S. in the eyes of the poor of the world if this repudiation is allowed to stand. The House vote last week was spiteful, and directed at the wrong targets. In the midst of all the country's troubles involving self-respect and public stature, it ought not to impose on the country this unnecessary disgrace.

[From the Knoxville (Tenn.) News-Sentinel, Jan. 27, 1974]

AN ILL-CONSIDERED VOTE

The House should reconsider its lopsided 248–156 vote against a new $1.5 billion U.S. contribution to the International Development Association (IDA), the branch of the World Bank that makes "soft" loans to the poorest of the world's poor nations.

The Administration bill to fund the IDA was beaten by a combination of circumstances, chief among which was the oil price squeeze and the widespread suspicion in the House that a great deal of the $1.5 billion would ultimately find its way into the treasuries of extortionate Arab oil princes.

Lending credence to this theory was a World Bank calculation that for 41 of the have-not nations the increases in the price of the oil they must import would more than eat up the total foreign aid they will receive from all sources this year. Hence, the House reasoned, the U.S. contribution to IDA would do no more than further enrich oil-producing nations that are plucking the industrial Western World like a helpless chicken.

As tempting as the theory is, it won't stand analysis. If the U.S. reneges on its promised contribution to IDA, so will other wealthy nations. Thus the total cost to poor countries will be some unknown multiple of $1.5 billion, and it is going to hurt them cruelly. More than the oil imports they need, it will deprive them of public health services, improved agriculture, power and water projects, roads and bridges—in short, everything they need to lift their people out of the hopeless morass of poverty into which they were born.

If the poor nations of the earth conclude that there is no compassion left among the wealthy countries, and no hope of further help in improving the lot of their woefully needy people, the ultimate price to the United States and the rest of the Western World might be very high indeed.

Ever since the Marshall Plan, foreign aid has been firmly based on the enlightened self-interest of the United States. It would be a pity to abandon this philosophy now in an attempt to strike back at oil blackmail.

The Administration promises to resubmit a scaled-down request for new IDA funds. We hope it does so. We hope too that the White House will support the new request with more vigor and purpose than it showed during the House debate over the original request.

[From the Los Angeles Times, Jan. 25, 1974]

THE WRONG TARGET OF U.S. ANGER

It is not surprising that Congress is mad at the Arabs about the inflationary increases in petroleum prices. But to vent this anger by killing the new American contribution to the International Development Assn. is to pick the wrong target.

IDA is the World Bank arm that serves the 145 poorest nations in the world, nations with a per capita income of $375 a year or less. Since 1961 it has provided about $6 billion, not much in a world accustomed to spending hundreds of billions on arms alone. But it has made a crucial difference for the recipients, helping improve agriculture, education, family planning—making a difference that argues for more, not less, money.

In broad terms of American finance, the amount of the contribution is not significant. The American share of the proposed replenishment was to be at an annual rate of $375 million a year, compared with the present level of contribution of $320 million.

But in withdrawing, Congress places in jeopardy the entire $4.5 billion funding. The American share was to be $1.5 billion over a four-year period—one-third of the total. compared with the 40% share paid in the past.

The United States already is a year behind schedule in keeping its commitments to earlier pledges totaling $1.6 billion since 1960. In the general accounting of foreign assistance from rich nations, measured as a percentage of gross national product, the United States presently ranks among the lowest contributors, with only Japan, Italy, Switzerland and Austria giving lower percentages of GNP. The present flow of American loans and grants is less than 0.33% of America's GNP, and includes only about $300 million a year in nonrepayable grants.

Many congressmen who voted against the IDA replenishment must have had their eyes on the oil-producing nations. And for good reason. The massive increases in oil prices have crippled development in the poor nations of the world, in effect wiping out the potential gains provided by Western assistance.

What makes matters worse is that the rich oil-producing states have shown no sense of responsibility in sharing their capital with other developing nations. None of the Arab states, for example, has ever contributed to IDA in the past, and only one, Kuwait, with a modest $27 million, has pledged to help the next IDA replenishment. No price concessions have been offered the poor countries, although there has been a proposal for a $200 million Arab fund to help black Africa.

In this circumstance, the congressmen must have wondered if any further aid from the West would simply end up in the coffers of the oil-rich nations, further distorting the world monetary situation.

But for the United States itself to adopt the selfishness, the shortsightedness of these oil-producing nations on the broad question of economic development would compound the crisis, not resolve it.

There is no question that economic development will be set back, stalled, perhaps reversed, unless the oil producers themselves compensate for the blow of high oil prices on the poorest nations. That makes more urgent, not less, however, continued support for IDA from the Western industrial nations that have been its prime supporters.

[From the Boston Globe, Jan. 25, 1974]

HELP THE POOR COUNTRIES

Congress has no reason to be proud of its first substantive act after returning from a six-week recess for the holiday season—a recess which probably involved a lot of personal pleasure and comfort for many of its members. On Wednesday it killed a $1.5 billion appropriation as the American share of the latest "replenishment" of the International Development Association. Other nations will furnish another $3 billion to assist the less-developed countries in the long and complicated task of upgrading their economies.

This is to be the fourth replenishment of IDA, an adjunct of the World Bank, and its programs of interest-free loans. IDA's credits are for periods of 50 years with only one percent repayment for each of the first 10 years and larger amounts over the balance of the loan. The funds are used for such basic projects as agriculture, electric power, transportation and water supply, plus commercially oriented industrial and tourist enterprises.

It is difficult to overestimate the needs of the poorer countries. Hundreds of millions of persons in Asia, Africa and Latin America still subsist on annual incomes of about $100. Their only hope for greater longevity and fuller lives lies in agricultural and industrial improvements that will alleviate chronic hunger and other privations in health, education and housing.

As compelling as their immediate needs may be, Congress had other reasons to vote the funds for IDA. The recent surge in petroleum prices has caused some disruption in the industrialized world, but it has created havoc in the plans of the poorer countries, which now find collectively that higher prices for fuel more than offset flows of aid through IDA and other national agencies.

The oil producing countries—themselves for the most part nonindustrialized—have so far made no attempt to assist the poorer nations either with special price treatment or with other forms of assistance. They have made some pious comments about community of interest with the poorer nations but have not made any significant contributions to a problem shared by all mankind.

The assistance to IDA and the poorer countries will serve as reminder to everyone—rich nation, poor nation and oil nation—that an incredibly large job must still be done and that the current energy shortage, aggravated if not actually caused by the producing nations, must not interrupt it.

The opposition to the bill that led to its death in the House seems partly inspired by doubts about the utility of aid generally, but we suspect this is rooted in the flaws of direct aid by this country, often linked with or even as disguised military aid.

Furthermore, although there are unquestionably errors, mistakes, false starts and disappointments with such assistance, it is absurd to kill the whole concept rather than attack the specific shortcomings.

From a practical point of view, the chief possibility seems renegotiation of the amount involved to allow reconsideration by Congress. This should be done speedily. And Congress should reverse its vote.

[From the Chicago Sun-Times, Jan. 28, 1974]

HELP THE BANK—AND THE HUNGRY

By a vote of 248 to 155, the House last week killed a bill that would have provided an appropriation of $1.5 billion to help the World Bank alleviate some of the unprecedented human suffering in the underprivileged countries of the world. By its unthinking act, the House may have imperiled not simply the economies of some of these countries but also the lives of many of their inhabitants.

Robert S. McNamara, president of the bank, does not ordinarily comment on actions by the bank's member countries, but he correctly called the House's action "an unmitigated disaster." Several African nations were counting on the money to help them recover from some of the century's worst droughts. India, the world's largest democracy, has been disastrously crippled by the energy crisis and a food shortage and is in desperate need of aid. Similar conditions also exist in Pakistan and Bangladesh.

The House's action was particularly thoughtless because, unlike the other designated contributions to the fund, the United States would have been allowed to spread

its contribution out over four years instead of three. Moreover, the $1.5 billion was the smallest share asked of any member country.

Treasury Sec. George P. Shultz, who recognized the need to pass the bill, hopes to revive it—perhaps by seeking its passage in the Senate and then giving the House another chance to do right by the thousands of people who need help. The need for the House to reverse its vote is as real and as pressing as the hunger the bill is designed to ease.

[From the New York Post, Jan. 26, 1974]

INHUMANE BANK HOLDUP

Must America the affluent hold back any more loans to the world's developing nations because it is making too many lavish deposits in the accounts of discreditable regimes which have proved themselves disastrous risks?

The question emerges after this week's vote in the House of Representatives blocking legislation for a relatively modest $1.5 billion increase, phased over four years, in U.S. contributions to the International Development Assn. Yet this country is now spending $500 million more than that sum on direct assistance to South Vietnam and Cambodia, as duly authorized by Congress, after squandering billions there.

The IDA, an arm of the World Bank, is the primary source of aid for "least developed" countries. Their desperate human needs are frequently made even more acute by natural disasters—such as the fearful droughts in West Africa. In many cases, the only hope of emergency relief and the kind of assistance that can asssure long-term survival through wisely planned development rests with the IDA.

Obviously many Americans are weary of high food prices, political corruption and seemingly contrived shortages. Their fatigue is understandable. It does not, however, compare with devastating deprivation elsewhere in the world—or excuse refusal to extend relief in conformity with our worthiest tradition.

[From the Columbus (Ohio) Citizen Journal, Jan. 28, 1974]

AN ILL-CONSIDERED VOTE

The House should reconsider its lopsided 248–156 vote against a new $1.5 billion U.S. contribution to the International Development Association (IDA), the branch of the World Bank that makes "soft" loans to the poorest of the world's poor nations.

The Administration bill to fund the IDA was beaten by a combination of circumstances, chief among which was the oil price squeeze and the widespread suspicion in the House that a great deal of the $1.5 billion would ultimately find its way into the treasuries of extortionate Arab oil princes.

Lending credence to this theory was a World Bank calculation that for 41 of the have-not nations the increases in the price of the oil they must import would more than eat up the total foreign aid they will receive from all sources this year. Hence, the House reasoned, the U.S. contribution to IDA would do no more than further enrich oil producing nations that are plucking the industrial Western world like a helpless chicken.

As tempting as the theory is, it won't stand analysis. If the U.S. reneges on its promised contribution to IDA, so will other wealthy nations. Thus the total cost to poor countries will be some unknown multiple of $1.5 billion, and it is going to hurt them cruelly. More than the oil imports they need, it will deprive them of public health services, improved agriculture, power and water projects, roads and bridges—in short, everything they need to lift their people out of the hopeless morass of poverty into which they were born.

If the poor nations of the earth conclude that there is no compassion left among the wealthy countries, and no hope of further help in improving the lot of their woefully needy people, the ultimate price to the United States and the rest of the Western world might be very high indeed. Ever since the Marshall Plan foreign aid has been firmly based on the enlightened self-interest of the United States. It would be a pity to abandon this philosophy now in an attempt to strike back at oil blackmail.

The Administration promises to resubmit a scaled-down request for new IDA funds. We hope it does so. We hope, too, that the White House will support the new request with more vigor and purpose than it showed during the House debate over the original request.

[From the Buffalo (N.Y.) News, Jan. 28, 1974]

FOREIGN AID STILL VITAL

The increasing disillusionment with foreign aid was strikingly illustrated by the overwhelming defeat in the House last week of a modest $375 million-a-year contribution to the International Development Association, affiliate of the World Bank. The agency makes interest-free loans for vital development projects in the poorest countries of the world.

The disillusionment, while unfortunate, is understandable. The process of development is so slow that the aid seems to some congressmen like pouring money into a bottomless pit. In addition, there is a tendency to expect instant gratitude from the recipients of aid, instead of viewing aid as a means of solving a worldwide development problem. Finally, the Arab oil boycott and price extortion has stirred some congressmen to react in an isolationist manner.

Actually, this last development is an especially telling argument in favor of the IDA contribution, since the extortion of the oil-producing countries is affecting the poor countries even more severely than the rest of the world. They will pay an estimated $10 billion more for their oil imports this year, a sum that exceeds what they are scheduled to receive in foreign aid from all sources.

World Bank President Robert McNamara said the House vote was an "unmitigated disaster for hundreds of millions of people." The IDA programs are the main source of aid for 21 of the least developed countries of the world including those in Africa that have been stricken by a disastrous drought.

The thoughtless action by the House casts the entire IDA program in doubt, since the 24 other donor nations are not obligated to contribute if the United States reneges. Those who think the U.S. is contributing too much should note that, in proportion to our gross national product, the U.S. ranks only 14th among the 16 principal donor nations.

The fight for the IDA funds must be renewed in Congress. Some of the negative feelings about foreign aid might be dispelled if some of the oil nations like Saudi Arabia or Libya, which have more ready cash than they can use, were induced to make a contribution. This might not be too difficult, since the Arab nations seem alarmed by what their price policies are doing to their friends in the "Third World," and they have been discussing aid programs of their own.

The wealthy nations simply must not turn their backs on the three-quarters of the world that is poor. That could have dire consequences. There is an ominous threat, for example, that some poor countries will follow the examples of the oil producers, banding together to push up the price of copper, zinc or some other commodity. We are all in the same world, and the problems of the poor countries are, in part, the problems of all.

[From the Baltimore Sun, Jan. 28, 1974]

THE WRONG CUTBACK ON FOREIGN AID

The House of Representatives has just spitefully pulled the rug from under one of the Nixon administration's tortuously negotiated important agreements with the rest of the world. It has refused to authorize an American contribution of $1.5 billion spread over four years to the International Development Association. Secretary of the Treasury Shultz worked this schedule out at the World Bank meeting in Nairobi last September, as part of a new formula in which the United States share of contributions is reduced and those of Japan and West Germany increased. If one nation welshes on its commitments, the others are not obliged to live up to theirs.

The International Development Association is an arm of the World Bank that advances "soft loans" (long term, low interest) for technological aid and development of the poorest countries, which have largely exhausted more conventional credit. The provision of funds for it to lend, by the wealthier nations, is one of the purest forms of foreign aid. It is not something else labeled foreign aid, as for instance military grants are.

The enlargement of the International Development Association lending power, reached in the "Fourth Replenishment" agreed to at Nairobi, is really an attempt to catch up with world inflation in behalf of the poorest countries, which are in a rat race to do more than just maintain their current standards of subsistence for growing populations. The increased emphasis on international financial institutions is the worthiest turn that foreign aid has taken, and owes its impetus largely to the United States.

None the less, because foreign aid has turned sour in the minds of many congressmen, they are taking it out on the least offending part. Although Democrats were rather evenly divided in this decisively negative vote, Republicans were more than two-to-one against. The anguish of Treasury Secretary Shultz and Secretary of State Kissinger was evident. The President's loss of Republican support for what is, after all, a presidential program, was never more poignant. Since the United States is the largest contributor to the International Development Association, there may be a sentiment in Congress that it is being taken. But as a percentage of the nation's gross national product, the American contribution rates well down the list of the developed countries.

There is a catch to all this. Congress has time to undo its damage. The United States is behind in its payments to the International Development Association. Congress has just recently appropriated the second of three installments to the "Third Replenishment." What the House has now rejected is a four year authorization for a "Fourth Replenishment." It can change its mind, and the sooner the better in the interest of keeping other contributing countries to their commitments, and retaining some residue of goodwill in the Third World.

[From the Hartford (Conn.) Courant, Jan. 23, 1974]

THIN ARMS GROW BICEPS

Presumably a cruelly effective way of shutting off a lively conversation would be suddenly to ask: But what's your position on the fourth replenishment of the International Development Association? You know, the IDA.

Frankly, one might reply, I'm not sure, What has it run out of? And, by the way, what is it?

As any world banker of your acquaintance could tell you, the IDA has been around for more than a dozen years as a World Bank affiliate, and up to June, 1973, had lent some $5.7 billion to developing countries for

a host of beneficial projects, at no interest and to be repaid over 50 years.

Only a few days ago the World Bank and the IDA agreed to provide $77.2 million to four countries: to Malagasy Republic for state-owned railroad modernization, to Bolivia for development of medium-size mines, to Turkey for forest utilization, and to Ireland for education. The IDA loans were to Malagasy and Bolivia.

The replenishment involves what is usually involved in such matters. Money. The amount required of the U.S., now under consideration by a Congressional subcommittee, is $1.5 billion. What is striking here is that the percentage sought is considerably less than the percentage in 1971, made possible by increases in the amounts sought from other member countries, notably Japan and the Federal Republic of Germany.

Something else has happened since the Third Replenishment contribution, when we accounted for 40 per cent of the total instead of the 33 per cent currently sought. We've discovered the force and effect of dependency and competition. For the first time in 40 years we've seen inflation and shortages of supply become the dominant forces in world economics instead of unemployment and shortages of demand.

Backers of and believers in the IDA have given Congress cogent arguments in favor of this country accepting its designated obligation, but none seems more persuasive than the idea that this is one way we can create true partners in the world community, and that each, by increasing its own investment in the IDA operation, may be less inclined to "bite the hand that feeds it." The hand it bites may be its own.

We've seen oil embargoes. Copper and coffee cartelization is next if not already here. We're already dependent on imports for over half of our supply of six of our 13 basic raw materials, and our dependency will rise. Per capita income in several European countries now equals ours, while Germany and Japan run far larger trade surpluses than ever achieved by the United States. We can be denied markets; we can be blocked in attempts to make changes in international monetary and trading rules and institutions. We're just no longer free to operate largely independent of external events. In matters such as IDA, the United States is at last seeing other countries assume greater obligations and thereby gain at least commensurate self-respect and multi-lateral responsibility. We assumed the burden when others were economically adolescent. Now, as nations mature and prosper, let's respond to their adult participation. Just when others are increasing their support of the IDA is no time to withdraw ours. The hand that's lost could be our own.

[From the Louisville (Ky.) Courier Journal, Jan. 27, 1974]

A Shameful Vote on IDA Fund

Foreign aid spending has been under attack in Congress for the past few years, some of the time for good reason. But last week's vote by a substantial majority of the House to reject the U.S. commitment of $1.5 billion to the International Development Association (IDA) was indefensible and deplorable.

It was largely through a congressional initiative that IDA was founded 15 years ago. By the late 1950s it was becoming obvious that the poorest countries couldn't raise the money they needed for vital development at ordinary interest rates. The association was set up to provide those nations loans at minimal interest, with strict standards for both the eligibility of the countries and the soundness of the proposed projects.

The major source of funds for IDA has been a series of replenishments from the richer industrialized nations every few years. Last year, 25 donor nations, including the United States, agreed on a fourth replenishment of $4.5 billion—almost double the previous replenishment of $2.4 billion in 1971.

The U.S. commitment to the fourth replenishment was, as some congressmen complained, a sizable increase from America's 1971 assessment of $960 million—half of which has still not been appropriated. But the increased figure does represent a marked decrease in the U.S. share of the total. After vigorous negotiation by the administration, our position was reduced from the previous 40 per cent to one-third, while the proportion raised from other donors, particularly West Germany and Japan, has been increased.

Even at the best of times, withdrawal of U.S. support would be devastating. In a period of world economic turbulence it is catastrophic. Certainly we have been hit by the energy crisis, but not nearly so hard as other countries, both rich and poor. The dollar is rising to new strengths, while West Germany and Japan—now faced with doubled and tripled IDA assessments—are floundering.

And the very poorest countries in Africa and Asia, which stand to lose most anyway as prices of badly needed imports soar out of reach, will see prospects of any real progress this century virtually disappear if IDA aid is cut off. In recent years half of IDA's loans have gone for development of agriculture and education—the basic priorities—yet even with this help mass famine was only narrowly averted in the poorest regions of Africa last year.

The hand that Congress helped to hold out in 1960 should not be pulled back now for narrowly selfish reasons. The Senate should act quickly to approve the $1.5 billion and the House should reconsider its vote. World faith in American ideals and our own pride in American humaneness and responsibility demand no less.

[From the Kansas City Times, Jan. 25, 1974]

House Deaf to World's Poorest

Bias, narrow self-interest and outright misunderstanding won the field this week when the U.S. House voted 248 to 155 to reject—for the first time ever—the President's request for funds to meet this country's pledge to help replenish the coffers of the International Development Association.

I.D.A. is the so-called "soft loan window" of the World Bank. The bank itself lends money on essentially commercial terms to help stimulate development. I.D.A. grants long-term, virtually interest-free credits to help meet the most pressing needs in the very poorest lands. The formula for this fourth replenishment called for the U.S. to provide $1.5 billion and other prosperous countries a total of $3 billion. Without action, the association's assets will be depleted by late June.

A variety of forces conspired to produce I.D.A.'s rebuff in the House. Some legislators simply detest aid in any form. Some support only bilateral aid on the mistaken grounds that it can be used to buy friends and influence. Others, supportive of multilateral aid in principle, turned their backs on I.D.A. this time out of the belief that a U.S. whose economy is troubled at home can no longer afford to meet its national responsibilities abroad—a thesis that surely is lamentable if true. Some representatives opposed the replenishment out of sheer, confessed stupidity, thinking somehow they were getting in a dig at Arab oil boycotters who, in fact, do not receive I.D.A. credits.

The Senate's I.D.A. bill will soon be coming out of committee and may fare better than the House version. With luck, a U.S. contribution at some lesser level will eventually be voted by the lower chamber and a compromise will be struck. But it will be late. And every dollar cut will likely mean corresponding reductions by the other contributors, and it will be the poorest of the world's peoples who will feel the direct effects.

[From the Philadelphia Inquirer, Feb. 3, 1974]

United States Can't Resign Its Role

There are several reasons why the U.S. House voted down, 248–155, an administration-sponsored bill to authorize $1.5 billion in new funds, spread over four years, for the World Bank's "soft loan" window.

For one, foreign aid, never overwhelmingly popular in the U.S., is even less so today. As congressmen see it, there are vast unmet domestic needs for which money is not forthcoming. Why, then, shell out American dollars to "ungrateful" foreigners who, in any case, don't vote in American elections?

The soaring prices of oil, the impact of which is felt most painfully by the poorest nations, had further impact on Congress attitude. Critics charged that the U.S. dollars would simply flow through the World Bank and end up in the Arab oil producers coffers.

And the fact must be faced that the President is hardly in any position now to exert the moral authority of his office, especially for such an unpopular cause.

To understand the reasons, though, is not to make them reasonable. The funds are for economic development of the world's poorest nations, including those sub-Sahara countries where thousands of people are literally dying of starvation and millions are threatened by draught. Other major recipients are India, Pakistan and Bangladesh, which also have been hit by bad weather and poor crops.

It is a bitter irony that the Arab oil embargo, aimed at the industrial nations, will cause the most suffering among the poor, many of which cut diplomatic ties with Israel to support the Arab cause. It would be an even more bitter irony, however, if the U.S. were to add to that suffering by sabotaging the kind of multilateral approach to foreign aid which the World Bank exemplifies.

Last September, Treasury Secretary George Shultz persuaded other World Bank contributors to agree to a reduced American share, from 40 percent to one-third. We like to think of ourselves as a generous people, yet as World Bank President Robert McNamara notes, the U.S. ranks 14th among the top 16 donor countries in terms of national income.

We hope Congress will take another more enlightened view. Even though America is going through a time of troubles, it must not resign from a responsible role in world affairs.

[From the Wilmington (Del.) News, Jan. 30, 1974]

Misstep on Foreign Aid

In voting against approval of the newly negotiated U.S. contributions to the International Development Association, the House of Representatives has voted against the honor, tradition and interests of the United States. IDA, an affiliate of the World Bank, is the major source of development assistance for the poorest of the developing countries. The House vote, if not changed, would spell "unmitigated disaster" for the countries dependent on IDA funds, according to World Bank President Robert S. McNamara.

It may be a time of inconvenience and some difficulty in the rich countries, but in the countries dependent on these funds it is a time of acute misery. The oil shortage hits harder here, because they have few frills they can economize on; and the higher prices for the oil are making a disastrous situation tragic. This is coming on top of the devastating drought and famine in Africa and when the "green revolution" on

the Indian subcontinent seems to have become a fleeting miracle because of both drought and floods.

No doubt the aid fund fell victim principally to the current political atmosphere in Washington, in which the White House finds it difficult to keep its supporters in line and in which the Democrats do not want to miss any chance to embarrass the Administration. But foreign aid has had its own independent problems, too. There are some long-held notions about it that need to be shed now, no matter how valid they may have been at one time.

For example, while the United States is still the biggest single contributor of development funds, the burden in relation to the Gross National Product is very little, less than 1 per cent. As Mr. McNamara pointed out "The United States' total development effort today runs 14th among the 16 principal donor countries, and in relation to its national income is only one-tenth of what it was 25 years ago." Americans spend more money on flowers, seeds, potted plants and movies than on official development aid.

The new share of U.S. contribution, negotiated at the Nairobi meeting of the World Bank in September, amounts to one-third of the total funds, 17 per cent lower than the previous year's and in fact the lowest ever. The United States was also allowed to spread this contribution, $1.5 billion, over a period of four years, unlike the other donating countries, whose share has gone up and who are allowed to spread the payment over three years.

Nor is such aid a giveaway. In 1971, when the U.S. share of development assistance was already beginning to decline, almost a billion dollars of it came back to the United States in the form of orders for U.S. commodities. And, of course, the funds are loans, even though for a long term and interest free.

Rep. Wayne Hays of Ohio has introduced another argument by asserting that most of the money going to the poor nations will actually wind up in Arab coffers, because of the oil situation. At first look this seems a rather disturbing thought, but its validity is highly questionable. Four leading American economists were recently interviewed by the Associated Press to discuss the problem of the massive flow of the rich nations' cash to the oil-exporting states. All four were unanimous in their opinion that the wealth of the non-Communist world will stay essentially where it is now—in the United States, Europe (including Britain) and Japan. "The money has to return to the industrial world in one way or another," according to Charles Stewart, an oil economist at Columbia University. "It is the only place the Arabs and the other oil producing nations can spend it."

In any case, the U.S. share in the IDA funds represents such an infinitesimal amount in the global economic picture that its going to the Arabs cannot give them any help or strength that they do not already have; and it does not do any damage to the U.S. economy.

But going back on the commitment can hurt the United States in far more serious ways—by tarnishing its reputation, by bringing into question its reliability, and by forcing the poor nations to do whatever buying they can in other places.

Even if humanitarian considerations do not move some members of Congress any more, reasons of politics and economics should.

[From the Washington Star-News, Jan. 28, 1974]

RENEGING ON AID

One can only surmise what motives inspired the members of the House in voting down the American contribution of the World Bank's International Development Association by a whopping margin of 248 to 155. But World Bank President Robert McNamara is right in saying that the action is "an unmitigated disaster for hundreds of millions of people in the poorest nations of the world." And beyond that, the refusal to authorize the contribution of $1.5 billion over the next four years is an act of shocking irresponsibility.

There are plenty of reasons, of course. "Foreign aid"—whether on a bilateral basis or channelled through international agencies—has never been politically popular with the electorate, particularly in view of the persistent and bitter criticism of the United States from most of the recipient countries. In its present distracted state, furthermore, the administration does not seem to have put nearly as much pressure behind its request as it should have.

No doubt also, the current oil crisis had something to do with it. Loss of development aid is by no means the greatest of the unmitigated disasters to have struck the underdeveloped world in recent days. The aid funds represent, in fact, something less than one-fifth of what these countries will be forced to pay for imported oil at the new, vastly increased prices. In this situation, the $4.5 billion in proposed IDA financing by the richer countries becomes almost irrelevant.

Something, however, will surely be done about this. Some of the Arab nations themselves are talking in terms of a two-tiered pricing system to benefit the poorer nations of Africa and Asia. It is also conceivable that they may be induced to use some of their new-found riches to get into the aid business themselves—though so far they have shown a preference for a somewhat heavy-handed buying up of governments, rather than in development aid.

None of this, however, relieves the United States of its obligations as a leading—and the richest—world power to bear its fair share of the very basic and essential projects which the IDA supports. The other developed nations have been increasing their share of the burden. Japan had agreed to triple its share of the IDA loan pool, Germany's contribution was to have more than doubled. The action of the House—unless it can be speedily reversed—places all of these agreements in the greatest peril.

[From the New York Times, Jan. 25, 1974]

NO AID, NO TRADE

The House of Representatives threw much more into jeopardy than its members may have realized when it refused to authorize funds for an enlarged development loan pool to be operated by the World Bank for the poorest nations of the world. Several reasons for defeat of the Administration's proposal are obvious; there are many more reasons why this unthinking action should be quickly reversed, if it is not too late.

The mass defections among Republicans—only 47 supported the measure despite strong urging from the White House—gives one more sign of weakened Presidential influence, even in his own party. Neither among voters nor, more inexcusably, among their elected representatives does the notion of foreign aid seem able to overcome its earliest years of being considered an American "giveaway." However often it is argued, the Congress seems reluctant to recognize that development assistance brings mutual benefits to industrialized and less developed nations alike.

The program just defeated, a $1.5-billion contribution to the World Bank's International Development Association, represented a positive and sophisticated approach to foreign aid. First of all, it is multilateral in its funding, avoiding the dangers inherent in attaching political strings. Through its multilateral structure, the I.D.A. is equipped to draw on the new resources of oil-rich countries, as well as the conventional donors, for redistribution among countries still in need of investment funds.

Secondly, the World Bank sponsors development projects of direct benefit to the poorer segments of the population in the less developed countries, as opposed to the earlier practice of strengthening national economic institutions from the top and hoping that the benefits would "trickle down" to the poor—hopes that were often shown to be futile.

Finally, the I.D.A. loan pool, negotiated last September at the World Bank meeting in Nairobi, represents a genuine trend toward burden-sharing among the richer states—another retort to the traditional critics of American giveaways. The United States share would have been dropped from 40 per cent to one-third; Japan, in contrast, had agreed to triple its contribution; West Germany's share would have more than doubled.

The essence of worthwhile foreign aid in the coming decade is to create productive economic ties among richer and poorer nations, to realize the benefits from cooperation as opposed to short-term advantages that might be gained from embargoes, unilateral price hikes and expanding cartels. The threats of economic warfare that have arisen over the Middle Eastern oil power-plays should stand as ample lesson of what is endangered when a country or group of countries goes its own way into economic confrontation rather than cooperation.

[From the Chicago News, Jan. 14, 1974]

AID BILL WOULD HELP UNITED STATES

The World Bank is asking the United States for $1.5 billion, over three to four years, to replenish the lending capacity of the International Development Assn. (IDA). It is the agency that makes 50-year interest-free loans to stimulate development in the poorest of nations.

The drive for approval was launched last September by World Bank President Robert McNamara. He said that the common lot of some 40 per cent of the people in the poor nations is "a condition of life so degraded by disease, illiteracy, malnutrition and squalor as to deny its victims basic human necessities—a condition of life so limited as to prevent realization of the potential of the genes with which one is born . . ." Asian and African nations, especially, are in need of the IDA's soft-loan financing to stand any chance of breaking the cycle of poverty.

Treasury Sec. George Shultz supports the fund request. And, in a move to encourage Congress, he won some concessions for the United States when the International Monetary Fund met in Kenya last fall. Shultz negotiated a reduction in the U.S. quota for IDA from 40 per cent of funding to 33 per cent, which is more fair in light of the growing economic strength of other nations.

A case for enlightened self interest was made last month by C. Fred Bergsten, the eminent foreign affairs scholar with the Brookings Institution. Bergsten made the simple point that because the poorer nations possess much of the natural resource wealth, it is to the advantage of all industrialized countries to foster economic development that leads to political and social stability. The oil crisis has taught that a cartel of producing nations can wreak havoc with the rich countries, and don't think the Arabs' example has been lost on the producers of tin, manganese and other products necessary to keep industries running. "For the first time in over 40 years," Bergsten testified before a House Subcommittee, "the power balance has thus shifted from purchasers toward suppliers."

The point is not to "buy off" these producing countries, as some have charged, but to offer them development alternatives that encourage international economic order and

discourage the sort of chaos that the oil crisis had bred. Such aid, too, is less likely to create political problems when administered through international agencies.

Congress has stalled the request, although on three other occasions since 1960, when IDA was established, the United States and other developed nations have supplied new capital. Sec. Shultz remarked that this country accepts "the simple premise that no nation . . . can be oblivious to the conditions in which other men and women are living." For that reason, and in the national interest, Congress should once again support IDA.

[From the Minneapolis Star, Jan. 29, 1974]

GOING BACK ON A PLEDGE

The U.S. House of Representatives took a long step backward last week when it retreated from this country's commitment to support development of the world's poorest nations. The vote pulls the rug out from under a pledge made last fall to contribute $1.5 billion over a four-year period to the International Development Association (IDA), an affiliate of the World Bank.

The House action is understandable only if one equates a U.S. contribution to IDA with traditional foreign aid programs. Those programs, made on a government-to-government basis, can legitimately be criticized. Except for the billions of dollars poured into Western Europe and Japan after World War II, few of the U.S. foreign aid funds accomplished the purpose for which they were intended, particularly of helping the poorer countries of the world help themselves. Too many of the dollars were used to purchase arms or to support such luxuries as national airlines, and not enough on projects that could increase national incomes and standards of living.

Contributions to IDA, on the other hand, go into a pool, out of which come long-term no interest credits for the world's poorest countries. Such credits have gone into agriculture, education, industry, electric power, transportation and other economy-building projects. Funds have come initially from richer countries in the form of subscriptions and replenishments. The $1.5 billion is part of a fourth replenishment; other countries will supply twice that amount.

The poor countries need IDA credits perhaps as never before, since their developing economies stand to be crippled by higher prices for oil. And the U.S. which is increasingly dependent on imports of basic raw materials from these countries, can ill afford to see them go down the drain.

Secretary of State Kissinger and Treasury Secretary Shultz denounced the House action and said they would confer with leaders of both parties to seek a reversal of the vote. We hope they succeed.

[From the Pittsburgh Press, Jan. 29, 1974]

VOTE AGAINST THE POOR

The House should reconsider its lopsided 248–156 vote against a new 1½-billion-dollar U.S. contribution to the International Development Association (IDA), the branch of the World Bank that makes "soft" loans to the poorest nations.

The Nixon administration's bill to fund the IDA was beaten by a combination of circumstances, chief among which was the oil-price squeeze and the widespread suspicion in the House that a great deal of the $1.5 billion would find its way into the tresuries of extortionate Arab oil princes.

Lending credence to this notion was a World Bank calculation that for 41 of the have-not nations the increases in the price of the oil they must import would more than eat up the total foreign aid they will receive from all sources this year.

Hence, the House reasoned, the U.S. contribution to IDA would do no more than further enrich oil-producing nations that are plucking the industrial Western world like a helpless chicken.

But if the U.S. reneges on its promised contribution to IDA, so will other wealthy nations. Thus the total cost to poor countries will be some unknown multiple of $1.5 billion, and it will hurt them cruelly.

More than the oil imports they need, it will deprive them of public-health services, improved agriculture, power and water projects, roads and bridges—in short, everything they need to lift their people out of the hopeless morass of poverty into which they were born.

If the poor nations of the earth conclude that there is no compassion left among the wealthy countries, and no hope of further help in improving the lot of their woefully needy people, the ultimate price to the United States and the rest of the Western world might be very high indeed.

Ever since the Marshall Plan, foreign aid has been firmly based in the enlightened self-interest of the United States.

It would be a pity to abandon this philosophy now in an attempt to strike back at oil blackmail.

The Nixon administration promises to resubmit a scaled-down request for new IDA funds.

When it does, the White House should support the new request with more vigor and purpose than it showed during the House debate over the original request.

Otherwise, the proposal is likely to be voted down again.

KANSAS CATTLEMEN'S DAY OBSERVANCE

Mr. DOLE. Mr. President, I would like to call attention to the remarks made recently by Kansas Livestock Association President Claire Robinson at the Kansas State University Cattlemen's Day observance.

Mr. Robinson cited the necessity for livestock producers to maintain a rapport with the consumer, even though the "middleman" separates them, for it is consumer demand which will ultimately determine the profits realized by producers. To that end, a Kansas Beef Promotion Council has recently been established to handle public relations and stimulate demand; livestock producers are being encouraged to voluntarily support that effort in their behalf.

I hope that others will take note of the current status of the livestock industry and its attempts to promote this very significant part of our Nation's economy.

I request unanimous consent that the text of this series of articles be printed in the RECORD.

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

CATTLEMEN'S DAY, MARCH 1, 1974

Thank you very much. It's always a pleasure to attend Cattlemen's Day at Kansas State University and for me, this is a special year. I'm honored to serve as president of the Kansas livestock association and I consider it a privilege to be able to share a few thoughts with you on this year's program.

I think it's interesting to note that this is K-State's sixty-first cattlemen's day. The last convention of the Kansas livestock association, held only a few months ago in Wichita, happened to be our sixty-first. Of course, the two events have not exactly paralleled each other over the years, but, it does help me make a point that I'd like to make. This great university, which I consider to be one of the finest, has traditionally worked with, and been supportive of, the Kansas livestock association. The goal of both has been to build a greater livestock industry in this state and I think our industry today is proof of the effectiveness of this working together. This warm relationship has been due to many individuals from both sides, but let me say special thanks to such men as Don Good, Rufus Cox, Dad Weber, Glenn Beck and others. We appreciate it. And I guess I should mention, Don, Jack Hartman hasn't hurt the pride which Kansans feel in K-State either.

I'm glad to learn that some of our industry's problems are in the process of being solved right now by animal scientists and veterinary researchers here at K-State. We heard this morning some of the many areas in which they're involved. These guys are finding answers to questions which must be answered if our industry is to prosper. Yet, as all of us know, problems of nutrition, health and management are only one side of a two-sided coin. The other side has to do with our markets, our dealings with each other, and our dealings with consumers. And this is the side I want to visit with you about for a few minutes.

You know, this has been called the "age of the consumer". Consumers are in the newspapers every day and each new consumer price index is the top news story for several days.

Actually, consumers represent the biggest challenge our industry is facing. In pure economic terms, my real customer has never been the consumer. I've never sold an eleven hundred pound steer to a housewife. The packer-buyer has been my real customer. And you, if you sell calves or light cattle, your real customer has been the feeder or dealer. Even the packer's customer is the retailer rather than the consumer. Now, the only one who actually does sell to the consumer, the retailer, spends a good bit of money in advertising. Packers even spend money trying to advertise to chain store meat buyers. Purebred bull producers advertise their bulls to sell to cowmen. But the rest of us figure we don't need to advertise to our real customers so we don't advertise at all. Most of us have no place in our books for advertising dollars. A cattleman is one of the few businessmen who can do business at all without an advertising budget.

But, the eventual consumer, the housewife, is still king, no matter what Ralph Nader or anyone else tells you. When that housewife, by herself, goes from market to market searching out the best buys, she is forcing these giant chains to be competitive. She doesn't have to form a coalition, or boycott, or join a group of any kind. She can do it by individual choices that she and millions like her make every shopping day. Of course, the stores may try to fool her by marking up other items (the average supermarket has more than 8,000 different products) but there's a limit to what they can do. One thing is certain, and we in this end of the beef chain ought to realize it, that retailer is going to try very hard not to upset her at the meatcase because that's the easiest place for her to compare IGA with Safeway and A&P with Dillons. If the live market drops rapidly, the store manager will be hesitant to drop retail prices any more than necessary. The same principle applies when the live market goes up. Retailers strive to be competitive, but they also strive to avoid sudden fluctuations. They want that housewife to buy her meat at their store knowing that they'll make their profits on all the other items she puts in the cart.

Well, my point is this. That independent housewife, the king of the marketplace (or maybe I should say queen) is the key to profit and loss in our industry and the sooner we realize it, the better off we'll be. It doesn't take a roomful of economists to demonstrate

to me that if we're losing money when fat cattle are selling for $45, there are only three possible solutions. One is to lower the price of feeder cattle and I doubt that most of you consider that a satisfactory long-range solution. Another is to lower grain prices, which again I expect most folks here wouldn't care to do in the longrun. The third is to increase the price being paid for fat cattle. We like that solution but there are only two ways to cause that to happen in a free market . . . decrease supply or increase demand. Decreasing supply is a painful process so our only feasible solution is to increase consumer demand for our product, in other words, promote beef to the consumer.

We have a new organization called the Kansas Beef Promotion Council. It's made up of industry leaders from all segments of the cattle and beef business. It came about as a result of recommendations of an industry-wide study committee that was formed several years ago to study this issue of beef promotion. The study group included farmers, ranchers, feeders, packers, market operators, cowbelles, Kansas State, Kansas Farm Bureau and some others I'm forgetting. They studied programs in every State and they studied the work of the National Livestock and Meat Board. Their recommendations finally culminated in the new Kansas Beef Promotion Council and the 10¢ per head beef check-off in Kansas.

Starting in January of this year, a number of markets in Kansas, some of the largest order buyers, and most of the packers began checking off 10¢ per head on all beef cattle sold . . . voluntarily, of course. 7¢ goes toward national programs of the National Live Stock and Meat Board, and 3¢ is to be used in Kansas. This 7 to 3 ratio compares with the fact that 70% of all Kansas beef is consumed outside the State.

Incidentally, last year under the traditional 3¢ per head program the entire State of Kansas sent only $73,000 to the meat board. Unfortunately, that sum won't even buy one single 60-second commercial on the Waltons TV program. The price is over $80,000. Our industry spent about 2 million dollars last year. . . . The dairy industry spent about 22 million. I hope that if you're in the cattle business and you agree with what needs to be done, you'll support the 10¢ checkoff and ask your market man or order buyer or auction markets to make the collection. The Kansas Beef Promotion Council is a division of KLA but all funds are completely separate with every penny spent only for beef promotion and spent not by the KLA board, but directed by the council itself made up of leaders from all segments of the industry.

I really believe that the consumer is our key to profit in this business. We have KLA staff members working every day in the Kansas legislature and we're affiliated with the American National Cattlemen's Association which now has three men working full-time in Washington. We have a central bull test station in cooperation with the Kansas State University Extension Service and a beef cattle improvement committee working with genetic improvement of our cattle. We have cattle-fax analysts working in our office coordinating marketing information. We in Kansas have an outstanding university working on nutrition, management and health problems of livestock production and feeding. However, it will all be forgotten if we cannot maintain our market for red meat. Luckily, we have people in Kansas who realize this and are doing something about it. I hope you'll join the effort. Thank you very much.

POSSIBLE WHEAT SHORTAGE

Mr. SYMINGTON. Mr. President, I ask unanimous consent that a letter from Paul E. Mastin, executive vice president of the Colonial Baking Co., representing many of the bakers of my State, and having to do with a potential wheat shortage, be printed in the RECORD.

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

COLONIAL BAKING CO.,
St. Louis, Mo., March 4, 1974.

Senator STUART SYMINGTON,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR SYMINGTON: Confirming our conversation of Tuesday, February 26, which was also attended by other bakery businessmen from the State of Missouri, we are stating below a four point program as set forth by the American Bakers Association regarding the present and future status of our nation's wheat supply as of July 1, 1974.

1. USDA should determine the minimum wheat supply necessary to assure a full supply of baked foods during the second quarter of 1974, and develop a plan to assure that supply.

2. The Director of the Council on International Economic Policy in the White House, Mr. Peter Flanigan, should be assigned responsibility for securing firm agreements from foreign purchasers to delay their shipments until after July 1.

3. The government should review planned concessional sales and donations under the PL 480 program to determine which ones could be postponed without causing undue hardship in foreign lands.

4. If these methods do not yield the necessary assured domestic supply, the secretaries of Commerce and Agriculture should move under the Export Administration Act of 1969, to establish an export licensing system. This should be combined with an immediate announcement that 1973–74 U.S. wheat is "sold out" and that no additional export licenses will be granted for sale of such wheat. This would allow many existing contracts to be filled but permit an adequate wheat supply for American consumers.

We shall be most appreciative of your efforts in supporting our program with the Administration.

My colleagues from the State of Missouri and myself also wish to thank you for sharing with us time from your busy schedule. It was the highlight of our rally day visiting our State Senators and Congressmen.

Kindest personal regards,

PAUL E. MASTIN,
Executive Vice President.

LOU HOFF

Mr. MATHIAS. Mr. President, when I was a freshman member of the House of Delegates of Maryland, one of the people who educated new legislators was Louis M. Hoff. Mr. Hoff presided then, as he does now, over the bill room which keeps track of copies of legislation as it moves through both Houses of the General Assembly of Maryland. In this position he has made a real contribution to the legislative process in Maryland and I am happy to salute the work that he does every day in Annapolis as typical of the splendid contribution that so many people make to good government in America in carrying out their duties which are integral parts of our complex political system.

I ask unanimous consent that the article contained in the March 4, 1974, issue of the Annapolis Evening Capital be printed in the RECORD.

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

OLD LOU: HE HAS BEEN AROUND THE STATE HOUSE THE LONGEST

(By Karen Hosler)

Ask someone who's been around the State House the longest and he'll probably try to figure out which legislator has served the most consecutive terms.

But if you ask who has worked in the building the longest, the answer has got to be "old Lou".

Louis M. Hoff is the chief clerk of the bill room, a position he has held for 22 years when the General Assembly is in session.

The bill room supplies delegates, senators, lobbyists and journalists with copies of every piece of legislation introduced. Standing there at the half door over which requests for copies are made, sooner or later you get to meet just about everybody.

"That's what I like about this job," Hoff says, "you get to meet so many people. And they all call me Lou "

Not exactly all. Hoff's closest friends call him "Keat", a childhood nickname tagged on him by his brother which refuses to fade away even after 79 years.

Hoff and his family have lived in Annapolis all their lives. The house he was born in is now part of the Naval Acadamy.

The Hoffs used to own an automotive repair garage which provided them their income until he sold it and retired in 1950. That's when he went to work in the State House.

"I started out as a page," Hoff said. "At that time they used adults instead of the school kids they use now."

He worked only 15 days as a page in 1951, the length of his patronage appointment. When he came back the following year looking for work, he was told the only job available was in the bill room.

"I'll take it," he said.

Hoff is not working at the State House for the money; the salary at such jobs isn't very high. He does it because he likes to work and because he likes the people.

As the legislature has grown over the years and the state problems to be considered have become more complex, the amount of bill work necessary before the session begins has increased substantially.

This year, Hoff said, he and the other 14 billroom staffers worked a full two months before the session opened in January to organize pre-filed bills.

There is still a lot of time during the year when Hoff isn't needed at the State House. And that gives him time to travel

"My wife lives to travel, really," he said. "We have been to California four times and Florida a couple times."

But Annapolis, Hoff said, is "the garden spot of the world."

"I wouldn't give you a foot of Annapolis for all the rest of the world combined," he said.

INDIAN SELF-DETERMINATION AND EDUCATION REFORM

Mr. KENNEDY. Mr. President, yesterday the Senate agreed, on the motion of the Senator from Washington (Mr. JACKSON), to rerefer S. 1017—the Indian Self-Determination and Educational Reform Act—to the Interior Committee with instructions to report the bill back on March 25, 1974. As I indicated at the time, I think this is a sound procedure and I commend the Senator from Washington for his providing this additional time to clarify some of the matters that have caused confusion and conflict in the Indian community.

Because the committee will be considering this legislation in the next few weeks, and because the Senate will be voting on it after March 25, I would like to take the opportunity to outline for my

colleagues some of the recent history of this bill and some of the various analyses that have been brought to my attention since the bill was first reported last month.

The Indian Self-Determination and Educational Reform Act sets out as its objectives what American Indians have for years been asking the Federal Government to do:

To promote maximum Indian participation in government and education of Indian people; to provide for full participation of Indian tribes in programs and services . . .; to establish a program of assistance to upgrade Indian education; to support the right of Indian citizens to control their own educational activities. . .

Thus, S. 1017 sets forth congressional findings that have been recited time and time again, beginning in recent years with special emphasis in the 1969 report of the Special Subcommittee on Indian Education which called Indian education a national challenge and a national tragedy. The Interior Committee, which during the termination period of the 1950's had been the source of dislocation of the native American and the weakening of his tribal institutions, has under the distinguished leadership of the Senator from Washington become a forceful spokesman for the interests of the Indian community.

In his July 8, 1970 Indian message, President Nixon proclaimed a goal of "self-determination without termination," and this sentiment was embodied during the last Congress in Senate Resolution 126, sponsored by Senator JACKSON, reflecting congressional adherence to this policy.

Title I of S. 1017 represents the transformation of the self-determination policy into specific legislative action. The objectives of the bill reflect the objectives of the Indian people.

S. 1017 is divided into two titles. Title I is called "The Indian Self-Determination Act." It is an important and long-needed act authorizing contracts between the Secretaries of the Interior and HEW and Indian tribal organizations to turn over operation of service programs now provided by—and run by—the Federal Government. Planning and other grants related to the contracts are authorized, as is assignment of Federal personnel. This authority has been sought by Indian tribes, proposed in administration legislation, and incorporated into a complex of interrelated sections in the first title of S. 1017.

Title II, which is independent from title I, contains six generally unrelated parts reflecting specific authorities given the Secretary of the Interior to support training of education professionals, school construction, a youth intern program, and other specially directed Indian education programs. Part C, providing for contracts for school construction, is a much-needed new authority. I know that the Senators from Montana have pursued this particular goal over a number of years, and I am pleased to see their efforts blossom this session into this important part of S. 1017.

Part D of the title sets up a youth intern program, which should prove most beneficial to young Indian students. A few summers ago a BIA-sponsored intern worked in my office, and later became special assistant to the BIA Commissioner, and now directs the first all-Indian theater ensemble. So I know from personal experience how valuable these intern programs can be.

Part A of title II has been proposed in response to general discontent with the way both the BIA and the states and local school districts have administered the Johnson-O'Malley Act. JOM constituted the basic authorization for the Government's contracting of assistance programs for Indians. But the administration of JOM came under fire first in the 1969 report of the Special Subcommittee on Indian Education. Later, it was blasted by the Legal Defense Fund study, "An Even Chance." The Comptroller General added his barrage of criticism in 1970, and numerous Indian groups and tribes have added to the crescendo of opposition to the way the act has been administered in the education area.

Although part A of title II has gone through a number of drafting changes since its introduction a year ago tomorrow, the basic approach of the part has remained constant. If certain preconditions are met relating to a school district's taxing effort and the State's allocation of education aid to the district, then the Secretary of the Interior can enter into contracts to provide funding for those schools. Eligible contractors include not only the State or political subdivision, but also tribes or tribal organizations. Of course only the State or political subdivision can control the taxing and State-aid allocation effort, and thus they determine the eligibility of any contractor to obtain funds going into the district involved.

The distribution of the funds into the eligible district is by a complex formula. As much money as is necessary can be used to bridge any gap in the basic, operational support within the system—for Indian and non-Indian students. If there is still money left in the appropriations, once this gap is filled, then an additional fund will be available to the contractor for supplemental programs designed to meet the "specific educational requirements of Indian students."

The testimony by Indian leaders on title I of S. 1017 was uniformly supportive. But during the hearings last summer numerous spokesmen for Indian groups—including the All Indian Pueblo Council, the National Tribal Chairmans Association, the National Congress of American Indians, and the Coalition of Indian Controlled School Boards—severely criticized part A of title II of the bill.

Mr. President, I have studied the provisions of part A in light of the objectives of the legislation—which objectives I wholeheartedly support and share with the cosponsors of the bill. Unfortunately, part A falls far short of reaching those objectives—in fact, it may well represent a step backward in some respects. I believe that a careful analysis of the language of part A will show that it is in some respects unworkable and in other respects undesirable.

We should keep in mind that if we adopt this part we are authorizing an expenditure of $60 million for a new program, eliminating an old program which involved some $23 million, and affecting a large number of Indian children. Merely because present JOM programs are in some places working badly does not necessitate a total revamping of the program unless it will be made to work better. Of course, to assess this, we need to know how part A will work. That is a major problem.

I ask unanimous consent that at this place in the RECORD a memorandum by my staff detailing some of the specific problems, identified with part A be printed.

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

MEMORANDUM RE: PART A OF S. 1017

Part A. of S. 1017 is in some respects unworkable and in others undesirable. A discussion of the problems raised by this part follows, with the first part stressing the workability problems and the last part stressing the policy problems.

(1) The complex funding formula in part A is premised on the assumption that there is tax-exempt Indian land in a public school district serving Indian children. An Interior Committee staff memorandum states, for example, that "Part A provides a formula for determining the entitlement of a school district for Federal financial assistance for educating Indian children *who reside on tax exempt property.*" There being little or no tax exempt Indian lands in California, Oklahome, and Alaska, presumably there could be no funds going to these states. This reading of the bill is reflected in the recommendation of the California Superintendent of Public Instruction Wilson Riles, who urged that Oklahoma, Alaska and California be excluded from the basic qualifying criteria.

(2) At the same time, in addition to the language from the staff memorandum just quoted, the report says part A "Affects primarily only those children who are enrolled in public schools currently aided through contracts between state departments of education and BIA." These involve California, Oklahoma and Alaska, among others. But more importantly, the other schools currently aided through such contracts are those located "on or near Indian reservations." The school population figures given in the report are for public schools "on or near Indian lands."

But the bill's definition includes children "who are members of federally-recognized tribes"—estimated by the BIA to be upwards of 250,000 children. Thus the report says there are 87,000 Indian students attending public schools on or near Indian lands, the BIA says 95,000 students presently enjoy the benefits of the JOM program, and over 250,000 children are "Indians" as defined in S. 1017. That may mean the target population for JOM is tripled. Or it may not. Part A does not tell us.

(3) Under section 203(a) the Secretary *cannot* contract with an Indian tribe or organization, or with a state or local education agency, *unless* the contractor submits a plan showing that the tax rate in the district equals the rate of the five most comparable school districts in the state, and *unless* the state and local per pupil payments meet the same standard. This requirement raises a number of substantial questions:

"Comparable school district" is defined in the bill (section 4(f)) in terms of enrollment. What if there are not five districts in the state of comparable enrollment to the district in question? Do the Indian children in the schools of that district receive no

assistance under part A? They do not the way the bill is drafted.

The comparable districts under part A must be districts "not eligible for assistance under Part A." But nowhere in the bill is defined what an "eligible" district is. If it is any district with one or more "Indians" as defined in the bill, then five comparable districts are unlikely to be found in most states with any Indian population of measure.

Tribes may be most likely to want to contract directly for JOM funds where the local school district is least helpful, as where they are not taxing up to par. But it is precisely in these districts where, if the local political subdivision wants to keep its taxes low, the Indian tribe is out of luck. And so are its children in those schools.

Section 203(a)(1) refers to a "tax rate". What happens if the tax rate is comparable, but the assessment is kept lower than in those comparable districts? The bill doesn't answer this question either.

The Comptroller General reported on the Administration of JOM in 1970 and recommended that the Secretary of Interior require the BIA to "furnish program funds on the basis of demonstrated financial need" and "implement additional methods of supervision and control over the distribution and use of funds by the school districts." The Comptroller General identified the absence of required adequate tax efforts as a defect in the allocation approach in use by the BIA at the time. GAO did not, however, suggest any specific formula approach to remedying this problem—most certainly not the unworkable formula embodied in part A.

(4) Part A gives no priority to Indian tribes and organizations, or those tribes and organizations which presently are prime JOM contractors, even for supplemental programming. Will these groups lose their present contracts? They would appear to if the local school districts where their children are in school do not qualify for assistance under the formula in section 203. Although this bill is supposed to give Indians control over the education programs affecting their children, in fact, the Indians are the first to lose if the school districts do not qualify under the formula—by chance or on purpose. And they will lose if the district qualifies but if the Secretary decides he would prefer to contract through the state or with the local political subdivision. And self determination becomes particularly meaningless where the taxing body—usually not controlled by Indians—controls and determines whether one cent of the $60 million authorized under part A gets into the district.

(5) Section 203(d) purports to direct the Secretary of Interior to provide funds "either pursuant to the authority provided in this Act or pursuant to any other authority" to "expend funds for the educational support of Indian children to any tribe or tribal organization which controls and manages any previously private school." As explained in the report, this section "authorizes the Secretary to provide funds for the operation of former private schools which the tribes have taken or may take over." The Secretary under title I might contract with the tribe or organization under that title without the benefit—or the inhibition—of the formulas and qualifications in part A. Since this provision is a part of part A, however, it becomes necessary to ask how the formula can in fact apply. The schools involved, for example Holy Rosary and St. Francis in South Dakota, and St. Mary's in Idaho, raise no tax money, receive no state aid or PL–874 funds. Either the application of the formula might preclude eligibility, or the authorization does not belong within the purview of part A.

Before moving to the issue of undesirability, the possibility that passage of this provision might have some affect on programs presently being administered by the Office of Education for the benefit of Indian children in public schools should be noted. Part A is directed at two needs—for basic support and for supplemental support. Public Law 874, of course, is designed solely for basic support of schools serving children living on reservations—tax exempt trust lands. Title I goes to public schools for programs aimed at helping Indians, among other underprivileged children. The first part of the Indian Education Act (part A of title IV, PL. 92–318) provides an entitlement assistance to all public schools serving Indian children, to be used only for specific, special, supplemental programs designed for the needs of those Indian children. And part B of the Indian Education Act authorizes grants for special demonstration-type projects to serve Indian children.

Neither S. 1017, nor its report, suggests how these provisions should be coordinated so that they are not used as pawns in a bureaucratic battle and eventually kill one-another off. There appears to be no attempt in title II to coordinate the new part A with existing legislation. Thus if, for every dollar added above present JOM funding to fund part A of S. 1017, a dollar may be taken away from, for example, the Indian Education Act, what will the ultimate impact on programs, on communities, and on Indian children be?

In analyzing the provisions of part A it would be well to repeat the congressional finding in the bill that Indians will "never surrender their desire to control their relationships" with non-Indian governments. In moving from the present far-from-adequate JOM program to part A, Congress may be requiring Indians to "surrender their control" when it comes to funding of JOM programs in public schools. If a recalcitrant non-Indian school board refuses to come into comparability under section 203, then the Indians in that district get neither basic support assistance *nor* supplemental programs. There is no available alternative—for example, their obtaining the funds for those supplemental efforts on their own.

(1) Clearly the funding formula in section 203 provides for *more* financial benefit to public school districts and far *less* Indian control than Indians are now seeking—and some receiving—under existing JOM regulations, especially with the amendments Indians have proposed to those regulations. Thus it should at least be acknowledged that part A is designed to go to school districts, not Indians. Yet part A is being described as having as the first of its two primary purposes as extending "contracting authority for education of those federally-recognized Indians who are enrolled in public schools to Indian tribes and tribal organizations."

(2) Indians have unanimously sought to use JOM funds for meeting the special, supplemental educational needs of Indian children. This goal, incidentally, is also that of the National Education Association. Yet part A replaces a flexible JOM with a bill guaranteeing state and local education agencies general budget support. There may be certain poor districts on or near reservations where the education of Indian children suffers generally because of the low level of basic support that would be devastating without added JOM funds. Red Lake in Minnesota and Rocky Boy in Montana are such districts. But part A allows a broad range of districts to use federal funds for basic support whether or not they are on or near reservations, and the impact of this on availability of funds for supplemental programs has not been determined.

(3) The BIA has indicated that under JOM now not less than 30% of the total per Indian pupil expenditure in affected school districts is used for "special needs." Unfortunately, section 203(a)(4) allows a minimum of 20%—but only if the school district otherwise qualifies under the formula, and only if there is enough money to go around. (The bill provides for a ratable reduction where appropriation falls below what is necessary; the $60 million authorization is only an estimate by the National Education Association, not by BIA or HEW, and the report admits that this might be wholly inaccurate.) Thus there exists a possibility, if not a likelihood, that less money than at present will go into special supplemental Indian education programs under part A.

(4) In earlier versions of S. 1017 there was a limitation of 3% for administrative expense. Numerous studies, and hearings before the Subcommittee on Administrative Practice and Procedure showed that undesirably large amounts of BIA-administered education money is used for administrative expense. Indeed, some Indian witnesses testified that 3% was inadequate to meet actual administration costs, especially for tribes and tribal organizations. The Navajo Divison of Education spokesman recommend 5–8% as more realistic. Yet the limit was completely deleted from part A funds at each level—by the BIA central office, by the Area offices, by the State and/or local education agency, and by the school. Little may be left for the Indian child at the end of the funnel.

(5) The only mandatory contract under part A is with state education agencies. While some coordination within a state is desirable, a contract for support staff and administrative services at the state level should not be required. It is not clear how large those contracts will be.

(6) The programs "suggested" under section 203(a)(4) substantially duplicated programs serving Indian children in public schools under other federal programs. Since the BIA has inadequately monitored and enforced JOM contract programs under existing law, it would be most responsive to the past criticisms to require some monitoring and evaluation of part A programs. But the bill provides no enforcement powers, no monitoring mechanism, for the government. So the Secretary will have to set up new administrative machinery to oversee these contracts.

(7) S. 1017 finds and declares that Indians should have greater control of education programs, but part A falls short of insuring such control. Section 203(a)(6) requires that the "community education committee" shall "fully participate in the development and approval of programs." This appears to be somewhat less than the requirement of the Indian Education Act that the application for funds must be made "with the participation and approval" of the committee. Thus the Indian Education Act requires approval by the committee of the application; S. 1017 only requires participation in the approval, which may prove especially weak in the face of a hostile school board.

(8) As to advisory committees to the State Education agencies, required by part A, the "advise and make recommendations" language makes the committee a token one, without providing the committee even with the power to obtain necessary information to allow it to arrive at knowledgeable advice.

A number of Indian tribes and organizations and state educators share these concerns about part A outlined above. In his letter of February 21, the Executive Director of the Nevada Indian Commission says "We understand that this bill means well, in its intent and we do fully support Title I of the Act. However, we feel that there must be a number of drastic changes in Title II or a complete revision before Indian people can benefit." From Alaska, the Bering Straits Native Association Board says: "If S. 1017 is

passed, it will prove to be detrimental to the education process of the native students of Alaska." The United Sioux tribes of South Dakota list many criticisms, including "The formula that is provided for in the bill does not clearly define the method to be used . . . (it) does not provide for sufficient Indian input into programs . . . The priorities established for supplemental assistance are not clear." Also opposing passage are the Americans for Indian Opportunity, the National Indian Education Association, the Institute for Development of Indian Law, the National Advisory Council on Indian Education, the Native American Lobby, and many other Indian supported and developed groups, including various Johnson-O'Malley Committees from all over the country. In addition to these organizations, the All Indian Pueblo Council, the United Tribes of Kansas and Southeast Nebraska, the United Southeastern Tribes, and the Intertribal Council of Nevada have expressed their desires that part A not be included in this legislation. Other tribes have likewise gone on record in this respect.

Mr. KENNEDY. Mr. President, S. 1017 was passed on the Consent Calendar on February 8. At that point few Members of Congress, and unfortunately, few members of the Indian community had had sufficient opportunity to examine the final draft of the bill. I discussed this fact with the majority leadership, and as a result, the passage was vacated. At the same time, a number of Indian people began to express serious misgivings about the potential impact of that part on the Johnson-O'Malley programs. Some of those are mentioned in the staff memorandum I have inserted in the record. In response to this Indian viewpoint, I began discussions with the Senators from South Dakota and Washington in an attempt to improve part A. I believe that during the discussion among their staffs, Senator Mondale's staff, and my staff, substantial progress was achieved. It was my understanding that all parties to the discussion agreed that the changes to part A suggested in those staff meetings constituted significant improvement However, we were still unable to ascertain the effects of part A on Johnson-O'Malley expenditures within individual States. There is no supportive data to lend this proposal predictability. There has been no Indian participation or discussion of this alternative. And it clearly does not respond to all of the criticisms of the original part A, since it uses the objectives and approach of that part as a foundation.

In my opinion, therefore, the natural and appropriate course to follow in this case is that chosen by the Senator from Washington. I believe that the Interior Committee can clarify part A and resolve questions and problems raised about it in the context of an overall review of the bill. This will not, under the time limitation provided, unduly delay Senate action on this important legislation.

So that the Senate, the committee, and the Indian people might have the benefit of the language worked out by staff during the past few weeks, I ask unanimous consent that it be printed in the RECORD.

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

On page 40, beginning with line 19, strike out all through line 8 on page 61 and insert in lieu thereof the following:

TITLE II—THE INDIAN EDUCATIONAL REFORM ACT

SEC. 201. This title may be cited as the "Indian Educational Reform Act".

PART A—EDUCATION OF INDIANS IN PUBLIC SCHOOLS

SEC. 202. For the purpose of providing education to Indians enrolled in the public schools of any State, in addition and as a supplement to assistance under Title IV of Public Law 92-318 (86 Stat. 235), the Secretary is authorized to enter into contracts with any such State or political subdivision thereof, or with any Indian tribe or tribal organization residing in any such State (such State, political subdivision, Indian tribe, or tribal organization to be hereinafter referred to as "contractor"): *Provided*, That, in the event the contractor is an Indian tribe or tribal organization which resides in more than one State and the Secretary wishes to contract with such tribe or tribal organization to provide education to Indians enrolled in the public schools of more than one State, separate contracts may be negotiated with such tribe or tribal organization for each such affected State.

SEC. 203(a)(1) In administering the provisions of this Act, the Secretary shall not enter into any contract unless the prospective contractor has submitted to and has had approved by the Secretary an education plan which assures that—

(A) the educational objective to be provided to Indian students as beneficiaries of the contract will be satisfactory;

(B) the contract assures adequate protection for any trust resources affected;

(C) the proposed project or function to be contracted for can be properly completed or maintained by the proposed contract;

(D) the proposed contractor has adequate equipment, bookkeeping and accounting procedures, substantive knowledge of the program to be contracted for, Indian community support for the contract, adequately trained personnel, and other necessary components of contract performance.

(2) In addition, where the proposed contractor is a State or political subdivision thereof, the education plan shall reflect that—

(A) The tax rate within each school district affected by the plan is at least equal to the average tax rate of all school districts within the State: *Provided*, That all funds which any such affected school district receives under the provisions of title I of the Act of September 30, 1950 (64 Stat. 1100), as amended, shall be considered local tax income for the purposes of this subsection;

(B) per pupil payments of State equalization and general education funds to any such affected school district are not less than the State average of such payments to all school districts within the State.

(C) When there is tax exempt Indian land within any school district or portion thereof affected by a contract pursuant to section 202, there shall be provided to the contractor, as a part of such contract, a sum equal to the difference between the average per pupil payment for districts in such State and the per pupil payment in such affected district multiplied by the number of Indian students attending school within such affected school district or portion thereof for current operating expenditures of the school district or portion thereof affected by such contract; *Provided*, That any school district educating Indian students who are members of Indian tribes which do not normally reside in the affected State and who are residing in Federal boarding facilities for the purposes of attending public schools within such district shall be reimbursed for the full amount of the per capita costs to such school district for educating students in comparable grades: Except, that where the family place of residence of any such Indian student is within the affected State the Federal payment pursuant to part A of this title shall be reduced by the equivalent of the affected State's share of the per pupil cost as defined in clause (3) of this subsection for each such Indian student; *And provided further*, That in no event shall the total of such payments for current operating expenditures under this subsection (d) in any calendar year exceed 25 percent of the total payments under this section.

(D) Subject to other provisions of this Act, funds in an amount not less than 30 per centum of the average per pupil expenditures in such affected district multiplied by the number of Indian pupils, shall be used by the contractor in accordance with the terms of the contract for programs which meet the special or supplemental educational needs of the Indian students affected by the contract, as determined by the contractor with the approval of the Secretary, such as—

(i) guidance and counseling services for Indian students in grades five through twelve which, wherever feasible, should be provided at a ratio of not less than one counselor for every fifty Indian students;

"(ii) curriculum development programs, including production of special bilingual and bicultural materials, to meet the needs of Indian students;

(iii) teacher aides (bilingual where appropriate) at a ratio, wherever feasible, of one per twenty Indian students in grades kindergarten through six, and one per thirty Indian students in grades seven through twelve;

(iv) supplemental school lunch and school breakfast funds for Indians as needed, such funds to be in addition to any assistance otherwise provided by law;

(v) school nursing services for Indians, which services shall be coordinated with the Indian Health Service of the Public Health Service;

(vi) summer school programs for Indians, including academic as well as recreational, remedial and cultural and academic enrichment components, as desired by the Indian community;

(vii) payment of students' fees and other costs incidental to school programs which are not included within the budget of the affected school district;

(viii) vocational technical career education; and

(ix) such other educational programs as may be mutually agreed upon by the Secretary and the contractor: *Provided*, (1) That where the contractor is a State or subdivision thereof, such contract shall be with the advice and approval of the communtiy education committee of each affected district for which provision is made in subsection (g); and

(2) That nothing contained in section 203 (d) shall prevent the contractor, where the majority of the students in a school district or portion thereof affected by such a contract are Indians, with the advice and approval of the community education committee, to define the special needs of Indian students within that district or portion thereof as a need for current operating expenditures under the particular contract then in force;

(3) That funds provided for programs delineated under this subsection shall add to, and not replace, other funds provided in State and Federal programs for the benefit of Indians;

(4) That if an affected school district does not comply with the provisions of section 203(b) the Secretary may enter into a contract with an Indian tribe or tribal organization to provide funds in an amount not less than 30 percent of the average per pupil

expenditure in such district multiplied by the number of Indian pupils. The contractor shall negotiate in good faith with the public school district to subcontract for programs such as described in section 203(a)(2)(D) to be operated within the school program. If agreement cannot be reached, and the Secretary is satisfied that the contractor has acted in good faith, the contractor may use the funds provided in this section to carry on programs for Indian pupils as agreed upon between the Secretary and the contractor.

Nothing contained in this section is designed to limit the authority of Indian tribes or tribal organizations to contract under Title I of this Act.

(5) That payments under a contract to a state or political subdivision thereof shall be withheld if any affected school district if the Secretary finds that it has reduced its tax rate below the rate required under section 203(a)(1); or if the per pupil payments shall fall below the amount required in Sec. 203(a)(3) above, or if the State or subdivision thereof uses the funds under this part to supplant funds otherwise received or receivable by the district; and such funds shall remain suspended unless and until the affected State or district shall bring its tax rate or per pupil payments, as the case may be, into compliance with the provisions of section 203(a)(1) and 203(a)(3).

(2)(A) Funds provided to any contractor under any contract pursuant to Part A of this title shall be available to the contractor for administrative and consultative costs in carrying out such contract, excluding payments pursuant to section 203(d) of this Act, where appropriate in such amounts as the Secretary may authorize: *Provided*, That in no event shall such administrative or consultative costs exceed 10 percent of the amount of the contract without the advise and approval of the community education committee of any district or portion thereof affected by the contract;

(B) in the event that the local public school board of a school district directly affected by any such contract pursuant to this part A is not composed of a majority of Indians, a community education committee shall be established, which shall be composed of members elected by the parents of Indian students attending the school or schools under the jurisdiction of such board, and which shall fully participate in the development of, and shall approve, programs authorized by this part A, and shall be so structured, and carry out such other duties, as the Secretary shall by regulation provide, subject to the laws of the affected State: *Provided*, That in the event that a local Indian committee exists pursuant to section 411 of the Act of June 23, 1972 (86 Stat. 235), or the Act of April 16, 1934 (48 Stat. 596) as amended, such committee may be utilized for the purposes of this clause;

(C) For each fiscal year during which a contractor receives or expends funds under contracts pursuant to this part, the contractor shall submit to the community education committee, the appropriate State Indian Advisory Council on Education, hereinafter provided for, and to the Secretary, a report including, but not limited to, an accounting of the amounts and purposes for which Federal funds were expended, information on conduct of the program or service involved, and such other information as the education committees, Advisory Councils and the Secretary shall request. The reports and records of any such contractor shall be subject to audit by the Secretary and the Comptroller General of the United States.

(b) Whenever a prospective contractor is State education agency, prior to entering into a contract with such prospective contractor, the Secretary shall be assured that—

(1) an Indian Advisory Council on Education to advise the State education agency has been established, which Council shall be composed of educators which, insofar as practicable, is proportionally representative of all tribes within such State and which has been elected by the local Indian committees designated pursuant to clause 203(a)(6) of this Act or by an Indian-controlled school board;

(2) such Advisory Council has had the opportunity to fully advise and make recommendations to the chief State school officer in the preparation of the education plan pursuant to subsection (a) of this section;

(3) such Advisory Council shall have the opportunity to advise and make recommendations on the development of other programs provided for in this title; and

(4) on or before July 1 of each year, such Advisory Council shall submit to the Secretary, in such form and manner as he shall prescribe, a report evaluating the progress achieved in education of Indians in such State under programs provided for in this title. Such report shall be submitted by the Secretary to the relevant State agency for comment and shall be available to the public.

(c) The Secretary may enter into a contract with the State education agency of any State the public education system of which is affected by a contract or contracts pursuant to section 202, regardless of who the contractor or contractors may be, to provide the professional and support staff and administrative services necessary in performing such contract or contracts in implementing the purposes of this title, if and to the extent that such assistance is requested by a contractor or contractors within such State. The costs of such contract shall be included within the limitations of section 203(f) if a single contractor is involved, or allocated to each contract involved if more than one contractor is involved.

SEC. 204. (a) There are hereby authorized to be appropriated for each of the seven fiscal years following the first fiscal year after the date of enactment of this Act $60,000,000.

(b) For the purpose of affording potential contractors adequate notice of available Federal financial assistance under this part A, appropriations for contracts pursuant to section 202 are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation. In order to effect a transition to this method of timing appropriation action, the preceding sentence shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

SEC. 205. Whenever the sums appropriated for any fiscal year for payments pursuant to this part A are not sufficient to pay in full the total amounts which all contractors are eligible to receive pursuant to this part A for such fiscal year, the maximum amounts which each such contractor is eligible to receive pursuant to this part A for such fiscal year shall be ratably reduced. Whenever additional funds become available for making such payments for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced.

SEC. 206. The Secretary shall proceed expeditiously to negotiate the contracts authorized by section 202. Such contracts and the authority provided by this part A shall replace existing education programs for Indians conducted pursuant to, and the authority to conduct and administer such programs provided by, the Act of April 16, 1934 (48 Stat. 596), as amended. Upon June 30, 1975, all authority to conduct and administer education programs for Indians pursuant to the Act of April 16, 1934 (48 Stat. 596), as amended, shall be rescinded and that Act shall be further amended by deleting the word "education," wherever it appears.

PART B—DEVELOPMENT OF PROFESSIONALS IN INDIAN EDUCATION

SEC. 207. (a) The Secretary is authorized to establish and carry out a program of making grants, to, and contracts with, institutions of higher education and other public, private nonprofit organizations or agencies, or Indian tribes or tribal organizations with relevant experience and expertise in order to provide fellowships and carry out programs and projects to—

(1) prepare persons to serve Indians in public, private, or totally federally funded schools as educational administrators, teachers, teacher aides, and ancillary educational personnel, including, but not limited to, school social workers guidance counselors, school nurses, and librarians; and

(2) improve the qualifications of persons who are serving Indians in such capacities.

(b) In selecting participants in or recipients for fellowships to programs and projects under this section preference shall be given to Indians.

(c) The Secretary is authorized and directed to determine and publish criteria pursuant to which he shall evaluate all grants and contracts authorized under this section.

SEC. 208. For the purpose of making grants or contracts pursuant to this part B there is authorized to be appropriated $10,000,000 for the fiscal year after the enactment of this Act, and $15,000,000 for each of the next two succeeding fiscal years.

PART C—SCHOOL CONSTRUCTION

SEC. 209. (a) The Secretary is authorized to enter into a contract or contracts with any State education agency, school district, Indian Tribe, or Tribal organization for the purpose of assisting such agency or district in the acquisition of sites for, or the construction, acquisition, or renovation of facilities (including all necessary equipment) in school districts on or adjacent to or in close proximity to any Indian reservation or other lands held in trust by the United States for Indians, if such facilities are necessary for the education of Indians residing on any such reservation or lands.

(b) The Secretary of the Interior may expend not less than 75 per centum of such funds as are authorized and appropriated pursuant to this part C on those projects which meet the eligibility requirements under subsections (a) and (b) of section 14 of the Act of September 23, 1950 (72 Stat. 548), as amended. Such funds shall be allocated on the basis of existing funding priorities, if any, as established by the United States Commissioner of Education under subsections (a) and (b) of section 14 of the Act of September 23, 1950. The United States Commissioner of Education, in coordination with any tribe affected, is directed to submit to the Secretary, at the beginning of each fiscal year, commencing with the first full fiscal year after the date of enactment of this Act, a list of those projects eligible for funding under subsections (a) and (b) of section 14 of the Act of September 23, 1950.

(c) The Secretary may expend not more than 25 per centum of such funds as may be authorized and appropriated pursuant to this part C on any school eligible to receive funds under subsection 223 of this Act.

(d) Any contract entered into by the Secretary pursuant to this section shall contain provisions requiring such State educational agency to—

(1) provide Indian students attending any such facilities constructed, acquired, or renovated, in whole or in part, from funds, made available pursuant to this section with standards of education not less than those provided non-Indian students in the school

district in which the facilities are situated; and

(2) meet, with respect to such facilities, the requirements of the State and local building codes, and other building standards set by the State educational agency or school district for other public school facilities under its jurisdiction or control or by the local government in the jurisdiction within which the facilities are situated,

(e) The Secretary of the Interior shall consult with the entity designated pursuant to section 203(a)(3)(B) and with the governing body of any Indian tribe or tribes the educational opportunity for the members of which will be significantly affected by any contract entered into pursuant to this section. Such consultation shall be advisory only, but shall occur prior to the entering into of any such contract. The foregoing provisions of this subsection shall not be applicable where the application for a contract pursuant to this section is submitted by an elected school board of which a majority of its members are Indians.

(f) For the purpose of implementing the provisions of this section, the Secretary shall assure that the rates of pay for personnel engaged in the construction or renovation of facilities constructed or carried out in whole or in part by funds made available pursuant to this section are not less than the prevailing local wage rates for similar work as determined in accordance with the Act of March 3, 1921 (46 Stat. 1491), as amended.

(g) Within ninety days following the expiration of the three year period following the date of the enactment of this section, the Secretary of the Interior shall evaluate the effectiveness of the program pursuant to this section and transmit a report of such evaluation to the Congress. Such report shall include—

(1) an analysis of construction costs and the impact on such costs of the provisions of subsection (f) of this section and the Act of March 3, 1921 (46 Stat. 1491), as amended;

(2) a description of the working relationship between the Department of the Interior and the Department of Health, Education, and Welfare including any memorandum of understanding in connection with the acquisition of data pursuant to subsection (b) of this section;

(3) projections of the Secretary of the Interior for future construction needs of the public schools serving reservation Indian children, residing on or adjacent to Indian reservations;

(4) a description of the working relationship of the Department of the Interior with local or State educational agencies in connection with the contracting for construction, acquisition, or renovation of school facilities pursuant to this section, and

(5) his recommendations with respect to the transfer of the responsibility for administering subsections (a) and (b) of section 14 of the Act of September 23, 1950 (72 Stat. 548), as amended, from the Department of Health, Education, and Welfare to the Department of the Interior.

(h) For the purpose of carrying out the provisions of this section, there is authorized to be appropriated the sum of $35,000,000 for the fiscal year ending June 30, 1974; $35,000,000 for each of the four succeeding fiscal years; and thereafter, such sums as may be necessary, all of such sums to remain available until expended.

PART D—YOUTH INTERN PROGRAM

SEC. 210. In order to provide meaningful and career-related work opportunities for Indian youth who are not enrolled in educational programs during the summer months, the Secretary is authorized to establish and carry out an Indian youth intern program for any Indian sixteen years of age or older who is regularly enrolled in secondary school, vocational school, or higher education program during usual school terms.

SEC. 211. (a) In establishing and administering the Indian youth intern program, the Secretary shall designate or recognize community service fields including those related to education, child development, recreation, law, health services, engineering, research, science, government, agriculture and forestry, business and commerce, tribal government, and other appropriate pursuits, which can provide useful experience to Indian youth in exploring and participating in activities related to their future choices of possible careers.

(b) The Secretary shall determine the number of Indian youth in the community or reservation who are interested in employment during the summer months in the fields designated in subsection (a) of this section.

(c) The Secretary shall require negotiations with employers for the employment of each Indian youth participating in the Indian youth intern program, such negotiations to include a job description outlining specific duties, evaluation of the progress of the Indian youth intern, and consultation by the employer with the Indian youth intern periodically.

SEC. 212. In establishing and carrying out the Indian youth intern program, the Secretary shall take such action as may be necessary to assure that—

(1) each Indian youth intern shall be paid not less than the Federal minimum wage;

(2) each Indian youth intern shall engage in activities which are supplemental to those of the regular work force where he is employed and shall not replace any regular adult full-time employee, except as a temporary substitute during any normal vacation or other such leave of any such employee;

(3) the total wages paid each Indian youth intern employed by a nonprofit agency shall be paid out of funds provided in this part D;

(4) one-half the wages paid each Indian youth intern employed by other than a nonprofit agency, tribe, or tribal organization shall be paid out of funds provided in this part D, and one-half by the employer;

(5) each Indian youth intern shall be covered by appropriate workmen's compensation laws;

(6) no Indian youth intern shall be entitled, by reason of his employment as an intern, to participate in any pension, retirement, or unemployment compensation programs;

(7) there shall be one supervisor for each twenty Indian youth interns during their period of employment; that such supervisor shall be compensated at a rate not in excess of the minimum rate for GS-9 of the General Schedule under section 5332 of title 5, United States Code; and that, with respect to the position of supervisor, preference shall be given to qualified Indians residing in the locality in which the interns are employed.

SEC. 213. For the purpose of carrying out the provisions of this part D, there is hereby authorized to be appropriated $10,000,000 for the first year after the enactment of this Act, and $15,000,000 for each of the next two succeeding fiscal years.

PART E—EDUCATIONAL RESEARCH AND DEVELOPMENT

SEC. 214. (a) The Secretary is authorized to make grants to and contracts with universities and colleges and other public and private nonprofit agencies, institutions, and organizations, and to and with individuals for research, surveys and demonstrations in the field of Indian education and for the dissemination of information derived from such research, surveys, and demonstrations. In selecting participants in or recipients for grants and contracts under this section, preference shall be given to Indian tribes, organizations or institutions.

(b) No grant shall be made or contract entered into pursuant to this section until the Secretary has obtained the advice and recommendations of educational specialists who are competent to evaluate proposals as to the soundness of design, prospects of productive results, and adequacy of the resources of any applicant to conduct research, surveys, or demonstration projects. Wherever possible among the educational specialists consulted shall be Indians who are not employees of the Federal Government.

(c) No grant shall be made or contract entered into pursuant to this section until the Secretary is satisfied that the activities to be funded do not substantially duplicate research, surveys, or demonstrations the results of which are or will be accessible to the public.

SEC. 215. For the purposes of carrying out the provisions of this part E, there is hereby authorized to be appropriated $2,000,000 for the first fiscal year after enactment of this Act, and $3,000,000 for each of the next two succeeding fiscal years.

PART F—ADULT, VOCATIONAL, AND EARLY CHILDHOOD EDUCATION

SEC. 216. After consultation with persons competent in the appropriate field of education, the Secretaries of Interior and of Health, Education and Welfare shall jointly present to the Ninety-fourth Congress, within sixty days of the convening thereof—

(1) a proposed program of adult and continuing education designed to meet the needs of Indian people;

(2) a proposed program designed to meet the vocational and technical career education needs of Indian people;

(3) a proposed program designed to meet the early childhood education needs of the Indian people;

(4) a proposed program designed to meet the special education needs of gifted and handicapped Indians aged three to twenty-one years; and

(5) a review and analysis of existing programs in higher education for Indians administered by the Department of the Interior and the Department of Health, Education, and Welfare and a proposed program of higher education designed to meet the needs of the Indian people; and

(6) an assessment of the capability of the Federal Government to measure effectively and accurately the educational progress and achievement of Indian people, such assessment to include a review of the ability of the Department of the Interior to measure the educational achievement and progress of Indian people, and as to the capability of the Office of Education or the National Institute on Education to measure the educational progress and achievement of Indian people, and shall include the result of the review in such report.

SEC. 217. For the purpose of carrying out the provisions of this part F, there is hereby authorized to be appropriated $750,000 for the first fiscal year after the enactment of this Act.

PART G—GENERAL PROVISIONS

SEC. 218. No funds from any grant or contract pursuant to this title shall be made available to any school district unless the Secretary is satisfied that the quality and standard of education, including facilities and auxiliary services, for Indian students enrolled in the school of such district are at least equal to that provided all other students from resources, other than resources provided in this title, available to the local school district.

SEC. 219. No funds from any contract or grant pursuant to this title except as provided in part B shall be made available by any Federal agency directly to other than public agencies and Indian tribes, institutions, and organizations: *Provided*, That school districts. State education agencies, and

Indian tribes, institutions, and organizations assisted by this title may use funds provided herein to contract for necessary services with any appropriate individual, organization, or corporation.

SEC. 220. (a)(1) Within six months from the date of enactment of this Act, the Secretary shall consult with national and regional Indian organizations with experience in Indian education to the extent practicable, to consider and formulate appropriate rules and regulations to implement the provisions of this title, (2) within seven months from the date of enactment of this Act, the Secretary shall present the proposed rules and regulations to the Interior and Insular Affairs Committees of the Senate and House of Representatives, (3) within eight months from the date of enactment of this Act, the Secretary shall publish proposed rules and regulations in the Federal Register for the purpose of receiving comments from interested parties, and (4) within ten months from the date of enactment of this Act, the Secretary shall promulgate rules and regulations to implement the provisions of this title.

(b) The Secretary is authorized to revise and amend any rules or regulations promulgated pursuant to subsection (a) of this section: *Provided*, That prior to any revision or amendment to such rules or regulations the Secretary shall consult with appropriate national or regional Indian organizations, to the extent practicable, and shall publish any proposed revisions in the Federal Register not less than sixty days prior to the effective date of such rules and regulations in order to provide adequate notice to, and receive comments from other interested parties.

SEC. 221. Prior to expending any funds appropriated pursuant to this title, the Secretary shall be assured, after consultation with the Secretary of Health, Education, and Welfare that such funds shall add to, and not replace, other funds provided in Federal programs for the benefit of Indians.

SEC. 222. The Secretary is authorized and directed to provide funds, either pursuant to the authority provided in this Act or pursuant to any other authority granted to him to extend funds for the educational support of Indian children to any tribe or tribal organization which controls and manages any previously private school.

SEC. 223. The National Advisory Council on Indian Education, established pursuant to title IV of Public Law 92-318 (86 Stat. 235) shall be consulted by the Secretary of Interior in implementation of the programs established by this title.

Mr. KENNEDY. Mr. President, last Wednesday another alternative draft of part A was prepared by Interior Committee staff. The new draft is entirely different from the one produced jointly during the first part of the week—that is, the version labeled "improved" by all participating staffs. It is true that the new part A does not contain the unpredictability of the original draft; however, it also contains none of the advantages.

This alternative triples the allocation for the JOM program, the administration of which has been the focal point for innumerable documented grievances. The Legal Defense Fund Report, the Comptroller General's report, my work with the Indian Education Subcommittee, and the hearings of my Subcommittee on Administrative Practice and Procedure held in December, testify to the many problems associated with Johnson-O'Malley expenditures. In my opinion, this proposal would have little effect on the situation that presently exists with respect to abuse of JOM funds. In fact, it seems to be acknowledged that this amendment does not constitute meaningful reform of the Johnson-O'Malley Act. Thus, this latest amendment merely increases funding for a program that is being bungled and ultimately risks retarding the possibility of future JOM reform by allowing this provision to go on record as a result of the Senate's year-long effort toward progress.

Again, for comparison, I ask unanimous consent that this alternative draft be printed at this point in the RECORD.

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

On page 40, line 19, strike all of Title II down to and including line 8 on page 61, and insert in lieu thereof the following:

TITLE II—THE INDIAN EDUCATIONAL REFORM ACT

SEC. 201. This title may be cited as the "Indian Educational Reform Act".

PART A—EDUCATION OF INDIANS IN PUBLIC SCHOOLS

SEC. 202. For the purpose of providing education to Indians enrolled in the public schools of any State, in addition to and as a supplement to assistance under Title IV of Public Law 92-318 (86 Stat. 235), the Secretary is authorized to enter into contracts with any such State or political subdivision thereof, or with any Indian tribe or tribal organization residing in any such State (such State, political subdivision, Indian tribe, or tribal organization to be hereinafter referred to as "contractor"): *Provided, That*, in the event the contractor is an Indian tribe or tribal organization which resides in more than one State and the Secretary wishes to contract with such tribe or tribal organization to provide education to Indians enrolled in the public schools of more than one State, separate contracts may be negotiated with such tribe or tribal organization for each such affected State.

SEC. 203(a)(1) Of the funds appropriated pursuant to this Part A, the Secretary shall contract not more than 25 percent for the purpose of general school district operation expenses. The Secretary shall contract at least 75 percent of the funds appropriated pursuant to this Part A solely for the purpose of special or supplemental programs for Indian people enrolled in the public schools, such as:

(i) guidance and counseling services for Indian students in grades five through twelve which, wherever feasible, should be provided at a ratio of not less than one counselor for every fifty Indian students;

(ii) curriculum development programs, including production of special bilingual and bicultural materials, to meet the needs of Indian students;

(iii) teacher aides (bilingual where appropriate) at a ratio, wherever feasible, of one per twenty Indian students in grades kindergarten through six, and one per thirty Indian students in grades seven through twelve;

(iv) supplemental school lunch and school breakfast funds for Indians as needed, such funds to be in addition to any assistance otherwise provided by law;

(v) school nursing services for Indians, which services shall be coordinated with the Indian Health Service of the Public Health Service;

(vi) summer school programs for Indians, including academic as well as recreational, remedial and cultural and academic enrichment components, as desired by the Indian community;

(vii) payment of students' fees and other costs incidental to school programs which are not included within the budget of the affected school district;

(viii) vocational technical career education; and

(ix) such other educational programs as may be mutually agreed upon by the Secretary and the contractor;

SEC. 203. (a)(2) In administering the provisions of this Act, the Secretary shall not enter into any contract unless the prospective contractor has submitted to and has had approved by the Secretary an education plan which assures that—

(A) the educational objective to be provided to Indian students as beneficiaries of the contract will be satisfactory;

(B) the contract assures adequate protection for any trust resources affected;

(C) the proposed project or function to be contracted for can be properly completed or maintained by the proposed contract;

(D) the proposed contractor has adequate equipment, bookkeeping and accounting procedures, substantive knowledge of the program to be contracted for, Indian community support for the contract, adequately trained personnel, and other necessary components of contract performance.

SEC. 204. (a) Any school district educating Indian students who are members of Indian tribes which do not normally reside in the affected State and who are residing in Federal boarding facilities for the purposes of attending public schools within such district shall be reimbursed for the full amount of the per capita costs to such school district for educating students in comparable grades: except that where the family place of residence of any such Indian student is within the affected State the Federal payment pursuant to part A of this title shall be reduced by the equivalent of the affected State's share of the per pupil cost as defined in clause (B) of this subsection for each such Indian student.

In the event a local school board in a district affected by this Part A is not composed of a majority of Indians, the parents of the Indian children enrolled in the school or schools affected by this Act shall elect a local committee from among their number, which committee shall fully participate with the school board in the development of, and shall approve, programs authorized by this Part A. The local committee shall be so structured and shall carry out such other duties as the Secretary shall by regulation provide, subject to the laws of the affected State: *Provided*, That in the event a local Indian committee exists pursuant to section 411 of the Act of June 23, 1972 (86 Stat. 235) such committee may be utilized for the purposes of this section.

(c) Funds provided to any contractor under any contract pursuant to Part A of this title shall be available to the contractor for administrative and consultative costs in carrying out such contract where appropriate in such amounts as the Secretary may authorize: *Provided*, That in no event shall such administrative or consultative costs exceed 10 percent of the amount of the contract without the advise and approval of the entity designated in section 204(b) of any district or portion thereof affected by the contract;

(d) For the purpose of affording potential contractors adequate notice of available Federal financial assistance under this part A, appropriations for contracts pursuant to section 202 are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation. In order to effect a transition to this method of timing appropriation action, the preceding sentence shall apply notwithstanding that its initial application

will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current year and one for the succeeding fiscal year.

SEC. 205. Whenever the sums appropriated for any fiscal year for payments pursuant to this part A are not sufficient to pay in full the total amouts which all contractors are eligible to receive pursuant to this part A for such fiscal year, the maximum amounts which each such contractor is eligible to receive pursuant to this part A for such fiscal year shall be ratably reduced. Whenever additional funds become available for making such payments for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced.

SEC. 206. There are hereby authorized to be appropriated for the purposes of this Part A for each of the seven fiscal years following enactment of this Act the sum of $65,000,000.

Mr. KENNEDY. Finally, Mr. President, I would like to print in the RECORD, with unanimous consent, the analyses of part A written by the Coalition of Indian-Controlled School Boards and the Native American Rights Fund. I am sure that these will be useful for the committee and the Senate in determining the future course of action on this provision.

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

S. 1017—THE INDIAN SELF-DETERMINATION AND EDUCATIONAL REFORM ACT

In the "Congressional Findings" of S. 1017, we acknowledge that the views of Indian education by the Committee on Interior Affairs and Insular Affairs coincides with our findings that the present BIA structure and policy acts as a retardent to the concept of Indian self-determination. We acknowledge also that in spite of Congressional attempts for educational reform—State and Federal domination of educational programming is still producing and will continue to produce the same high failure and dropout figures that have always been an Indian stigma. As an illustration of this we have attached a memo from the New Town Public School. We acknowledge that data from one school is insufficient for a general conclusion yet believe that a broader study will reveal the same startling facts. Because the responsibility to "educate" Indian people is becoming so totally confused through a dual State-Federal relationship, legislation must be enacted to place our educational process back into our hands. Such legislation should set forth the policy that (1) it is the responsibility of the Federal Government to finance the education of Indian children, (2) that Indian communities have a right to control and operate their own schools and (3) the financial assistance therefore must be directed to Indian schools controlled by Indians themselves.

The basic problem with the present approach is that the non-Indian institution is the beneficiary rather than the Indian child or Indian community. Congress must set before itself the real problem of who is accountable for Indian education and what is the nature of the institution which must be held accountable. The two institutional structures which Congress has traditionally entrusted this educational task lead in only one direction—the direction of the non-Indian institutions. For the BIA administered schools, the direction is toward the preservation and strengthening of the BIA system. For the public school districts the direction is for the maximum amount of Federal dollars to reduce the taxes in the school district. In neither case does the Indian child or Indian community receive the full value of the educational dollar appropriated specifically for Indian children.

The legislation then must have as a basic policy the development of Indian controlled educational institutions. A responsibility of the Federal agencies in their relationship to tribes is to provide assistance such that tribal government can reach a plateau of sophistication which will permit for a sound and systematic management of educational programs. We believe this can be accomplished if S. 1017 includes legislative authority for Federal agencies, i.e., the Office of Education and the BIA Education Office to recognize local educational agencies established by tribal educational codes. S. 1017 should direct the Secretary to provide funds for tribes to develop such codes which would allow for local communities to be recognized by the tribes as local tribal educational agencies. A tribal educational code which establishes rules and regulations independent of the political structure would remove the unwarranted political interference of educational programs and be a positive step toward the full self-determination of tribes and communities within tribes. (See Appendix).

Although Sections 102(a) and 103(a) direct the Secretaries of Interior and HEW to contract with Indian tribes and organizations, the directive is lost in the restrictive provision outlined in the same sections. In many instances, contracts are entered into with a limited knowledge of what may constitute contract compliance. Rather the steps for compliance can be outlined and negotiated by the contracting parties prior to consummation of a contract with the fixation of a reasonable time period to meet the requirement established in the terms of contract. The Bureau of Indian Affairs, in their management of Indian affairs, has created a maze of contradictory policy which contract schools have had to encounter at some point or another. We have on various occasions presented the Commissioner of Indian Affairs, and his subordinates, recommendations which would enhance the BIA's ability to carry out the policy statements of Congress and the Administration. Needless to say, our recommendations were ill-received by the Bureau in spite of the fact that the present structure, personnel and regulations of the BIA are not adequate to deal with the contemporary needs in Indian education.

In our statement to the Senate Interior Committee on S. 1017 we provided specific examples of administrative and structural inadequacies of the present Bureau of Indian Affairs. We recommend strongly that this bill, S. 1017, establish an educational structure to remedy the inadequacies. Accordingly, we recommend that in place of the restrictive provisions in Section 102(a) there be included the following directive.

"The Secretary of the Interior is authorized and directed to establish a central educational contracting office to negotiate and implement all BIA contracts and grants to provide technical assistance for purposes of developing contracts and contract capability, particularly with Indian tribes and organizations, to render technical assistance to comply with contract stipulations, for training, for monitoring and auditing such contracts and grants from the central BIA office to local/tribal or educational grantee and contractors."

This would establish the central contracting office yet would not fully address the problems of lines of authority within the Bureau. We feel that the only solution is to establish by this legislation a Deputy Commissioner for Educational Programs in the BIA with *Line Authority* and full responsibility to carry out the total educational programs for the BIA. The deputy would report directly to the Commissioner of Indian Affairs. There would be no Area Director or Agency Superintendent interference in decisions that should be resolved on the basis of educational principles.

In addition, Section 106(a) should be entirely reworded to exempt contracts under the Act from constrictive Federal procurement laws and procedures. Under Sections 102, 103 and 104, contracts and grants can only be given to Indian tribes. This requirement poses a severe limitation on the range of Indian entities which can potentially qualify since several Indian communities with legitimate grounds for seeking control of their own educational programs are not in a position to have tribal governments intercede for them with the Federal government.

TITLE II—THE INDIAN EDUCATIONAL REFORM ACT

Section 203—Part A

Addresses education for Indian children in public schools by establishing a process by legislation for distributing Federal funds received within affected school districts. According to provisions of the bill there are states in which districts with large Indian enrollments could be excluded from the benefits for a number of reasons. For example, low tax generating ability of even the highest assessed districts. Public funds have served to keep taxes down and few districts would think of increasing their tax effort to receive funds under this Act. Myron Jones of the Indian Education Training, Inc. has prepared an analysis of S. 1017, Title II, Part A, which points out the effect that the equilization formula will have on the public schools educating Indian children. This also has been included in the attachments for your information. Accordingly, we recommend that Title II, Section 203, Part A be removed from the bill.

In many respects Title II completely ignores the recommendations submitted by the Coalition during the public hearings on June 4, 1973. We suggest and adamantly recommend that you consider a new dimension in educational programming and that is: developing the mechanism that will build in compliances for public administered Indian educational programs with options if the Indian community desires to develop their own education programs free and separate from public institutions as well as minimal interference from the Bureau of Indian Affairs.

We believe that reform of Johnson-O'Malley programs—or rather, reforms relative to Indian beneficiaries in public schools—must be brought forth through legislation, especially since the history of JOM usage indicated that other attempts to reform or regulate may at best be difficult and impossible in most instances. Public schools in virtually every state have assumed an attitudinal posture that has truly violated the intention of the Johnson-O'Malley Act. Yet we believe that the equalization of revenues for public school usage will not change these attitudes nor will its effect be beneficial to Indian students. Rather, we would wish to see Title II used to structure the BIA's internal structure, with built in assurances for accountability, and outline the process where the agencies must devise the structure, regulate policy, which is compatible with the aspirations of *all* Indian communities, and place advantages in Indian hands rather than the opposite.

To illustrate what we consider will permit the delivery of more equitable JOM programs, we have attached a draft of proposed regulations prepared for presentation to the Commissioner of Indian Affairs. The development of these regulations was a joint effort of CICSB (Bill Roberts and Gerald Clifford), Indian Education Training, Inc. (Myron Jones), Native American Rights Fund

(Charles Wilkinson), and Americans for Indian Opportunity. We want to emphasize this is a rough draft and subject to language changes. However, the regulations will not be changed in philosophy or concept. Any subsequent changes will be submitted to all appropriate committees and members. Although we are suggesting the replacement of Part A by legislation which includes the language provided in the attached draft regulations, we will repeat the highlights of our testimony on June 4, 1973 which are minimal provisions which would make Part A acceptable to the Coalition.

Title II, Section 202, should be rewritten to prevent bilateral relationships between states and the Federal Government in Indian education. All Federal funds for Indian education in public schools should be funneled through Indian tribes or organizations which may then contract with states if they wish. (If they do not, they should be permitted to use the funds in their own schools). Suggested wording:

"Sec. 202. For the purpose of providing education to Indians enrolled in the public schools of any state, the Secretary is authorized to enter into contracts with any Indian or tribal organization residing in any state which in turn may contract with the state or political subdivision thereof upon such terms and conditions as are mutually agreed upon. If a tribe or Indian organization does not wish to contract in this manner with any state agency or subdivision it may use the funds in its own schools under the provisions of Section 102."

In addition, Title II should be strengthened by including a discretionary power in the Secretary to order the redistricting of state school district boundaries to provide for increased Indian control where all other efforts for reform have proven fruitless and he considers conditions of discrimination and unequal educational opportunities for Indians to be endemic or inherent. This remedy is justified upon the same basis that withholding of Federal funds under 42 USC 2000d, *et seq.* and 45 CFR Part 80 is.

Section 207(a) contracts should go only to Indian tribes, organizations or other Indian institutions. The same applies to Section 214(a).

Section 203(c) contracts should be made discretionary.

The entire relationship between Titles I and II should be clarified. As they now stand, it is difficult to see the distinction between a contract with an Indian tribe or tribal organization under Title I and one under Title II. What would prevent using Title I to write contracts with these groups or entities for use in public schools, thus avoiding the explicit application requirements under Title II?

Appropriations for contract schools should be increased. At present only $4.5 million is earmarked for these schools out of a total BIA education budget of $190 million. And per pupil funding formulas should be reconciled with those used for the BIA's own schools.

S. 1017 does not include the needs for funding of institutions of higher learning controlled by Indian people. Indian controlled institutions of higher learning provide a continuance of education for the students whose primary educational experiences are received from elementary and secondary schools under Indian control. Such institutions, i.e., Indian controlled community colleges on Indian reservations should be encouraged and authorized with operating program service money in this bill.

Part C—School construction

We see a definite construction need in the Indian controlled schools, which are not affected by P.L. 815, for an authorization for physical facilities to conduct educational programs. Our experiences with the Bureau of Indian Affairs has been for the Area Offices to place construction for Indian controlled schools in a "low priority" in the budget process. We are convinced this is an effort to thwart the Indian control movement. Our recommendation would be to include Indian controlled schools and colleges with these provisions and to give their construction needs top priority.

The authorization for the appropriation of construction funds should include all phases of construction from planning and design through the final phases of construction for each particular project.

Other parts of Title II are basically sound and would be acceptable with additional comment or amendment. The principle which we have always held is that until the time that comprehensive legislation is developed—which applies to the Federal trust responsibility as well as the needs of urban and non-Federally recognized Indian peoples—we will support any reasonable educational bill that applies to Indian people. We can assure you that we will work diligently in the development of comprehensive legislation. This is all we can do—the responsibility is really on the law-makers and their willingness to make profound commitments to Indian people.

NATIVE AMERICAN RIGHTS FUND,
Boulder, Colo., February 22, 1974.

Hon. HENRY M. JACKSON,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

Hon. PAUL J. FANNIN,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

Hon. EDWARD M. KENNEDY,
U.S. Senate, Old Senate Office Building, Washington, D.C.

Re S. 1017 (Indian Self-Determination and Educational Reform Act).

DEAR SENATOR: The Native American Rights Fund very rarely comments on legislation. We have, however, studied S. 1017 with care and have several comments which we wish to draw to your attention.

Like virtually all Indian organizations, we vigorously support Title I of S. 1017. The contracting procedures in Title I are progressive and offer the promise of a new dimension in tribal self-government. On the other hand, we are deeply concerned over several provisions of Title II, Part A, of S. 1017. Although we believe that Title I should pass the Senate at the earliest possible date, it appears to us that Title II, Part A should be referred to committee for further, intensive study.

SUMMARY

In this letter, we will deal with several major problem areas which we see in Title II, Part A. There are other, more minor problems that could probably be cured by draftsmanship in the House of Representatives.

Our major concerns fall into two broad areas. First, the formula for distribution will result in funding on a random, arbitrary basis and will cause major inequities for many students, Indian and non-Indian alike. Our conclusion is that the formula would probably result in a substantial drop in the level of Bureau of Indian Affairs' funding for supplemental programs for the special needs of Indian children: indeed, it is likely that funds under this bill would dwindle to almost nothing in the many states which have adopted, or will adopt, equalization plan. In addition, the formula is actually a "federal equalization plan" and, as such, is a serious encroachment on the prerogatives of the many states which are experimenting with equalization. Second, the bill as written simply will not benefit Indian children as much as does the present Johnson-O'Malley program. The programs under the bill are not supplemental. The community participation provisions are extremely weak. Very significantly, the Indian community's considerable expertise in dealing with Johnson-O'Malley matters will be lost because the Johnson-O'Malley program itself is terminated by S. 1017. Our specific discussion of the major defects in Title I, Part A, of S. 1017 is as follows.

DISCUSSION

I. The formula for eligibility requires wholesale revision

A. The Formula Will Result in Random, Arbitrary Disruption of Funds

Section 203(a) is the primary section dealing with eligibility. A district is eligible only if its tax rate is "no less than" the average tax rate of the five most comparable districts. § 203(a)(1). "Comparable school district" is defined as a district in the same state with student enrollment which is most nearly equal to the district seeking funds. § 4(f). A district is ineligible for *all* funds under this bill unless its tax rate is at least as high as the average rate of the five most comparable districts.[1]

This kind of approach will inevitably result in the elimination of Bureau of Indian Affairs' educational services to many deserving students who are presently receiving such services.

Let us work from the example set forth at pages 23–24 of the Senate Interior Committee Report. The example in the Committee Report assumes that the "Indian district" has a tax rate of 40 mills and that the five most comparable districts also have a tax rate of 40 mills. Under that example, the "Indian district" is eligible for funding.

Assume, however, that a very minor and reasonable adjustment to the example is made—and we emphasize that this is a situation which will actually occur if this bill is passed. Assume that the five most comparable districts have an average tax rate of 42 mills, rather than 40 mills. This difference could occur as a result of several factors. Such a difference could easily result from the fact that local tax assessors in the five most comparable districts simply compute assessed valuation slightly differently than do the assessors in the "Indian district". The problem of uneven assessment from county to county within a state occurs nationwide.[2] The difference in the tax rates in the example might also arise from the fact that there is a slightly lower degree of commercial development in the five comparable districts. The difference in the tax rates could also occur because the "Indian district" is poor but the five comparable districts are, on the average, slightly poorer.

Under this hypothetical example, the "Indian district" is ineligible for funding under S. 1017, regardless of how needy the Indian children in the district may be. The only way for the "Indian district" to become eligible for S. 1017 funding is for the district to raise its tax rate by at least 2 mills. Although a few districts in such a situation might be willing to raise their tax rates, we think it likely that most districts would refuse to do so. The funds available under S. 1017 are just not substantial enough for most districts to take the politically unpopular step of raising taxes, especially when § 203(a)(4) requires that at least 20 percent of the funds

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[1] § 203(a) provides that no contract shall be made with a district unless the district meets several requirements, including the tax rate provision.

[2] Part of the problem is that most states have no real uniformity of assessment as among counties. In addition, different areas of many states cannot be compared due to regional characteristics—different appraisal methods must necessarily be used to appraise ranch land, recreational areas, farm land, suburban areas, and industrialized areas.

must be used for "special programs" for Indian students.

The kinds of situations just discussed will occur because "tax rate" is not a realistic method by which to compare school districts. *One can derive little meaning from a tax rate alone—the crucial determination is made only by a complex analysis of the tax rate, the assessed valuation, and the technique used to reach the assessed valuation.* Even then, regional differences within states, such as discussed in footnote No. 2, may make comparion impossible; these regional differences are particularly prevalent in the large western states which educate most Indian children. If one district reaches its assessed valuation by a slightly different method than another district, then comparison between the districts by "tax rate" is superficial at best. The result of such an analysis will be the random and arbitrary denial of S. 1017 funds to many Indian districts.

Let us take two school districts as very specific, significant examples. Our firm has just completed litigation against Central Consolidated District No. 22, headquartered in Kirtland, New Mexico. This district educates approximately 3,400 Indian students and is, next to the Gallup-McKinley School District in New Mexico, the largest educator of American Indian students in the United States. Central is unquestionably ineligible under S. 1017 because it has the lowest tax rate in the State of New Mexico. We have vigorously sought to require the district to raise its tax rate so that it would be eligible for Johnson-O'Malley funding.[3] The district has steadfastly refused to raise its tax rate even though it is already the lowest in this state. Our experience leads us to conclude that there is no realistic probability that this district would raise its tax rate in order to become eligible for these funds. The result will be that the second largest district in the country, in regard to numbers of American Indian students, will be ineligible for funding under S. 1017.

A second—and perhaps even more dramatic—example is Red Lake School District in Minnesota. Brice Lay, Chief of the Division of Educational Assistance of the BIA, has testified in a deposition that Red Lake is an impoverished school district which needs Johnson-O'Malley funds for operational purposes. Unfortunately, Red Lake would be ineligible for *any* funding under S. 1017, whether operational or for "special programs". According to statistics compiled by Mr. Lay, the present tax rate of the Red Lake School District is 32.98 mills, while the tax rate of the five comparable districts is 43.798 mills. The result is that Red Lake will be ineligible for any funding under S. 1017 unless it raises its tax rate by almost 11 mills, an increase of more than 30 percent. We have no direct knowledge as to whether such a marked rise in tax rate is likely at Red Lake, but obviously such a major tax increase is problematical at best.

It is too easy an answer to say that the above analysis simply means that some *districts* will receive less funding than is the case now. This ignores the fact that some needy districts, such as Red Lake, will be ineligible. But the real point is that the focus should be upon the *Indian children* who will no longer receive funds from the Department of the Interior. It is the children, not the district, who will no longer receive class rings or gym shoes and who will no longer benefit from Indian clubs, Indian guidance counselors, and bilingual programs. This problem is compounded because, as is pointed out in Section II, below, the present Johnson-O'Malley Act provides for truly supplemental funding, while S. 1017 provides no such guarantee.

Thus, as the above analysis shows, the formula under S. 1017 is arbitrary and, in many cases, will be unfair to truly needy districts. The problem, however, is that it is not the districts who will suffer most. The real victims of this formula will be American Indian children, who are now the beneficiaries of supplemental funding under the Johnson-O'Malley program.

B. The formula will probably result in low levels of funding to districts receiving Impact Aid

If a district is eligible to contract on the basis of comparable tax rates, as discussed above, the next question is the level of funding. Basically, the formula provides that S. 1017 money will make up the difference between the operational per-pupil expenditure in the "Indian district" (including state, local and Impact Aid payments) and the average operational per-pupil expenditure of the five most comparable districts. § 203(a)(4). Thus a district will not receive S. 1017 funds if its per-pupil operational expenditures (including Impact Aid) are equal to, or more than, the operational per-pupil expenditures of the five most comparable districts.

We suggest that this approach will mean that many districts receiving Impact Aid will not receive any funds at all under this bill. We have been involved in litigation in several districts receiving Impact Aid and, almost without exception, those districts are in relatively good shape financially. Although we have never had cause to compare their per-pupil expenditures with five comparable districts, we believe that most districts receiving Impact Aid would probably have per-pupil expenditures at least as high, and probably higher, than comparable districts. If there is any premise in Indian education finance, it is that Indian students "bring in" more than their fair share of funds, particularly where Impact Aid is involved. See, e.g., *An Even Chance*, p. 1, 8 (NAACP Legal and Defense Fund, 1971). Because of these funds, Impact Aid districts would be unable to show a deficit in operational funds, as required by § 203(a)(4).

Under these circumstances, many Indian districts would receive little or no S. 1017 funding for operational purposes. This is fair—a district which already has sufficient operational funds should not receive an additional federal gratuity.

The problem comes, not with S. 1017 operational funds, but with S. 1017 "special program" funds. If a district is not eligible for operational funds it is not eligible for "special program" funds either.[4] If we are correct in concluding that many districts will not be eligible for operational funds, then those same districts will be ineligible for "special program" funds. Again, the real losers are the Indian children, not the districts.[5]

C. The formula contains no definition of those districts which are eligible for funding under S. 1017

The Committee Report refers several times to "Indian districts", but the legislation itself contains no such definition. For the following reasons, we believe that this is a serious, fundamental problem.

Let us take an obvious example. Under the present bill, a district with one Indian student is eligible for funding under S. 1017. If that district were a large district, S. 1017 would make up the entire deficit defined in § 203(a)(4). Thus, under the present S.1017, a district with almost no Indian students in, say, Dayton, Ohio, would be fully eligible for funding. If the Dayton, Ohio district were below the total funding of the five most comparable districts, the entitlement under S. 1017 could be extremely substantial, even though very few Indian students were involved.

A first blush this problem seems to be merely a technicality which could be easily cured by amendment. We are not so certain, however, that establishing a definition for eligibility is such a simple matter. One method of curing this defect might be to require a minimum number of Indian students. If the number were very low (use ten eligible Indian students as an example), then districts such as Dayton, Ohio might still qualify. On the other hand, if the number is high (use 100 Indian students as an example), then many small rural districts would be excluded. The other logical source for a definition would be to use the percentage of Indian students which the district serves. Again, there are important policy decisions to be made here. Even using a relatively low percentage, such as ten percent, large numbers of eligible Indian students would be excluded from the funding under this bill.

We believe that the basic lack of a definition for eligible agencies is, by itself, sufficient cause to warrant further study of this legislation.

D. S. 1017 is basically a federal equalization plan and, as such, would conflict with the many state equalization plans which are now being developed

At its essence, the S. 1017 formula is an equalization plan. It is identical in concept to the equalization plans which are being worked upon diligently by most states: the plain, stated goal of S. 1017 is to provide funding, from sources outside of the school district, so that the district in question will have per-pupil expenditures which are substantially equal to expenditures in other districts in the state. Since most states are now working hard on equalization formulas, this type of a formula serves only to confuse an area of finance which is already extremely technical and complex. Frankly, the very simplistic formula in S. 1017 is almost impossible to reconcile with the detailed, sophisticated formulas which have been developed in many states. We very strongly suspect that S. 1017 would confuse and hinder state efforts to arrive at fair equalization programs.

E. Most district in the many states which adopt equalization plans will probably be ineligible for S. 1017 funds

Equalization raises a question which cuts to the core of S. 1017 as presently written. Assume that all or most states do arrive

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[3] Our motives in seeking a tax increase were the same as those underlying the formula used in S. 1017. Central plainly did not have a "reasonable tax effort" as required by the Johnson-O'Malley regulations. See, 25 C.F.R. § 33.4(b). The Bureau of Indian Affairs was not enforcing its own regulations. We sought to achieve a raise in the tax rate so that more operational funds would be available for a bilingual program for Indian children. We had hoped that the threatened loss of Johnson-O'Malley funds would force the district to increase its tax rate. The district and the Bureau of Indian Affairs both refused to have anything to do with a tax increase. We then dropped the demand as part of the settlement agreement.

[4] The bill provides that no contract shall be made unless the district is eligible in all respects, including the tax rate section and the operational funds section. See, § 203(a).

[5] The serious matter of low-level funding for "special programs" under S. 1017 will remain even in many districts which would be eligible for S. 1017 funds. Under this bill, the "special program" funds are computed with reference to the level of operational funding; "special program" funds must be not less than twenty percent of the operational funds." § 203(a)(4). Accordingly, if the amount of "special program" funds is computed as a percentage of the amount of operational funds, then the funds for "special programs" will be low in those districts where funding for operational funds is low.

at equalization plans, a result which appears to be consistent with present trends. If this is the case, virtually every "Indian district" would have operational per-pupil expenditures substantially equal to the operational per-pupil expenditures of the five most comparable districts.

What, under such entirely plausible circumstances, is there left for S. 1017 to do, since "equalized" districts are ineligible for S. 1017 funding under § 203(a)(4)? Unfortunately, the answer seems to be that there would be no operational S. 1017 funds for such a district and, therefore, no "special programs" money for such districts. *Thus, if equalization does live up to its promise of becoming law in most states, Indian education funding from the Bureau of Indian Affairs will become virtually extinct if S. 1017 passes.*

II. S. 1017 DOES NOT PROVIDE FOR SUPPLEMENTARY PROGRAMS FOR INDIAN STUDENTS

Although the Committee Report to S. 1017 speaks of "supplementary" programs, that crucial word is never found in the bill. We have been involved in lengthy litigation concerning the definition of "supplementary" programs within the context of Title I and Johnson-O'Malley. Although we were successful in those cases, the litigation was much more protracted due to the vague manner in which the Johnson-O'Malley legislation and regulations provided for supplementary programs. In our judgment, the language of S. 1017 is an invitation for litigation because it provides no guarantee that the money would be used for supplementary programs.

It is true that the phrase "special educational requirements" is used in § 203(a)(4) of S. 1017. Nevertheless, "special" is not the same as "supplementary". For example, assume that a district without S. 1017 funds already has a guidance counselor for Indian students and that the counselor meets the requirements of § 203(a)(4)(A). In the next year, if S. 1017 funds were to come into the district for the first time, the district could fund that counselor with S. 1017 funds. This would in turn permit the district to use the operational funds, formerly used to pay the counselor's salary, for other purposes. Nothing would be added. There would be no supplementary program. This kind of pattern is one which we have seen in many school districts and is one which schools will follow if the legislation permits them to do so.

If the intent of the legislation is to provide supplementary, i.e., *extra*, programs, then the bill should say so. As the bill stands now, the lack of a provision for truly supplementary programs is a serious deficiency.

III. THE COMMUNITY PARTICIPATION PROVISIONS OF S. 1017 ARE EXTREMELY WEAK

The community participation provisions of § 203(a)(6) are only slightly stronger than the Johnson-O'Malley regulations. The provisions of S. 1017 are, on the other hand, substantially weaker than the present Title I regulations, than the present Title IV regulations, and than the revisions which will very likely be made to the present Johnson-O'Malley regulations.

We will list just a few of the weaknesses of the community participation provisions of S. 1017. Under § 203(a)(6), the parent committee is entitled to "fully participate in the development and approval of programs", but there is no "veto" power as is the case with the Title IV regulations. Our experience with Johnson-O'Malley programs is that an advisory role, such as contemplated by S. 1017, is insufficient to provide true community control; there must be a veto or there will be no true community input in the majority of the public school districts. Second, there is no provision giving the committees any power over the continuing operation of the program; there is not even a provision requiring that the committee members be provided with copies of all documents concerning the program. Third, there is no grievance procedure for cut-off of funds, so that there is no specific avenue of recourse for the parents if their recommendations are not followed.

Fourth, we note that the state advisory board under § 203(b)(1) must be "composed of educators", rather than Indian parents. This is an obvious lack of self-determination. Finally, there is no provision for true self-determination by Indian parents because there is no provision for contracting directly with parent groups themselves. *Very significantly, Title II is not necessary to provide full contracting authority under the Johnson-O'Malley Act for Indian tribes, because Title I of S. 1017 gives the tribes power to contract for Johnson-O'Malley funds. Therefore, Title II, Part A, adds nothing to the contracting powers of Indian tribes.*

IV. THE JOHNSON-O'MALLEY PROGRAM SHOULD NOT BE TERMINATED

Section 206 eliminates the Johnson-O'Malley program. We mention this consideration last, but we by no means consider it least important.

It is no secret that Johnson-O'Malley has been a terribly neglected and abused federal program. Money has been misexpended in almost every state which receives Johnson-O'Malley funds. Recently, however, it has been established that Johnson-O'Malley funds are supplementary. *Natonabah v. Board of Education*, 355 F. Sup. 716, 726 (D. N.M. 1973). The clarification of the law on this point has helped to eliminate one major area of abuse. Indian parents have become increasingly knowledgeable and vigorous concerning Johnson-O'Malley funds and programs. The regulations are familiar, the problems are familiar, and the increasingly effective remedies are familiar. Charles Trimble, Executive Director of the National Congress of American Indians, made this precise point when he testified on S. 1017: "We have just gotten the feel of the Johnson-O'Malley Act to where he can control it despite its inadequacies." Hearings on S. 1017 before the Subcommittee on Indian Affairs of the Senate Committee on Interior and Insular Affairs, 93rd Cong., 1st Sess. at 163 (1973). In this context, we think it incredible that the Johnson-O'Malley Act would be scraped after more than 40 years of frustration turned into confidence.

Morris Thompson, then newly-appointed Commissioner of the BIA, has also created a new hope for Johnson-O'Malley. The proposed Johnson-O'Malley regulations have been published, and the regulations are in the process of serious, constructive revision. We are confident in saying that anyone who has dealt with Commissioner Thompson on this issue would agree that the climate is ripe for meaningful, effective changes to the Johnson-O'Malley regulations. If such changes are made, the entire focus of S. 1017, which does not in any event provide for supplementary programs, would be duplicative and unnecessary.

V. CONCLUSION

In our judgment, most of the weaknesses in Title II cannot be cured by simple amendments. This proposed legisaltion has serious, fundamental failings which can be corrected only by careful, time-consuming redrafting. Very candidly, we have doubts as to whether these root inconsistencies can be cured at all. The hard truth is that most of the basic precepts of this bill must be re-examined to see if they hold water.

The three of you, as well as most of your colleagues, are fully aware of the literally desperate educational plight of the Indian children in this nation's schools. We know that one of the basic goals of this legislation is to better that plight. Unfortunately, the present version of S. 1017 would seriously worsen, not improve upon, the situation as it now stands. Our conclusion is that the only reasonable course is to delay further action on Title II of this legislation until it can receive the further attention which it so badly needs.

Very truly yours,

JOHN E. ECHOHAWK, *Director.*

Mr. KENNEDY. Again, I commend the Senator from Washington for his leadership in this area. By giving a second intensive look at this important measure, while continuing his commitment to the passage of this bill in the near future, Senator JACKSON has again shown himself to be responsive to the needs and desires of the Indian people.

OVERWITHHOLDING OF INCOME TAXES

Mr. MATHIAS. Mr. President, each year the Federal Government withholds far more money from wage earners than these individuals actually owe the Government as taxes. This overwithholding not only denies our individual citizens money which they need and want, particularly in light of the current inflation, but it also takes this money out of the economy. If we stopped this overwithholding, we would free billions of dollars to go to work in our economy, producing goods, services, and jobs. And we would cut the budget deficit.

On Tuesday, March 5, 1974, I introduced S. 3111, which would cut withholding by 8 percent across the board. Even this reduction would still mean that most persons would probably overwithhold, but not by the excessively large amounts now common. I have been pleased at the reception to this idea among economists and the general public.

Recently the Houston Post wrote an editorial endorsing a general reduction such as I have proposed. I ask unanimous consent that this editorial, which appeared on February 23, 1974, be printed in the RECORD.

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

MORE ACCESS TO EXCESS

Secretary of the Treasury George Shultz wants taxpayers to spend more money to improve the economy, but is opposed to cutting taxes. So his Treasury planners came up with a novel plan to get excess tax collections back into the spending stream. Part of this approach would benefit many taxpayers, yet other parts of it seem discriminatory. With a little revision of their proposal, Shultz and his experts could do something to eliminate inequities in the income tax withholding system.

The tentative plan calls for reducing the amount withheld from the paychecks of those who provide the sole income of their families. Those reductions would add up to the amount of withheld earnings that would be refunded at the end of the year. The theory is that the sole breadwinners would thus have more take-home pay for immediate spending instead of waiting for a refund in a lump sum. The estimate is that $6 billion could be cut from withholding over the year and presumably would be spent, boosting the economy.

But the inequity of the plan is that it differentiates between single-income and multi-income families without taking amounts into account. Families in which two or more are employed and single persons would be excluded. This could be discrimi-

natory all the way around. The sole earners in some families may make more money than the combined incomes of two or more workers in another family. Thus the latter, who may need the extra spendable income more, would be denied it. The fact that more than one person is out working to support a family often means there is a shortage of cash in the home rather than a surplus.

A better application of the underlying idea in Shultz' plan would be to end overwithholding altogether and restore maximum spending power to all those who do not now have it, regardless of circumstances. That would put even more money back into circulation if the Treasury Department theory is correct. Besides, if taxpayers want to save that money the government is now saving for them, they should at least have the option of saving it in an interest-bearing account.

DISASTER IN THE DESERT

Mr. HUMPHREY. Mr. President, I am deeply concerned about recent allegations that world disaster relief to the Sahel was inadequate during the last year, and that as a result tens of thousands died of starvation and disease.

I have been concerned since I first learned of this terrible disaster about the many, many factors that would make it extremely difficult to get the right amount of food and medicine to the right places in time to alleviate suffering and avoid starvation.

First, it is extremely difficult to get any accurate information about conditions in the six affected countries. The governments of these countries do not have the resources to collect statistics on the size and location of their populations, to predict the size of harvests in advance, or even to monitor the weather. They did not realize when the 1972 crops were being harvested that they were far below normal; they did not realize until the supply of food began running out that they were faced with a severe crisis.

Second, it must be remembered that the six countries of the Sahel are newly independent, sovereign states. Proud of their independence and wanting to solve their own internal problems, they did not request outside help until very late. Only when it was overwhelmingly evident that they could not handle this crisis alone—in March 1973—did these countries come to the international community for disaster relief assistance. This is not a phenomenon unique to the Sahel. More recently, Ethiopia has been faced with a similar crisis resulting from a drought. The dimensions of this crisis were not fully realized by the Ethiopian Government until very late; and requests for United States and world assistance have come even later.

We know that many developing countries have been faced with food shortages. Yet, they often do not request assistance until it is too late. Even when we do have some idea of the problems these countries might be facing, we cannot force foreign assistance on them. In most cases, they have a strong desire to first do everything possible to deal with their crises before asking for outside help.

Third, conditions within these countries among the least developed in the world—make effective distribution of disaster relief assistance extremely difficult. There are very few roads—almost none paved. What roads there are, are unusable during the spring rainy season—when food supplies are at their lowest. When disaster struck, there were no storage facilities in the remote areas where food could be kept for the times when these areas would be totally isolated.

The governments of these terribly poor countries did not have the administrative infrastructure or the personnel to carry out highly complicated disaster relief programs. Many of the people most seriously affected were nomads. No one knew where many of these people were; and, spread out across the desert, they were extremely difficult to reach with food supplies and medicine. Most of them were helped only when they reached refugee camps—and thousands died on the way.

Fourth, the drought came at a time when there was a world shortage of food. In the past, the United States has had abundant surpluses which could be used to avert famine around the world. But last spring we were beginning to feel the effects of a world demand for food that has been growing at a much faster rate than world supply. Our wheat had been sold to Russia and other "paying customers" of the industrialized world. The surpluses available for our Public Law 480 program were extremely low. We not only had problems finding the grain needed to avert famine in the Sahel; we had problems finding the ships to get it there.

Fifth, there were unique problems in coordinating the disaster relief effort in the Sahel. It was six countries, not just one, that were affected. And there were many major donors. To coordinate the efforts of all the recipients and all the donors to assure the most effective distribution of assistance was a mammoth task—and it had to be done almost overnight.

Finally, neither the international agencies nor the donor nations were prepared for this kind of disaster. We were prepared to respond to floods and to earthquakes—to go in with food and medicine after a traumatic event had killed thousands in a relatively small area in a few days. What has been called the "creeping disaster" in the Sahel was something new—all the more tragic because it might have been prevented if the world had been prepared to deal with disasters that can be averted as well as those that cannot. This is a crisis of long duration—a drought now in its fifth year. It covers an area two-thirds the size of the continental United States. It has brought slow death—by starvation and disease—for tens of thousands over a year. Not so dramatic as a flood or earthquake, it took the world longer to realize the dimensions of this crisis and to respond to it.

Recovery from this disaster will now take a greater commitment by the international community than is usually required. After a flood or an earthquake or even a year of drought, the land can be replanted. Herds can be fed. Homes, schools, wells, and roads can be rebuilt. This is not the case in the Sahel. Over 4 years of drought, much of the once-arable land has been claimed by the desert. Many of the herds that have been a major export and the source of livelihood for thousands have died. It will do little good to build immediately homes, schools and roads in areas where there is no economic support for communities. In the Sahel, it is the economic foundation of the area, the herds and the land itself, that will have to be rebuilt first.

A recent study sponsored by the Carnegie Endowment focused on this last set of problems—the ability and willingness of the United States and the international community to respond *effectively* to this special kind of disaster. While I do not agree with every point of their assessment of the disaster relief effort, I share their concern that the U.S. Government and the international agencies are not adequately prepared to deal with crises such as that in the Sahel.

Last June, I held hearings of the Senate Foreign Relations Committee Subcommittee on African Affairs to investigate what the U.S. Government was doing to prevent famine and relieve suffering in the Sahel. At these hearings, we examined the many obstacles I have mentioned to providing adequate disaster relief assistance. We expressed our concern as Members of Congress that the United States do everything in its power to overcome these obstacles and to alleviate the suffering in the Sahel. In addition, as I mentioned in my opening remarks:

> The central purpose of this hearing is to make certain that this catastrophe is no longer played down or overlooked here in the United States or in other parts of the international community, and that this kind of unnecessary suffering does not recur in this part of the world or any other.
>
> It is my hope that our witnesses will be able to assess realistically the short and long range needs of the stricken area.
>
> We will want to examine the need for an early warning system to predict food shortages, for better transport facilities, for improving water resources, for rebuilding herds, for restoring crop production and for reclaiming land taken over by the desert.
>
> We will also want to assess the adequacy of world food reserves for meeting such crises and the effectiveness of international mechanisms for relief coordination.

In July, it became apparent that funds available for international disaster relief assistance were not adequate to meet the needs of the Sahel. I introduced, with Senators McGEE, PEARSON, KENNEDY, and JAVITS, a bill to provide additional funds for this purpose (S. 2241).

By October, it was evident that rainfall for the Sahel had again been far below normal and that the disaster relief needs would be as great or greater this year. At that time, I introduced a bill which increased the funds available for relief and recovery in the Sahel by $50 million. Congressional action on these two bills and similar legislation introduced in the House has resulted in $75 million being appropriated for assistance to the Sahel for fiscal year 1974. Of this, $50 million has yet to be authorized.

The crisis in the Sahel, coming at a time of world food shortage, has made clear the critical need for both a system of world food reserves and a system for monitoring worldwide food production

and forecasting shortages. In order to assure that the international community will be better prepared for severe food shortages and threats of famine in the future, I introduced with Senators JAVITS and DOLE an amendment to the foreign assistance act supporting U.S. participation in a system of world food reserves. I hope that the upcoming world food conference will lay the foundation for more effective international food assistance as well as for a greater worldwide commitment to increasing food production in developing countries such as those of the Sahel.

Mr. President, in addition to the subcommittee hearings and legislation I have outlined as steps taken to address critical drought and food shortage problems in the developing countries, I should mention that the personal staff members of every member of the African Affairs Subcommittee have visited the Sahelian drought region. They have reported to their Senators in detail on the trip and on the problems involved in administering the relief program.

The African Affairs Subcommittee of the Foreign Relations Committee will soon be holding hearings on the authorization of $50 million that has been appropriated for disaster relief and recovery in the Sahel during the coming year. At these hearings, we will want to investigate the problems that have been cited in the Carnegie study and to make certain that U.S. disaster relief and recovery assistance to the Sahel in the coming months will be adequate and effective.

We will also want to consider proposals that have been made for making international disaster relief assistance more effective. And we will want to explore what the United States can do to restore and improve the productive capacity not only of the Sahel but of all developing countries. If these countries can develop effective water supply systems, can increase their agricultural production and build their reserves, and can improve their internal transportation they will be far less vulnerable to these disasters and far better prepared to handle crises without massive outside involvement.

Mr. President, I ask unanimous consent that the following articles about disaster relief in the Sahel be printed in the RECORD:

The Carnegie Endowment news release summarizing "Disaster in the Desert."

AID Comments on the Carnegie Sahel Report.

My opening statement of June 15, 1973, before the African Affairs Subcommittee's hearing on the Sahelian drought.

"West Africa and International Relief," Washington Post editorial, March 5, 1974.

"100,000 Deaths in Africa Linked to Drought Neglect," by David Binder, New York Times, March 5, 1974.

"West African Drought Worsens," by Henry S. Hayward, Christian Science Monitor, February 13, 1974.

"On U.S. Assistance to Parched West Africa," by Maurice J. Williams, New York Times, February 16, 1974.

"Famine South of Sahara," by Martin Walker, New York Times, February 25, 1974.

"Waldheim Says Worst of African Drought Is Not Over," by Kathleen Teltsch, New York Times, March 8, 1974.

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

DISASTER IN THE DESERT, CARNEGIE ENDOWMENT STUDY REPORTS FAILURES IN RELIEF FOR AFRICAN DROUGHT

WASHINGTON.—A detailed study sponsored by the Carnegie Endowment on aid given drought-stricken countries of West Africa reports a "pattern of neglect and inertia" in the administration of relief by the United States and the United Nations. "Behind humanitarian intentions and officials claims of success," say *Disaster in the Desert*, "lay US and UN bureaucracies often unprepared, or unable, to take measures that might have further reduced the tragedy."

Citing previously unpublished documents showing that over 100,000 died from the drought during 1973 alone, the study says that relief efforts by the US Agency for International Development (AID) and the UN Food and Agriculture Organization (FAO), leading institutions in Africa drought relief, were "haunted by rudimentary failures to heed early warnings, to plan in advance, and to monitor and coordinate the rescue efforts."

The study points up the irony of its findings. "Weighed against the humane purpose and accomplishments of the US and UN relief efforts, and against the comparative lethargy of the governments," it says, "those failures might be overlooked—were not the stakes so high. But for thousands in the Sahel, the stakes were high enough."

"An administrative and bureaucratic disaster was added to the natural calamity," concludes the study, "inevitably at a higher cost in human lives and suffering."

Published today, the study is based on extensive interviews conducted by the Endowment's Humanitarian Policy Studies Program with US and UN officials, academic experts, private relief agencies, journalists and others knowledgeable about the Sahelian drought. It discusses several examples of what it calls "serious flaws" in AID and "to some extent" FAO relief assistance:

Despite "scores" of US and UN officials on the scene since 1968 and repeated evidence of impending disaster, "neither AID nor the FAO had contingency plans ready . . . to help the Sahelian countries deal with the wave of hunger and disease breaking over them in 1972–73." (pp. 11–20)

The failure to plan meant, among much else, "improvised relief measures without such critical provisions as special rations to save severely malnourished children, or vaccines against measles, which US medical teams later found to have been "a major killer in the drought." (pp. 21–33) "A well-planned measles immunization campaign," the study says, quoting an authoritative but nearly suppressed US government study, "could have reduced measles morbidity and mortality." (pp. 42–50)

AID failed to anticipate or act on evidence of "fatal discrimination" against nomadic peoples in the distribution of relief food in some drought-ravaged countries. "The nomads are being wiped out," the study quotes a US official. Of this and other instances of waste and inefficiency in the $200 million relief effort, the study says, "Much as the US and UN relief bureaucracies were unready to react to the drought before it became a catastrophe, they were also largely unprepared to monitor the effectiveness and equity of the massive relief effort." (pp. 38–50)

Authoritative scientific data gathered by US Public Health doctors on the nutritional status of the suffering countries provided evidence of over 100,000 deaths during 1973, of discrimination against nomads, and of levels of starvation sometimes higher than in the historic famine in Bangladesh. But the survey was treated, says the study, with "astonishing casualness" within the U.S. Government. It was distributed to concerned officials only in the most "haphazard" way and received by some AID officers "ignorant or indifferent regarding the survey's findings." "The only planned, coherent appraisal of starvation, food distribution and the threat of disease in the drought," the nutritional survey was "another casualty" of "bureaucratic rivalries" and a "failure of communication at all levels" of the relief effort. (pp. 40–58) Quoting official sources that there were attempts to censor the nutritional data, the Carnegie study reprints the public health survey in full. (pp. 76–123, pp. 131–167).

The study quotes official AID reports identifying some US relief shipments of sorghum to West Africa as "animal feed." "Indigestible sorghum appeared in AID documents as life-saving relief," says the study, "but in the refugee camps of the Sahel it was cramps and diarrhea, and a further drain on strength and hope." (pp. 35–41)

Transport of relief to Africa was obstructed by the wheat sale to the Soviet Union, says the study. "It seems grain for humanitarian relief always takes a back seat to cash purchases," the study quotes an American Ambassador (pp. 21–25)

Similarly, transport within West Africa was plagued by lack of planning for long-recognized obstacles, apparent indifference to warnings of impending shortages and unchecked waste and corruption. (pp. 36–38) For a lack of planning and because of inadequate funds, the US rejected a UN request for an emergency airlift of seeds to needy areas. (pp. 29–33)

US funds for drought relief became a "political football." The study quotes officials as saying that President Nixon cancelled a White House initiative to seek needed funds because he thought the foreign drought relief a political embarrassment in the light of his recent veto of a domestic disaster relief bill. (pp. 26–33)

An AID report to the President in August 1973, says the study, was an example of the "confusion and self-deception" in the relief effort. Reprinting the memo against other documents, the Carnegie study analyzes how the memo concealed "the deadly problems that shrouded the relief effort." (pp. 46–52, pp. 124–128)

The study traces numerous examples of bureaucratic infighting between the US and UN, between US Embassies abroad and AID in Washington, within the State Department, between AID and the public health doctors. "The rivalries and clashes of individuals and organizations," says the study, were critical. "Time lost by bureaucratic vagaries became an irredeemable loss in the fading vitality of children and adults in West Africa." (pp. 25–27, 29–31, 49–52)

The study also discusses briefly the relief policies of other countries, such as France, "so conspicuous by their relative indifference to the tragedy." It also refers to neglect by the US press and Congress in foreseeing the disaster or monitoring effectively government actions. (pp. 52–58)

"The failures of 1972–73," says the study, "can be traced to more than a decade of foreign aid policies by the US and others which ignored the destitute countries of the Sahel." (pp. 5–11) The study publishes a previously unreleased US report on aid to Africa. (pp. 70–75).

Disaster in the Desert concludes with a summary of the "cumulative" effects of lack of planning and monitoring of relief. It recommends reforming international disaster relief to include adequate information, planning and monitoring functions (pp. 59–63)

The Carnegie report urges in particular private establishment of an international training center for experts, especially from developing countries, to deal with disasters "which now needlessly claim thousands of lives each year." (pp. 63–66)

The book closes with a somber epilogue on

recent developments in West Africa in January–February, 1974, warning that 200,000 more people are in immediate danger of starvation, and that relief efforts are still inadequate. (p. 66)

The study was written uner the Humanitarian Policy Studies Program of the Carnegie Endowment for International Peace, which has also published widely-noted studies on US policy toward genocide in Burundi, *Passing By* and on issues of Rhodesian sanctions, *Irony in Chrome* and *Business As Usual*. The Program brings together student researchers with experienced Project Directors for studies of human rights and humanitarian relief problems in US foreign policy and international relations.

The authors of *Disaster in the Desert* are Roger Morris, a former aide to Henry Kissinger working on African affairs on the National Security Council Staff, and Hal Sheets, who attended the US Military Academy and graduated in 1973 from Reed College in Portland, Oregon.

AID COMMENTS ON CARNEGIE SAHEL REPORT

The Agency for International Development has not had an opportunity to review in detail the report on the Sahel drought in Africa. "Disaster in the Desert," issued by the Carnegie Endowment for International Peace, and is not prepared at this time to respond to all the points raised in the publication. We find the report makes clear the terrifying and extensive impact that this drought has had upon the people of the Sahel and emphasizes the complexity of dealing with the disaster. It documents the range of concerns that the world donor community has had to face in responding to the conditions of the Sahel—not only food but the right kind of food in the right place; problems of transport of that food; assuring equity and efficiency in distribution; and dealing with the medical problems afflicting a drought-stricken populace.

It is true, as the report points out, that the United States has not been a major financier of development programs in the Sahel over the past decade. This has not been a region of close historical, economic or political ties with the United States. Other donors, with closer ties, have played a leading role in financing developing programs. But in its relatively modest pre-drought programs, AID had recognized that the problems of improving cereals production and improving livestock must be overcome if the region were to be able to withstand the periodic droughts from which it has always suffered. Thus, important programs aimed at improving production and marketing of cereals and livestock were undertaken in the rain-short—but not drought—years of 1969–1971. These programs included provision of modest amounts of U.S. cereals to meet recurring deficits during that period.

In was from involvement in these programs that AID recognized that 1972 was becoming not just a year of lower than desired rainfall but a drought situation of significan proportions. As soon as the 1972 harvest failure was fully recognized. AID stepped up delivery of the 48,000 tons of grains already programmed for the region and obtained agreement to provide an additional 108,000 tons.

Thus, while there may not have been a contingency plan of the sort envisaged by "Disaster in the Desert", there was always clear recognition that the fragile ecology of the region—the weakness of which can only be overcome by long-term development plans—could be deeply hurt by renewed drought. And when that occurred there was a prompt response.

In any effort as complex and immense as the Sahel drought relief operation, there are inevitable differences of view on how best to react, and how well the job is progressing. But that does not mean that the U.S. Government's response to the drought has been marked by a pattern of neglect and inertia, or that there is a lack of humanitarian concern among the officials concerned with the problem.

On the contrary, it is our belief that the response of the donors, in moving huge quantities of food, medicines and other supplies to some of the most inaccessible destinations in the world has been a remarkable effort, Only those who know the Sahel from personal experience can understand the incredible difficulties of the terrain; the almost complete lack of communications and transportation in the areas most severely affected; the vast sociological, environmental, economic and political factors involved. These, plus the normally difficult and time-consuming details of administering any relief effort, whether an earthquake or a flood or a drought, have made the persistent Sahel disaster one of the most unusual and complicated in the history of humanitarian assistance.

Considering the nature of the drought and the problems involved, the wonder is not the extent of the tragedy, but that it was not greater. The facts are that the United States and other donors did respond; they did move the food and other relief supplies where needed; they did save lives—against immense odds.

This is not to say that the Sahel relief effort was a model operation. As the report points out, there were many problems, and AID, the FAO and all other donors have learned some hard lessons from this disaster. But we must differ from the report's statement that these problems constituted "an administrative and bureaucratic disaster". The proof is in the approximately one billion pounds of food committed and shipped within a year's time—despite a shipping crunch in American ports, overburdened African facilities, a shortage in rail cars and trucks in Africa, poor roads, damaged bridges, rivers too dry to float barges, airfields too small for cargo planes; little or no place for adequate storage. But since the first warnings, the United States has provided more than $129 million in emergency and recovery relief—over 35 percent of the overall $340 million furnished by all donor countries and agencies.

It is also clear that the complexity of this situation is different from the usual cataclysmic emergency. The problems of the drought are only a sign of longer-term development needs which must be dealt with at the same time as the drought itself. Six national governments are involved, as are a range of regional and international organizations and bilateral donors. The report proposes an organizational mechanism to deal with this kind of situation. While AID obviously intends to study these recommendations in detail, the proposal does seem to deal rather simplistically with the different interests of all the parties so deeply concerned in the matter.

While much has been accomplished, no one can deny the terrible suffering that remains. AID has repeatedly pointed out that the problem has not yet been resolved and it continues to take a leading role with other donors in emphasizing what more needs to be done; 1973 was another year of drought and the problems of the region have been made only harder. Even if the rains come again, the problems of recovery are enormous—but AID has already begun recovery programs.

And to build the kinds of economies and societies which truly can overcome the ecological difficulties faced by the Sahel may take many years of concentrated and cooperative effort by the developed countries and the people of the Sahel—and again, AID has engaged high-level U.S. scientific and technological skills to look for solutions that the African states can use in dealing with these longer-term needs.

AID is pleased that the Congress shares with the Administration recognition of the problems still facing this region through the initiatives it has taken recently in providing $25 million for recovery programs and in its present consideration of a broader bill for disaster relief and recovery programs in the Sahel, as well as Pakistan and Nicaragua.

STATEMENT OF SENATOR HUBERT H. HUMPHREY AT SUBCOMMITTEE ON AFRICAN AFFAIRS

May I, first of all, express my pleasure and gratification at the presence of so many representatives of the countries in Africa that are the subject of our discussion here today. I want to welcome the Ambassadors and the other officers of these countries, and express to them personally my desire to be of all possible help and cooperation.

I have a brief statement and following this statement we will hear from our witnesses. Our first witness this morning will be Mr. David Newsom, the Assistant Secretary of State for African Affairs. He will be followed by Mr. Donald S. Brown, Deputy Assistant Administrator for Africa and, I gather, there may be some others who will participate with Mr. Newsom and Mr. Brown.

Mr. NEWSOM. Possibly, Senator, from time to time.

Senator HUMPHREY. Six nations in West Africa are suffering a catastrophic drought. We have with us the map of the area giving some indication of the size of the territory and the scope literally of the problem. We have superimposed on this map the map of the United States of America, with the exception of Hawaii and Alaska, and it is quite evident that the area that we are speaking of in Africa approximates the size of our own country, so the land area is immense.

The situation in these six nations has been described by the United Nations Secretary General, Mr. Waldheim as "every bit as serious as the famine situation in Bangladesh last year."

We have seen the pictures of suffering and devastation.

We have been told of starving migrants in search of food, their animals and crops dead. We have read the statistics of economic disaster in six of the poorest countries of the world. Together, they tell a story as tragic as any of the disasters of the past decade.

HUMAN DIMENSIONS OF CRISIS

First, let us look at the human dimensions of the crisis.

The Food and Agriculture Organization (FAO) fact-finding team estimated that at least 5 and possibly 10 million people are threatened by starvation—that 2 million could face starvation in the next few weeks.

There are between 25 and 30 million people living in this area. Even in the best of times, many of them live on the edge of starvation. Now, further weakened by the food shortage, they are highly vulnerable to epidemics such as the current outbreaks of measles.

Many of these people live in areas which are extremely hard to reach under the best conditions. The rains which started this month will make these areas totally inaccessible to ground transport, at least so I am informed. Unless some other way is found of getting food to the inhabitants, millions will die of starvation.

Thousands of people have left their homes in search of food and water. Whole villages have been deserted—or left to the care of those too weak to travel. Villages have become cities overnight, bordered by starving migrants waiting to be fed.

Migrations of people and cattle have caused overgrazing in the areas where there is still water and violent clashes between the owners of the land and the newcomers.

Farmers have left their lands and will not return in time to plant crops for the next harvest—even if the rains do return to their normal level. The hunger will continue. Indeed, as indicated this morning in an article by Mr. William Raspberry, there is a shortage of seed for crops.

ECONOMIC DIMENSIONS

Now, speaking of the economic conditions and the economic dimensions:

These countries, whose economies are primarily agricultural and pastoral, have suffered 4 years of incredible drought. Rainfall this year was in some countries only 30 percent of its normal level. The wells have dried up in many areas. The rivers did not flood. The salt content of inland waters is unusually high. Lake Chad, the richest fishing lake in the world, has shrunk to one-third its normal size.

Depending on the country, between 33 percent and 80 percent of the cattle have died.

The Zebu cattle that remain have been moved south into areas ridden with diseases to which they have no immunity.

Every attempt is made to slaughter cattle before they die; but meat smoking and storage facilities are inadequate. Most of the meat goes to waste.

It will take years to rebuild the herds, as we know, and will require healthy breeding stock which does not now exist. Calves compete with starving people for milk. Pregnant cows are slaughtered by owners who need money to live.

Farmers have planted as many as seven times without harvesting a single crop. Production of the basic food crops and the export crop needed to import food has fallen by 30 to 80 percent.

Food reserves in these countries are completely exhausted.

Government revenues and foreign exchange reserves have fallen drastically.

With normal per capita incomes of $60 to $100, these countries have nowhere near the resources to deal with this crisis—let alone rebuild their economies when it is over.

Despite these tragic dimensions, this has been a "quiet crisis".

Not so dramatic as an earthquake or a civil war and occurring in an area that some people believe is of minor political importance, it went unnoticed until much of the damage was done.

It is not that there was no warning, however. Four years of drought in some of the poorest countries in the world—countries where the majority of the population barely subsisted on what they produced in a good year—should have been warning enough.

RELIEF ASSISTANCE

But it was not until February, 1973, that is this past winter, when food reserves were exhausted and people already starving, that these countries asked for relief assistance.

I think it should be noted that people who inhabit these countries are very proud and self-reliant, and they hesitated as the record shows to seek assistance, hopeful that they could make it entirely on their own. This is surely a commendable trait of character and yet it has now resulted in a very tragic situation in terms of the lack of food for the feeding of the people.

It was not as I said, until March that an international relief mechanism was established through the FAO.

International and bilateral emergency relief institutions must share the blame for this tragic delay. They are set up to move in once a catastrophe has occurred, when thousands of lives have already been lost. They must be made more sensitive to avoidable catastrophes. They must develop the capacity to foresee food shortages and to begin relief efforts before it is too late.

The central tragedy of this crisis is that much of the suffering could have been avoided.

PURPOSE OF HEARING

The central purpose of this hearing is to make certain that this catastrophe is no longer played down or overlooked here in the United States or in other parts of the international community, and that this kind of unnecessary suffering does not recur in this part of the world or any other.

It is my hope that our witnesses will be able to assess realistically the short and long range needs of the stricken area.

We will want to examine the need for an early warning system to predict food shortages, for better transport facilities, for improving water resources, for rebuilding herds, for restoring crop production and for reclaiming land taken over by the desert.

We will also want to assess the adequacy of world food reserves for meeting such crises and the effectiveness of international mechanisms for relief coordination.

INTERNATIONAL FOOD RESERVE

Let me digress from my prepared statement just to say in all of my days in the Congress, I have been pleading for an international food reserve. We have had some commitments, as we know, by other countries where they have set aside a certain amount of food that they call World Food Reserve. It has never been properly organized. For years I led the battle here to get the Congress of the United States to go on record to direct our representatives at the United Nations to work for a World Food Reserve. We made some progress, and I should not in any way underestimate it, but it is not anywhere near adequate and now, speaking for this country, we find ourselves today without any food reserves. Not only do we not have food reserves for the rest of the world, we do not even have food reserves for ourselves.

FOOD NEEDS OF GROWING WORLD

For years and years we talked about surpluses as if they were an abomination. I know, for example, when I pick up the daily paper now there are constantly stories about the possibilities of shortage of food. Three years ago, two years ago, the same papers were talking about the unbelievable circumstances of the United States in having these supplies of food—"just wrecking us, tearing our economy apart," as if there was something wrong about having a little food on hand. It is completely asinine, I might say, and stupid and one of these days we will wake up to it, but I am afraid it is a little late. That is why this hearing this morning is so distressing to me, because as we look at this area of the world and know that out of just humanitarian concern we ought to do something, we find ourselves able to give them all the weapons that they can possibly want, but not able to give them the food that they desperately need. We are strong on guns and planes and shells, and short on soybeans and milk and wheat and corn. We just have got our priorities upside down, Mr. Secretary. You and I happen to agree on this, but I have got to get it off my chest sometime because no one around here will listen. They just do not understand the food needs of a growing world.

INCREASING PRODUCTIVITY OF POOR AREAS

Finally, we must look at the contribution multilateral and bilateral assistance should make to increasing the productivity of the poorest people in the poorest areas. I believe that bringing these people into the development process could minimize the threat of famine.

A number of proposals have been made for restoring this area to economic health. I hope our witnesses will evaluate these proposals, and if our representatives here from AID [Agency for International Development] wish to discuss these matters in detail with us we will welcome it.

I happen to believe that we have been spending far too much money building steel plants which people do not need, and far too little money teaching people how to farm in these developing areas of the world.

With that I will ask our Assistant Secretary of State for African Affairs, Mr. Newsom, to lead off with his statement. We surely want to welcome you. I know you had to return from a meeting in Philadelphia, and we thank you very much, Mr. Secretary.

[From the Washington Post, Mar. 5, 1974]

WEST AFRICA AND INTERNATIONAL RELIEF

When a catastrophe of the dimensions of the drought in the Sahel (West Africa) strikes, concerned people rightly ask what went wrong. The particular answer offered in "Disaster in the Desert," a new study of the Carnegie Endowment for International Peace, is that the relief bureaucracies in the United States and United Nations were not up to the task. Their work was marked by inadequate planning, coordination and urgency, the report indicates, concluding: "An administrative and bureaucratic disaster was added to the natural calamity—inevitably at a higher cost in human lives and suffering."

Whether each count in this angry indictment is on the mark, we are not prepared to say. What is plain, however, is that no bureaucracy of any sort can be expected to meet an overwhelming crisis without the strongest political support coming down from the top. In the case of the Sahel's continuing tragedy, top priority was never assigned by the United States government. Grain that might have been shipped to West Africa, for instance, instead was sold to Russia. The President did not demand a swift and effective American response: having vetoed a domestic disaster relief, the report states, he held off submitting a request for more disaster funds for the Sahel. Other nations, in particular the French, whose former colonies were in duress, did even worse.

The Carnegie report concludes, in the manner of many earlier well-meaning observers of human suffering, that a new international agency should be set up just to deal compassionately and non-politically with relief. But, of course, relief is a form of international activity no less inherently political and bureaucratic than any other form, such as trade or war. Indeed, the report finally concedes the point: "The creation of a new system of international relief begs a score of formidable questions—under whose aegis? With what sustained funding? With what political power to deal with the opposition of nations or whole regions to humanitarian relief? Where does national sovereignty (and indifference to suffering) stop, and international humanitarianism begin?"

There remains the harsh reality that no conceivable success in planning or administering relief can space a country its own responsibility for caring to the best of its capacities for its own citizens. It is unfair to blame foreign or international relief bureaucrats, as the Carnegie report tends to do, for failing to cope effectively with the results of massive policy failures by the affected countries themselves. Whether the relief agencies have done all they could in any given situation is a question that will always trouble men of good will. But the responsibility of national leaders cannot be denied.

[From the New York Times, Mar. 5, 1974]

100,000 DEATHS IN AFRICA LINKED TO DROUGHT NEGLECT

(By David Binder)

WASHINGTON.—A newly published study of relief efforts by the United States Government and international agencies for the victims of last year's drought in West Africa has charged that gross neglect and outright failures contributed to the deaths of more than 100,000 people.

The study was prepared for the Carnegie Endowment for International Peace by Roger

Morris, a former aide to Secretary of State Kissinger, and his assistant, Hal Sheets.

The 66-page study asserted that officials of the United States Agency for International Development and other relief organizations had known that a long-term drought was developing in the sub-Saharan region of West Africa for the last five years. Yet no contingency plans were drawn, the authors say.

The region covers six countries—Senegal, Mauritania, Mali, Upper Volta, Niger and Chad—with a population exceeding 20 million. The drought directly affected about two million people, primarily nomadic herdsmen.

Mr. Morris and Mr. Sheets hold that "a pattern of neglect and inertia" by the United States aid agency and the United Nations Food and Agriculture Organization caused emergency food and medical supplies to reach the nomads too late.

The study, released last night, drew a four-page response from the agency for International Development, acknowledging that there had been no emergency plan for the region. It also acknowledged that the United States relief effort in West Africa, totaling $129-million, or 35 percent of the international contribution, was not "a model operation."

But the agency rejected charges of neglect or inertia, as well as the report's allegation that "an administrative and bureaucratic disaster was added to the natural calamity."

The Carnegie Endowment which sponsored the report, was established by the steel magnate Andrew Carnegie in 1910 with a bequest of $10-million. It operates on a budget of a little more than $2-million a year and has a staff of about 60 in Washington, New York and Geneva. Funds are used for study, projects and publications dealing with questions of war and peace.

The study on African drought relief is entitled "Disaster in the Desert" and is based on extensive interviews with American officials and on previously unpublished documents.

It makes its strongest charges on the basis of the discovery of a United States Public Health Service survey dated September, 1973. That survey said that thousands of inadequately fed nomadic children faced imminent death from measles, for which vaccine was lacking.

The Carnegie Endowment study asserts that the health findings, prepared by field teams of the Center for Disease Control in Atlanta, had made clear the acute malnutrition and rampant measles epidemics many months before relief supplies were sent.

Yet the teams' reports remained in the files of the American and international agencies until it was too late to save many children, Mr. Morris and Mr. Sheets charged.

MILK, NOT SORGHUM

They added that emergency food shipments often consisted of sorghum, which they said was fit for cattle feed but not for starving children, who needed milk. Often, they charged, deficiencies in local transportation caused supplies to rest at dockside instead of reaching the famine victims.

The United States sale of grain to the Soviet Union also caused deficiencies in the relief effort, the authors said. Finally, they reported that there had been a distribution problem, in which the nomads from the desert suffered more than villagers on the fringes of the drought region.

[From the Christian Science Monitor, Feb. 13, 1974]

WEST AFRICAN DROUGHT WORSENS

(By Henry S. Hayward)

NIAMEY, NIGER.—Five long years of drought have etched leaden signs on the land and people throughout the six west African states south of the Sahara.

In spite of a brief rainy spell, this year will be another hard one for Mali, Mauritania, Niger, and Chad, with Senegal and Upper Volta only slightly better.

"1974 will make this year [1973] seem like the year of the horn of plenty," said a pessimistic aid official in Niamey in December.

With five months to go before they can plow, sow, and hope for rain again, farmers already are reported out of food and begging.

In Niger, alone, the shortfall of foodstuffs is reckoned at 300,000 tons below normal.

EXPERTS ARE PRESENT

"The situation is as bad as last year," a Western informant declared. "The only thing that is better is that governments and relief agencies are more aware of the dimensions of the disaster—and international experts already are on the scene."

Not until December, 1972, was the initial appeal for outside aid raised by the drought-stricken Sabel countries. Then the dryness already was two years under way.

Until then, the newly independent nations were either too proud to ask for help or unaware they faced a full-blown emergency.

Sad to say, there also was an element of racism involved. In short, the governments don't really care if some of their people perish. They may be members of a minority tribe, considered troublesome or rootless by the majority.

NO ONE KNOWS HOW SERIOUS

"Even in the best of years, a number of people die from malnutrition in this part of the world," observers here point out. "When food and water are scarce, life is cheap. Local people scarcely give casualties among the less fortunate a second thought."

Thus it is only when matters get greatly beyond this point that Sahel nations start to take a catastrophe seriously.

What are the human losses so far? "They must number 500,000," says one veteran observer. "But nobody really knows. No reliable statistics exist. That's why it's so hard to get essential aid. Some donors want facts and figures first—and they don't exist."

Of Niger's 4.2 million population, 1.2 million are nomads, 300,000 are Tuaregs, 700,000 are Peul or Fulani. And there are 80,000 refugees from neighboring Mali who walked over the border in hope of getting some relief.

Eighty percent of Niger is arid desert in normal times. The other 20 percent is good only for livestock raising and limited crops.

Belatedly, a huge relief operation now is under way. For the past 18 months, it can be described as intensive. Heavy American aid, for example, commenced late in 1972. The United States is far and away the largest contributor, having given more than twice all other donors combined. Without this input it is hard to visualize what the situation would be today.

Since Niger is 1,200 miles from the Mediterranean and 1,000 miles from the South Atlantic, getting aid here is no small problem. For example, Washington announced Jan. 23 it would be sending an additional 100,000 tons of sorghum grain at a cost of $10.5 million. It will cost another $9 million for ocean and inland transportation alone.

In December, Washington committed itself for another 150,000 tons of grain, making the 18-month total 506,000 tons. The value of U.S. aid is set at $100 million to date.

Distribution, meanwhile, is a fearsome problem once the foodstuffs arrive in-country. Roads are so poor only light vehicles can use them in many areas. Some routes shown on maps are best described as only tracks.

[From the New York Times, Feb. 16, 1974]

ON U.S. ASSISTANCE TO PARCHED WEST AFRICA

(By Maurice J. Williams)

WASHINGTON.—The continuing drought in the sub-Sahara region of Africa and the hardships it is bringing to the people who live there is one of the great tragedies of our time. It is, as it should be, of concern to Americans and, because of its magnitude and duration, there has been considerable comment on what the Government is doing to help, and how well we are performing our job.

The drought that has afflicted the Sahel, as the sub-Sahara region of West Africa is called, is no sudden catastrophe. It has been years in the building. United States officials in the affected countries—Senegal, Mauritania, Mali, Niger, Chad and Upper Volta—warned in the summer of 1972 that the poor rains for the fourth straight year could bring famine to this region of nomadic herdsmen and subsistence farmers.

The ecological balance of the area has been changing. The desert has been encroaching on grazing areas and farms, and the drought has accelerated the process. Trees have died. Lakes and rivers have dried up. Cattle weakened by successive years of drought have been unable to survive. Reserves of grain, including seed stocks, have vanished, and there has been a large migration of people in search of water and food.

The United States had been conducting a wide range of development programs in the Sahel region amounting to about $30 million anually to help with some of the essential needs. Nevertheless, the situation deteriorated seriously when the 1972 harvest fell far short of the need.

By November, 1972, the United States had already committed a substantial increase in food shipments to the area. By the time the six affected governments formally called for worldwide help in March, 1973, the first United States pledge of over $21 million in 156,000 metric tons of food was beginning to arrive. The United States Agency for International Development also provided $3.5 million in contingency funds to speed the delivery of this food to the rural areas in greatest need.

Other donors quickly joined in these relief efforts to provide food, medicines and other assistance—the total international effort in 1973 was over $120 million. A major limitation on effective relief in 1973 was not the over-all level of relief aid but the capacity of West African ports and transport to move food inland to the drought-affected areas. This capacity was augmented by airlifting food in planes from Belgium, the United Kingdom, West Germany, Canada, and the United States, among other countries. The drought deeply affected some two million nomads, many of whom were left destitute, as well as millions of others who became dependent on relief food. Widespread starvation was averted, but without the international relief effort millions would have died of starvation.

The summer rains in 1973 initially were believed to have been adequate for improved cereal crops and, hence, able to give the people of the Sahel a breathing spell to turn their attention to recovery and longer-term development needs. But the critical late-summer rains again failed. So in 1974 the Sahel—in particular Mali, Mauritania, Niger and Chad—again faces a potentially disastrous situation.

The United States and its partners in the international relief effort are already acting to assure that food, transport, medicines and other essential supplies are available to meet needs. The Food and Agriculture Organization of the United Nations estimates that over 550,000 tons of food grains will be needed this year before the October harvest. The United States has already committed 250,000 tons of food to meet this need, most of which will arrive this spring.

Food commitments from other donors and the United States should more than meet the F.A.O. target of minimum essential need.

Since the first warnings, the United States has provided more than $129-million in emer-

gency drought relief food and other assistance—over 35 per cent of the over-all $340 million furnished by all donor countries and agencies. Food commitments have totaled 506,000 metric tons—more than twice the amount provided by any other single donor and about 46 per cent of all food shipments.

Solutions to restoration of the land must be found in new development approaches and the innovative application of what we have learned from experience elsewhere in the world.

A start has been made. Congress has authorized and appropriated $25 million in special relief funds for the Sahel and another $50 million has been appropriated and is being actively considered by the authorization committees. From the $25 million that is now available, the Agency for International Development has already committed $20 million for programs to rehabilitate and develop livestock herds, start vegetable and other garden projects, provide proteins and vitamins, make available health facilities and medical teams, dig wells and construct small reservoirs.

[From the New York Times, Feb. 25, 1974]

FAMINE SOUTH OF SAHARA

(By Martin Walker)

For the last year, one grim image has been running through the mind of Moise Pensah, one of the brilliant new generation of African administrators who runs the Food and Agricultural Organization for West Africa. It is the memory of a tribe in northern Chad, a tribe ravaged by eight years of drought. All their cattle were dead and most of their camels. Their undernourished children were too weak to resist an outbreak of diphtheria. But they begged Mr. Pensha to send no drugs. Starvation, they told him, would be too slow a death. Let diphtheria rage.

These lands of the Sahel, the six French-speaking countries of the southern Sahara, are among the poorest in the world and when this longest of recorded droughts began in 1966, the region was also trying to cope with the problem of over-population. The good intentions of aid organizations in providing pump-driven wells removed a vital natural restraint upon the cattle herds. Traditionally, the Tuareg and the Peul tribes had kept as many cattle as could be watered by hauling water from the ground. With unlimited well water, with vaccination programs and even minimal health care, the numbers of cattle and people probably doubled between 1959 and 1966.

The cattle began to overgraze the sparse desert grass. Soon trees were uprooted as food. The Sahara began to move. Last year alone it advanced up to 50 miles, creeping through thousands of villages in the 2,000-mile belt from Dakar to Lake Chad, destroying communities that had survived on subsistence crops of millet and sorghum and forcing the nomad herds of the Sahara to move further south.

The Sahel drought seems to be a part of a climatic tragedy which stretches at the same line of latitude around the earth from Nicaragua, through West Africa, through the Wallo region of Ethiopia and into India's Maharashtra Province.

Last year, the international community provided over $150-million in food grains, transport subsidies, cargo aircraft, children's food and drugs. A human tragedy was barely averted, although there were pockets of starvation, outbreaks of cholera and an almost total breakdown of the ecological balance which allows the nomadic way of life of the Tuareg and the Peul to continue. This year, there are only people left to suffer.

Already, F.A.O. officials estimate privately that another $150-million will be needed to keep alive the 13 million people who are again facing the threat of starvation. And that $150-million allows for no long-term remedial measures of reforestation and herd restocking which could make this area once again—as it was only 30 years ago—a grain-exporting region.

In this part of the world, statistics mean nothing. In Niamey, UNICEF made an official request for a breakdown by sex, age, region and medical history of children below the age of 15. Out of desperation and politeness, overworked civil servants invented what figures they could for a country that has never had a remotely accurate census. In the Sahara town of Agades, the prefect always thought "about 70,000" lived in his department. He thought about the refugees from Mali and divided his available food stacks into rations to feed 100,000. He actually was feeding over 150,000 people.

Thus there is no accurate figure as to how many people may have died as a result of the drought and malnutrition, and related diseases. One estimate, and it only that, is that 70,000 persons may have died.

What follows is a nation-by-nation examination of the drought and some of its effects in the Sahel:

Senegal: The richest of the Sahel countries, with the modern port-city of Dakar, has suffered the least. The best local estimates say a quarter of the cattle have died. But Senegal played host and Samaritan to the devastated remnants of the herds from Mauritania. And now Dakar and the major towns are surrounded by disease-prone shantytowns of impoverished farmers and herdsmen.

Mauritania: One of the hardest-hit, least-aided and most desolate lands on earth. Nobody accused the government of exaggeration when it asserted that three out of every four cattle were dead. Malnutrition and the nomads' difficulty in digesting Western aid food contributed to the ravages of cholera, measles and diphtheria. Even in "normal" times, one out of every two children dies before the age of 5.

Mali: The military government of Mali has probably taken the strongest steps to fight the drought, requisitioning vehicles, storage space and manpower to distribute the aid flown in by the United States Air Force and the R.A.F. But in the south, where communications and administration work best, herds and people have moved on into Upper Volta. In the barren and remote north, the problems have been compounded by refugees from Mauritania.

Upper Volta: Benno Haffner, the European Economic Community aid official, estimates that over half of his resources have gone to supply the refugees from Mali. About half of Upper Volta's cattle are dead, and over 600 villages have been wiped out by the advancing Sahara.

Niger: Last July, in the village of Tabelot in the barren Mountains of Air, the schoolmaster, Ama Dilla, showed a visitor the fresh graves of nine of his 31 pupils, dead of measles which they were too weak to resist. By last month, eight more graves had been dug near the tiny school. At the wells of Assouas, in the grazing lands of Ir-Hadez, all of the cattle and nine out of every ten camels are dead. Refugees from Mali and Chad, and the diseases of the N'dama cattle of the humid south infecting Niger's herds of Zebou cattle, have compounded Niger's own monstrous problems. Outside the capital of Niamey is a shantytown called Lazareth, in late November, there were 6,000 impoverished Tuareg there; 1,200 graves had been filled in the previous four months.

Chad: Internal guerrilla war and military security make Chad the least known area in the Sahel. But, it is clear that about two-thirds of the cattle are dead. Estimates of the number of people who have died of disease begin at 20,000.

[From the New York Times, Mar. 8, 1974]

WALDHEIM SAYS WORST OF AFRICAN DROUGHT IS NOT OVER

(By Kathleen Teltsch)

UNITED NATIONS, N.Y.—Secretary General Waldheim, back from an inspection of drought-stricken areas of West Africa, said today that thousands were dying and "the worst is definitely not over."

Mr. Waldheim gave a grim account of conditions in the affected countries—Niger, Chad, Senegal, Upper Volta, Mali and Mauritania—and called for a "bold international effort of enormous scope" to rehabilitate the area.

To carry out this effort, which he likened to the Marshall Plan, he presented a catalogue of 123 suggested projects for dams, irrigation and agricultural improvements to the six governments that had requested help. United Nations authorities gave an estimate of $875-million for the projects, which they hoped could be financed by contributions from countries and international agencies.

LACK OF FORESIGHT

At a news conference Mr. Waldheim conceded that the world might not have been sufficiently alert to the magnitude of the West African famine brought on by five years of drought.

Last week, the Carnegie Endowment for International Peace charged in a study that the United States Government and international agencies had been remiss in preparing relief programs, and that this contributed to 100,000 deaths. This estimate was disputed today in a statement by the Food and Agriculture Organizatin, a United Nations body, as "not supported by authoritative evidence."

The Secretary General stressed that the six countries had kept hoping there would be a change in the weather that would ease the famine and that they did not want to accept the drought as a permanent situation.

"I should not criticize too much the international organizations," Mr. Waldheim declared.

Mr. Waldheim said transportation and distribution of relief supplies was the major problem now. He said he had seen piles of food in the capitals that could not be shipped to afflicted areas in the north, because not enough trucks were available.

"There are thousands of people dying, especially older people and chidlren who cannot walk to the south," Mr. Waldheim reported. "They have lost their cattle and cattle was all they had."

He added that he had been prevented from flying to two of the most seriously affected areas because of sandstorms and because airstrips were destroyed by heavy cargo planes that had delivered relief supplies.

John A. Scali, the chief United States delegate, after seeing Mr. Waldheim yesterday, remarked that he did not accept the criticism of American aid made in the Carnegie report. He said the United States had given $129-million in assistance—more than any other country, and he wished "others" had joined in.

REBUFF BY PARIS REPORTED

American officials privately complained that earlier offers of assistance had been discouraged by French authorities, probably because they feared that such help would give the United States political leverage in former French territories.

According to these officials, the United States routinely asked France's cooperation on such aid because of the French Government's strong political and economic involvement in Africa. In this instance, they said, the French were reluctant to help arrange airlifts and one official added: "We even had trouble convincing the French there was a problem as late as April 1973."

France had a regular aid program for the six countries totaling $350-million over the three-year period from 1970 to 1973. It covered technical assistance, training, investment and budget support. Beyond that, she spent $10.6-million to fly and distribute grain in 1973 and allocated $11.5-million for similar help in the first seven months of 1974.

Meanwhile, the Director General of the Food and Agricultural Organization, Addeke H. Boerma, in a statement from Rome, said that the agency had come across no such evidence of deaths by starvation as reported by the Carnegie Endowment.

Defending the agency's relief efforts, Mr. Boerma said that the six nations affected had declared disaster areas in March, 1973, and that he had acted earlier to organize a field force to help them. Food began moving into the area in 1969, it was said. Mr. Boerma stressed the difficulties encountered by the governments in getting supplies to isolated and roadless areas, and said the Carnegie charges of neglect and inertia were grossly unfair."

ENERGY POLICY

Mr. MATHIAS. Mr. President, the failure of the Senate on March 6 to override the President's veto of the National Energy Emergency Act ends another chapter in what has been a discouraging narrative of delay and confusion. S. 2589 contained much needed authority for coping with energy shortages. The bill did, however, also contain at least one ill-conceived provision, a congressionally mandated rollback of oil prices. This weakness was softened only slightly by the temporary nature of the bill.

So I am not concerned that we have lost the price rollback provision. The extravagant promises made in connection with the rollback would have worked a cruel hoax on the American public. But, I am deeply concerned that the Federal Energy Office still lacks statutory authority to exist, that their actions are unchecked by the administrative procedures which I proposed and which are designed to insure due process and accountability, that unemployment compensation has not been tailored to meet energy related layoffs, that service stations are not protected from the arbitrary cancellation of their leases, that authority to grant variances in an orderly manner under the Clean Air Act has not been established. All of these measures were in the bill and they have been temporarily lost.

Carl F. Christ, professor of political economy at the Johns Hopkins University has recently written to me concerning the present condition we find ourselves in, the merits of a price rollback, and price controls in general, and the provisions by which we tax the oil companies.

I commend his views to Senators and I ask unanimous consent that the full text of his letter be printed in the RECORD following my remarks.

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

(See exhibit 1.)

Mr. MATHIAS. Finally, I would note that much of the debate which has taken place regarding oil prices and supply focuses on the question of whether there is an acceptable level of competition among the energy companies. Many Senators find competition in the marketplace lacking. I share that view. Price controls will not solve the problem, but may actually carry us irrevocably away from the beneficial discipline of the marketplace. Senators who believe there is a lack of competition and that the public is paying the price should explore ways to structure the marketplace so as to foster the necessary competition rather than stifle it through inefficient controls.

EXHIBIT 1

THE JOHNS HOPKINS UNIVERSITY,
Baltimore, Md., February 23, 1974.

Hon. CHARLES MATHIAS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MATHIAS: This is the letter that I promised you about the oil problem when we met at the reception at Hopkins yesterday.

There are three aspects of our oil problem that must be dealt with.

The first is the allocation of the supply that's available at any moment. This is now being done in a most wasteful manner, namely by allocating gasoline to those who are willing to wait longest in line for it . . . all that time spent by all those people is wasted unnecessarily.

The second is the increasing of the available supply. We are now doing very little in this regard. Those who have a choice as to where to sell their oil cannot be blamed for selling it in Europe and Japan where it brings higher prices than oil sold under price ceilings here. Those who have a choice as to whether to devote resources to finding oil (either on world markets or in the ground) to sell here cannot be blamed for declining to devote costly resources to the obtaining of a product that can be sold in the U.S. controlled-price market only at a loss.

The third is the equitable treatment of oil companies' profits. We currently have several preferential provisions in the U.S. tax system that favor oil companies, with no justification that can be defended.

ALLOCATION OF SUPPLY

The long waiting lines reported in many states are ridiculous and unnecessary. Japan, England, the Netherlands, and other countries in Europe face the same circumstances regarding oil as we do, even worse because they have less domestic crude oil capacity, yet they have no waiting lines, no panic, no surgeons unable to get to operating rooms on time. Returning travelers and news reports make this clear. Why do we have long lines and near panic?

The reason is simply that we alone have declared as government policy that the customers shall not be allowed to bid up the price of gasoline and fuel oil. We have put a ceiling on prices. Other countries have not.

The effect of a price ceiling is typically to result in all the symptoms of a shortage. Whenever a price is held below the point where buyers would bid it up to, then of course there are more would-be buyers than can be served. Sellers then must have some way of apportioning the available supply, and it inevitably dissappoints some of those who want to buy at the controlled price. If sellers decide to use a first-come-first-served basis, the result will be long waiting lines, which waste's everyone's time and also in this case waste gasoline in thousands of idling engines. Some sellers will resort to favoritism, perhaps of old customers, perhaps to those who will pay more under the table.

You and I have seen it many times before. It began to occur in gasoline in the summer of 1973, but the shortages then were not great because the price ceiling was not very much below the price that customers would have been willing to pay. It occurred with a vengeance during rent control in World War II.

The same principle works in the opposite direction whenever government fixes a price floor that is above the price that sellers would be willing to make offers down to: the great agricultural surpluses in the U.S. were the direct result of government-established price floors.

There is not any doubt that today customers would willingly bid the price of gasoline up above the price ceiling now allowed. Look at the personal inconvenience that people will bear, and the time they will devote, to trying to be among the ones who do obtain gasoline at the current ceiling prices, rather than be among the ones who do not. The simple fact is that in today's conditions, oil is sufficiently scarce that its value per gallon has risen, and is above the price ceiling.

If the price ceilings are removed, prices will rise, and the waiting lines will disappear overnight.

For decades, centuries, human societies have been allocating scarce supplies of thousands of commodities without waiting lines and panic, merely by permitting buyers and sellers to bid and offer in the market. We should continue to do so. Other countries with greater oil difficulties than ours show that it's perfectly possible.

INCREASING THE SUPPLY

Now consider means of increasing the available supply, not merely of gasoline and oil from conventional sources, but of energy of all kinds.

Under the present price ceilings in the U.S., we are like a wishful customer who goes to market, funds that the price of the product he wants is say 65 cents, and then asks sellers please to sell him some for 50 cents, indeed, to sell him all he wants at 50 cent. This is a buyer.

If the price ceilings were lifted, I mean removed entirely, the first response would be a price increase. The second response would be a realization by sellers in the world market, and potential sellers too, that the U.S. wants more oil and will pay for it, so sellers would shift some of the available supply away from Europe and Canada and Japan (which now are willing to pay more than we can legally pay under our ceilings) to the U.S. That would increase the supply available here. Further, the higher prices paid here would encourage the development and production of oil and of other sources of energy, which would produce an increase for the world as a whole, some of which would create a further increase in the supplies available here. These increases in supplies would cause the price to fall again, not so low as the present ceilings, but below the level that would prevail in the first few days after the ceilings were removed.

We saw the same thing happen in the beef markets a few months ago.

It is hard to predict what the price of gasoline would be in a few months after the lifting of ceilings, but the price rises in Japan, England, and Europe in the past 6 months would give a rough guide: increases of perhaps 50 percent over the prices of last summer would probably be in the ball park.

Thus the removal of the price ceilings would solve the waiting-lines and panic problem, and would also contribute to increases in the available supply.

OIL PROFITS

We have seen increases in population and in income per person in all the oil-using economies of the world. This has meant that the amount of oil that customers would want to buy at prices of last year and the year before has risen . . . people buy more cars, bigger houses, more air conditioners, and more industrial goods that are produced in part with oil. Placed against existing oil

supplies, some of which are owned by Near Eastern governments and some of which are deep in the ground and expensive to extract, the price rises. This always results in increased profits for those who extract, process, and sell the product. What should be done?

If the oil industry were an ordinary industry, taxed like everyone else, and subject to effective competition inside and outside the industry, then the traditional American approach would be fine: rely on the corporation income tax to take a share of corporate profits, and rely on the progressive income tax on personal income tax (and the progressive gift and inheritance taxes) to moderate the effects of increased profits, and to make a share of those profits available for public purposes through government decisions about how to spend those taxes revenues.

The oil industry is not taxed like everyone else. It has several important tax preferences that should never have been granted, and should be removed forthwith.

Only the Congress can do that.

First, percentage depletion should be repealed. Then oil firms would be limited to charging off against income only the actual amount of costs incurred in oil exploration and development, through the so-called cost depletion option (which is now available in the law, but which is rarely used by an oil firm because percentage depletion yields such a large tax advantage).

Second, the privilege of writing off as current expense the so-called intangible drilling costs should be repealed. Cost depletion is an available option here too under the present law, and is perfectly fair.

Third, the privilege of writing off the expenses of dry holes as current expense should be repealed. Here again, the present law provides that an available option is to take cost depletion on these costs, and that is quite fair.

(In the three aforementioned matters, you are probably aware that the *cost*-depletion method provides that the firm may regard each of those three kinds of cost as capital expenditures, and may under "*cost* depletion" charge off those costs over a period of time against income, in much the same manner as depreciation. Under *cost* depletion, the firm may not charge off more than the cost incurred. Under *percentage* depletion, if the value of the deposit discovered is much greater than the cost incurred to discover it, the firm may in some cases write off far more than the cost incurred, and hence may have in effect a much lower tax rate on its income than other firms do, because such an oil firm's "income" is understated because of the percentage depletion feature.)

Fourth, the privilege of treating income as capital gains (and thus limiting the tax rate applicable) should be limited in oil and gas so that its operation is more in line with what other industries must do.

Sincerely yours,

CARL F. CHRIST,
Professor of Political Economy.

GENOCIDE ACTIVITIES IN PARAGUAY

Mr. ABOUREZK. Mr. President, on March 2, 1974, the International League for the Rights of Man released a letter to me which was addressed to the Secretary General of the United Nations. The letter charges the Government of Paraguay with a "consistent pattern of genocidal activities as well as other gross violations of human rights and fundamental freedoms."

The letter charges that the members of the Aché Indian Nation in Paraguay are presently the victims of a rein of almost unprecedented terror characterized by slavery, massacres, starvation, torture, and other conditions of inhumanity which have taken on genocidal proportions and have been carried on with the apparent approval and even connivance of Paraguyan governmental agencies.

Achés are being systematically hunted by armed raiding parties. Men, women, and children are being indiscriminately mowed down in party "hunts." The preferred weapon of the massacre is the machete, which saves the hunters the expense of bullets.

An exception may be made for Achés who submit to being tamed and trained as killers of their own kindred. Their reward is a diet capable of insuring survival and the assignment of captured Aché women as their wives. Those willing to accept unadulterated slavery may also be kept alive for indefinite periods as work hands at a bare subsistence level and without medical attention.

Recently, I received a copy of a receipt made out for payment for work done by Aché slaves. A Paraguyan rancher paid an American Aché reservation administrator 2,500 guaranis for work done by his Indians. In addition to the receipt, I received a letter which was written by the rancher who told of the slaves' fear of returning to the reservation:

> I was struck by the fear that this man (the administrator) inspires in these Indians, the rancher wrote. When they noticed he was there (to return them to the reservation), they started to run away into the forest—many wept.

While on the reservation, the Indian slaves are discouraged from using their own language and Aché music is expressly forbidden. The death rate from diseases of malnutrition and sheer lack of will to survive is one of the highest in the world.

This inevitable attrition is accelerated by such acts as that reported by a team of anthropologists—that "about one-half—of a recently captured band of Achés was liquidated, partly by the conscious withholding of food and medicine," by the Paraguayan Government.

The rites of their religion are denied the Achés even in death. What is felt by the survivors is a pervasive melancholy and a sense of degradation, rarely capable of verbalization, yet occasionally captured in a weeping song which laments the end of the Aché Nation and "regards himself as no longer an Ache and not even a human being * * * and half dead."

Not unreasonably, the letter to the Secretary General calls on the United Nations to seek implementation of the Genocide Convention and the relevant principles of the United Nations Charter, and the Universal Declaration of Human Rights.

The Genocide Convention, which has been signd by Paraguay, and which must be viewed as part of the customary Law of Nations, explicitly encompasses all of the activities described in the league letter.

The information contained in the letter to the U.N. is largely based on extensive firsthand observations by a German anthropologist, Dr. Mark Munzel. His report cites firsthand accounts of the barbaric and inhumane treatment of the Achés. Munzel's photographs, included in his report, shows the bloated bodies of the dying on the reservations.

His attempts to persuade the killers to abandon their pursuits have been fruitless. What is more, there have been few who have come to the aid of this once proud and now diminishing nation. The Catholic Church in Paraguay has acknowledged the existence of terror and has denounced it. So has the World Council of Churches.

European governments and their press have also denounced Paraguay's genocidal policies and at various times have featured accounts of the liquidation of these hapless peoples.

The U.S. Government has played its typical ostrich-like role of sticking its head in the sand for fear of seeing something they do not want to admit is happening. In a response to an inquiry from Congressman DANTE FASCELL, the chairman of the House Inter-American Affairs Committee, the State Department admitted that they are aware of incidents where Ache Indians have been the victims of harsh individual acts, but simply write off this grave situation as the acts of irresponsible ranch hands who were said to have been drunk, and rationalize the problem by stating that the treatment of Achés is basically an internal matter.

Yet, we have been dumping massive amounts of foreign aid into Paraguay since 1954, the year Alfredo Stroessner obtained his dictatorial power. Over $200,000,000 has been pumped into this ruthless regime and more is on the way. American investment has been overwhelming from both the private and governmental sectors. As with most U.S. foreign aid, the impoverishment of the Paraguayan masses, of course, remains unaffected.

The State Department assertions that the mass atrocities which have been committed is simply the work of a few, drunken ranch hands, rings of the public naivete expressed of the illegal Cambodian bombing and U.S. involvement in the overthrow of some foreign governments.

While the extermination of the Aché population has been progressing, our relations with the Paraguayan Government have even improved. General Stroessner stated once that he even considers the American Ambassador a member of his cabinet, in describing the close relationship which the two countries share.

Liquidation of the Acheé has progressed apace with the roadbuilding and settlement of civilized communities upon undeveloped land—with the heavy financial assistance and encouragement of the United States.

Mr. President, I think that the time has long passed when this country could afford to hold out its hands and turn its head the other way in doling out its billions of dollars in foreign aid money. A government which is bent on the mass extermination of part of its people does not deserve our aid any more than a con-

victed and professed killer deserves a welfare check.

The time has come for Congress to go on record in opposition to the genocide of this Indian nation, and to call on the Nixon administration to use its great influence with the Stroessner regime to put a stop to this gross violation of the basic rights of all men. I believe that refraining from doing so is tantamount to complicity to the torture and murder which continues to run rampant in the bloody lands of our South American friend.

Several excellent reports have been written on this problem in recent weeks, which describe in further detail the terror and repression which the Achés face every day of their lives. I ask unanimous consent that these articles, as well as the letter from the International League for the Rights of Man, be printed in the RECORD.

TEMPLE UNIVERSITY,
SCHOOL OF LAW,
Philadelphia, Pa., March 1, 1974.

His Excellency KURT WALDHEIM,
Secretary-General of the United Nations, United Nations, N.Y.

DEAR MR. SECRETARY-GENERAL: On behalf of the International League for the Rights of Man, and at its request I address this letter to you as its Communication Concerning Genocide and Gross Violations of Human Rights in Paraguay.

You will see that this communication (with its annexes) reveals a consistent pattern of genocidal activities as well as other gross violations of human rights and fundamental freedoms by the Paraguayan Government.

The victims of these acts of genocide and other gross violations of human rights and fundamental freedoms cannot speak for themselves. Applications made on their behalf by governments, organizations in consultative status with the United Nations and religious groups have been peremptorily rejected. This applies to the rejection by the Paraguay Government of: Danish diplomatic representations in 1973; the intervention of the International Commission of Jurists of the same year; and representations made by spokesmen of Catholic, Protestant and Jewish religious organizations in an interview granted to them by the Paraguayan Ambassador in Washington on January 8, 1974.

It is relevant in this context that the Director of the Paraguayan Department of Native Affairs is identified as engaging in described violations.

The Indian tribe under attack—the Achés (of Guayaki linguistic stock) are not capable of speaking for themselves, not only for the above cited reason, but because of the reign of terror highlighted by slavery, physical extermination, starvation, torture and related conditions of inhumanity, launched against them and unremittingly pursued with governmental toleration and complicity in relatively inaccessible areas of Paraguay. They are thus without access to any member of the Paraguayan officialdom save their persecutors.

Similar Indian tribes—beyond the reach of academically independent anthropological research teams—located in more remote parts of Paraguay may be suffering a similar fate, although the latter—unlike that of the Achés—is not subject to incontrovertible documentation.

The fate of the Achés is summarized in the statement furnished by the University of Bern in January of 1974 and appended as Annex I:

"They are and continue to be subject to genocidal extermination by acts of physical killing, the deliberate creation of conditions of starvation, semi-starvation and psychological stress including but not limited to the denial of cultural expression to survivors and by salary."

Genocidal acts committed against the Achés are further documented in Annexes II, III and IV respectfully setting forth the experiences of Dr. Mark Munzel, a recent eye-witness, with further up-to-date information in his summary covering all of the available evidence on genocidal acts in Paraguay up to and including January 1974. These acts include the systematic degradation of individual men and women—both as members of the Aché ethnic group and as members of families. Aché chiefs are tortured to secure a breakdown of their authority within the Aché group and a consequent disintegration of group identification; Aché tribal rites including religious worship are prohibited and such families as survive are split up and their members including children sold as slaves to the available bidders. As described by Professor Miguel Chase Sardi at the Catholic University in Asuncion, the Achés are:

"Pursued; they are hunted like animals, the parents are killed and the children sold as slaves and there is not one family in which a child has not been murdered as well."

And all such Aché hunts are accompanied by military vehicles, subject to the orders of the Ministry of Defense. This described pattern of oppression is not solely calculated to inflict untold suffering, but directed at the disappearance of the Aché ethnic group. Inevitably, even survivors are observed to have abandoned any will to live. They are rounded up and permitted to survive as slave laborers or worse, and deprived of their cultural identity. The net result is the wholesale disappearance of a group of human beings subject to the protection of the genocide convention.

The object of this communication is to seek implementation of the United Nations Charter, the Universal Declaration of Human Rights and other applicable instruments in the human rights field. In particular, attention is drawn to the Convention on Genocide defined as "any of the following acts committed with intent to destroy in whole or in part a national, ethnical, racial or religious group as such": "killing members of the group," "deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part," "imposing measures intended to prevent births within the group," "forcibly transferring children of a group to another group," "causing serious bodily or mental harm to members of the group."

Among the rights in the Universal Declaration of Human Rights that in Paraguay have been and are grossly violated are these:

The right not to be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

The right to life, liberty and security of persons, and to be free from arbitrary arrest and detention.

The right not to be held in slavery or servitude.

The right to equal protection against discrimination that violates the Universal Declaration of Human Rights.

In Paraguay, the atrocities have been and continue to be perpetrated on and near the Indian reservation by individuals including officials under the direct control of the Government of Paraguay. Governmental inaction, highlighted in Annexes II, III and IV, bespeaks a settled policy which cries out for international action.

Therefore, Mr. Secretary-General, we request that you proceed pursuant to ECOSOC Resolutions 728F and 1503 to secure a study or investigation of the pertinent facts and that you recommend whatever steps may be appropriate to help secure the study or investigation we herein request.

It should be recalled that Paraguay, as a Member of the United Nations, more than a quarter-century ago pledged itself to take joint and separate action, in cooperation with the Organization, for the achievement of the human rights goals set forth in Article 55 of the United Nations Charter.

Sincerely,

RICHARD ARENS, *Counsel.*

AFFIDAVIT

Dr. Mark Münzel, being duly sworn according to law, deposes and says:

As an ethnologist specialized in research on South American Indian groups, I obtained my Ph-D at Goethe University, Frankfurt. There, I have been teaching South American ethnology. Presently, I teach general ethnology at the University of Giessen, and I am Director of the South America section of the Ethnographical Museum of Frankfurt. For 2½ years I participated in the social anthropology research program of Museu Goeldi, Brazil, carrying out research among the Kamayurá Indians of the Mato Grosso and the Makú and Tukano of the Brazilian North West Amazon. At another occasion, I carried out a field research among Indians of the Cuzco zone, Peru. From July 1971 to June 1972 I was in Paraguay, mainly among Aché Indians of Colonia Nacional Guayaki. I was invited there for anthropological field research by the President's Technical Planification Secretary and the Catholic University of Ascunsción. This stay was financed by the German Research Association. I was accompanied by my wife Christine Münzel. We had both learnt the Aché idiom before.

The Aché of Paraguay are persecuted, often killed, their children sold as slaves. These facts have been admitted by Paraguayan progovernmental newspapers, official spokesmen, scientists, church dignitaries (cf. sources cited in my IWGIA report). According to the Paraguayan authorities' own thesis, they are not implicated in these acts, but have on the contrary established a reservation, the "Colonia Nacional Guayaki", as a shelter for the persecuted Aché.

(1) Minimum calculation: Achés total 1962: 1255; 1972: 892. Vanished 1962–72: 363=28.92%.

Reasonable estimate:

Achés total 1962: 2227; 1972: 1152.

Vanished 1962–72: 1075=48.27%.

Reservation: Total input of Achés "attracted", 1962–72: 307 (minimum) or 394 (reasonable estimates). Reservation Achés 1972: 202. Vanished 1962–72: 105=34.20% (minimum) or 192=48.73% (reasonable estimate).

Although these figures include neither the disappearance of persons born in the Reservation nor the recent loss of human lives in the Reservation after July 1972, they show: Loss percentage of human lives in the Reservation is not much lower, or is higher, compared with the Achés total. Those responsible for the Reservation are the same who, according to Paraguayan legal dispositions, are responsible for the security of the Achés outside the Reservation: The military authorities, particularly the Native Affairs Department of the Defense Ministry.

(2) In the just named Reservation, I tape-recorded a great number of depositions of Aché Indians. They insist on certain facts:

(a) Outside the Reservation, these Aché were persecuted. Any family in the Reservation has many relatives murdered and children carried off. The Aché Máximo Pereira stated: His cousin and another man were killed by military or police men. According to the descriptions, manhunts changed since about 1968, from occasional attacks to systematical "cleanings" and to long-ranging hunts often going on day and night during months.

(b) To the Reservation, the Indians (except a group of 20) were brought as captives against their will. Indians were killed during these captures in which military personnel participated since 1966. The manhunters (some of whom Aches forced to participate) sometimes had rests in military compounds. At least 1970, transport of captured to the Reservation was realized on military trucks.

(c) Several Reservation children were taken away from their parents and given to outside people. The Aché boy Krajági, son of the Aché woman Falipa Pereira, was taken away by military or policemen in uniforms.

My own eye-witness observations:

WITHHOLDING MEDICAL ASSISTANCE

(3) 20 Sept., 1971 on the Reservation, the Aché Lorenzo Pereira was bitten by a poisonous snake. The man in charge of the Reservation refused to help him with a serum and only changed his mind at the arrival of 3 more witnesses from outside. The victim was finally taken to hospital. The main Administrator, Mr. Manuel de Jesús Pereira, who had been absent that day, got very angry when on his return he was informed about the incident. He told me there was no need to help an Indian with a serum, nor to take him to hospital.

(4) October 1971 flu spread in the Reservation. The administration took no steps against it, although, (a) it disposed of enough medicaments and had the possibility of calling a doctor, (b) it is well known that flu can be mortally dangerous to the Aché. My wife and I administered medicaments of our own. When the Administrator became aware of this activity of ours, he told us to stop it.

(5) This non-assistance was repeated in March 1972, when flu brought about imminent mortal danger to many Achés. Father Melia (a high church dignitary) and I visited General C. Bejarano (President of the Indigenist Association of Paraguay) in his home at Asuncion on 13 March and informed him. My wife and I visited Colonel Infanzón (Director of the Defense Ministry Native Affairs Department) in his office on 21 March and informed him. But the authorities took no steps, what lead to the fatal consequences described on p. 54–56 of my IWGIA report. In April, I saw dead bodies of Reservation Indians who looked starved. At that occasion, the Reservation Indians asked me for food saying they were hungry.

TORTURE

(6) 8 March 1972 on the Reservation, the Administrator, Mr. Pereira, showed me an Indian just captured and said this was a chief to be "careful" with. On May 26, 1972, I saw the same Indian again, his right leg injured, obviously by contacts with fire, on 3 spots (cf. photo of him taken by someone else one day later, p. 48 IWGIA report). He said he had been tortured by the Administrator who had pressed pieces of burning wood against his legs. This was confirmed by Indian witnesses.

(7) 20 Oct. 1971 on the Reservation, the Administrator punched the Aché Kandepukúgi brutally in the genital organs several times, then kicked in the same and other parts until Kandepukúgi fell to the ground, then continued the treatment until the victim lost consciousness. This scene, to which I was not present, was vividly described to me 5 minutes later by Indian witnesses, and me the fresh wounds he had obtained during 2 hours later by the very victim who showed the treatment.

SLAVERY

(8) On the Reservation, I was offered a 15-year-old Aché woman "to serve" me. The offer was made in a disguised way on 17 Aug. 1971 by Cnel. Infanzón, Director of the Native Affairs Department; in a direct way, with reference to the sexual pleasure this woman could offer me, by the Reservation Administrator, Mr. Pereira; on 12 Sept. 1971. As I showed no interest, Mr. Pereira offered me an 11-year-old girl. Neither the woman, nor the girl, nor their parents or other relatives were consulted.

(9) 21 Sept. 1971 on the Reservation, I met the Aché Kandepukúgi with a Paraguayan who told me he was taking him to a place outside the Reservation (thus separating him from his people) in order to make him work there. From Kandepukúgi's emotion, it was clear that he was following the Paraguayan against his free will.

(10) The Reservation Indians were not consulted about the work they were ordered to do. Most of their labour's products were carried away with no benefit left for them. They received no payment, only what was necessary for their survival, sometimes less.

CULTURAL DESTRUCTION

(11) The Administration tried to destroy the Indian culture of the Aché. Cf. details in my IWGIA report, p. 31–33. The loss of cultural identity leads the Reservation Indians to consider themselves as no more human beings and often to desire death.

MANHUNTING

(12) 8 March 1972 on the Reservation, my wife and I observed the "voluntary attraction" of 80 new Indians to the Reservation. They marched in the middle between men with machetes and firearms, obviously nervous from fear. They were brought to a hut where they were still surrounded by armed guards. The first day, they only left the hut in groups under escort to satisfy their physical necessities. Their general mood was desperate. Many of their women passed most of their time weeping and complaining about "capture on end", while several of their men refused food and refused talking except for saying that they would prefer to die.

CONCLUSIONS

These do not represent isolated events, but a consistent pattern, as confirmed by other cases cited in my IWGIA report, and by still other cases which I cannot explain in detail if I care for the security of the persons who informed me about them. I believe that those cases which I am informed about represent only the peak of the iceberg. Moreover, judging from scattered informations I received about the situation of certain other Indian groups in Paraguay, I fear that the Achés are not the only Paraguayan Indians who suffer from persecutions. Those Paraguayan Indians who, by their reluctance to integrate, can be compared to the Achés, might be in part even more persecuted: The Ayoreos (also called Moros), some 2500; the Tomarxa (also called Chamacocos bravos), some 1000; the Manjuy, some 500. Investigations about these groups' situations seem to me to be very urgent.

The Reservation Administrator until Sept. 1972, Mr. Pereira, was a non-commissioned officer of the Paraguayan Army, and as such bound to military orders. As Administrator, he was directly submitted to the Native Affairs Department of the Defense Ministry he was a functionary of. The hierarchic structure of Paraguay's social and political order would make it impossible to a single man of low military grade, as Mr. Pereira, to act against against orders of his superiors.

The Reservation Administrator Mr. Pereira was dismissed of his functions in 1972, but I am informed that he was allowed, when leaving the Reservation, to take with him a group of Aché slaves. I am also informed that another group of Reservation Achés was forced to join a military compound where the women are being used as prostitutes. Mr. Pereira's immediate superior, Cnel. Infanzón, Director of the Native Affairs Department, still occupies his post. No preventive or other measures have been taken against those private persons who, as namely Mr. Parini of the town of Coronel Oviedo, are said to have ordered and suspected to be able to order again manhunts against Achés. No trial has been accomplished against Mr. Pereira or Mr. Infanzón.

Reports of 1973 make suppose that the situation of the Achés is still bad—namely, that they are still persecuted in the forests, and deprived of elementary rights like that of guarding their own cultural identity in the Reservation. As those responsible for the persecutions still dispose of total liberty of action, I fear the total disappearance of the Aché Indians. Perhaps, other Indians are threatened as well.

SLAVERY JUST ONE THREAT FACING PARAGUAY TRIBE

(By Jonathan Kandell)

ASUNCION, PARAGUAY, Jan. 11.—In the jungles of eastern Paraguay a small Stone Age hunting tribe of Indians is facing a losing battle to preserve a primitive culture and way of life from the onslaught of the white man.

Until less than two years ago the members of the Aché tribe were the victims of manhunters intent on slaughtering them, enslaving their infants or forcing them onto reservations. Examples of slavery abound even today in eastern Paraguay, and occasionally here in the capital.

The Indians have been further decimated by epidemics contracted from their first prolonged contract with whites. Although a missionary-run reservation in a jungle clearing has recently made the first real attempts to improve their economic and physical well-being their traditional way of life appears to be rapidly and inexorably coming to an end.

Anthropologists and Paraguayan officials concerned with Indian affairs estimate that the Achés number no more than 500 to 1,000. Those who have remained in the jungles find their hunting grounds constantly diminishing. The few hundred who have voluntarily turned to the reservation must make the difficult transition to a sedentary agricultural life, pervasive government indifference and the outright hostility of assimilated Indians and white settlers moving into virgin territories.

IT'S AN OLD STORY

The story is as old as the conquest of the Americans by the Spaniards more than 400 years ago. The descendants of the Conquistadors are thrusting out from the cities and the plains into the last wilderness in search of new land and raw materials. And as their ancestors did centuries ago, they are encountering, annihilating and "civilizing," the last of the original inhabitants.

In Brazil a vast national effort to open the hinterlands of the Amazon could uncover incalculable wealth in wood, minerals, farmland and other natural resources. It has also often exposed Amazonic tribes to brutal mistreatment.

In the late sixties Brazilian officials disclosed that even the Indian Protection Service was deeply involved in atrocities against its charges. In 1968 a Government investigation into treatment of the Long Belts in the Mato Grosso documented cases of slaughter, intentional starvation, induced epidemics and sexual assault. Although some unscrupulous officials have been replaced, occasional reports of brutality still filter out.

In Chile the Mapuche Indians, for decades crowded into the worst farmlands of the agriculturally rich province of Cautin, about 40 miles south of Santiago, the capital, benefitted somewhat by the land-distribution programs of President Salvador Allende Gossens, the Marxist who was ousted last September. They also became the victims of a fierce political game, with ultraleftists urging the Indians to seize former ancestral lands from the conservative farmers who are descendants of European settlers.

DEATHS IN LAND DISPUTES

In the last three years about a dozen people—most of them Indians—have died in land disputes. Within two weeks after the military coup against the Marxist coalition Government, the conservative farmers disclosed that the Mapuches had been evacuated from most of the seized farms.

On the other hand, there are a few positive examples of Indian treatment, such as the efforts of the Peruvian military Government to better the lot of the descendants of the Incas. Attempts have been made to recultivate ancient communal lands and to link impoverished rural communities with vast modern farms and ranches recently expropriated by the Government. A few educational programs have begun using Quechua, the Indian language, instead of Spanish.

But most of the 15 million to 25 million Indians in Latin America live in numbing poverty, with diseases that wipe out almost half their infants and cut average life expectancy to less than 40 years.

In such countries as Argentina and Chile, where Indians are heavily outnumbered by descendants of Europeans, their problems rank low on governmental priority lists and their very existence is often denied by the urban middle class.

In other nations—where the Indians' numbers are larger and their assimilation is unquestioningly equated with progress—it is widely assumed that they will painlessly incorporate themselves into modern society, intermarrying with mestizos or even whites and somehow finding employment on farms and in factories.

BICKERING AMONG PROTECTORS

The Aché has drawn considerable attention, particularly in European anthropology circles, as a poignant example of the worst type of treatment. But, sadly, even as the Achés edge perilously close to extinction, there is heated bickering among their proclaimed protectors over how to alleviate their plight.

"We have no Indian problem to speak of in Paraguay," said Col. Tristan Infanzon, head of the Government's Bureau of Indian Affairs, noting that the 40,000 to 80,000 Indians, divided into 16 tribes, represent less than 4 per cent of the 2.3 million Paraguayans.

Colonel Infanzon, a stanch supporter of the 20-year-old right-wing dictatorship of Gen. Alfredo Stroessuer, believes that most of the severe critics of his Indian policy are "politically motivated left-wingers."

"Nobody is going to stop progress," the colonel asserted. "If we left the Aché in the jungles, they would not survive, and we are not going to preserve them as guinea pigs for anthropological study."

Though acknowledging the lack of financial aid, he noted the existence of a handful of professional employes of Aché background as evidence that "some Achés have overcome their disadvantages largely through their own efforts."

LAISSEZ-FAIRE DEPLORED

A retired General César Belatane, president of the private Indian Society of Paraguay, also believes that the primitive hunting culture of the Achés is inevitably doomed, but he has spoken out sharply against the Government's laissez-faire attitude toward exploitation of the Indians.

"We must assure them agricultural lands and attempt the community's economic and social development as a whole," he maintains. "We cannot depend on the chance formation of a small élite. If one or two Indians have achieved success in white society, it is crazy to believe that they all will return to help their tribe."

Most anthropologists who have studied the Achés urge that a jungle area large enough to maintain their nomadic hunting life be set aside by the Government—a territory that could expand to 2,300 square miles or more.

"From the point of view of the modern anthropologist who believes in cultural relativism," Miguel Chase Sardi, a Paraguayan ethnologist, explained, "there is no culture that can be called superior to another one. Taking into account our obligation to respect all cultures, anything short of preserving the Achés' traditional way of life would amount to cultural genocide."

"Assimilation means converting Indians into the cheapest labor reservoir," he added. "They will remain discriminated against, impoverished, existing on charity, only without any sense of their own culture to fall back upon."

HONEY, INSECTS, FISH, GAME

Those Achés who continue their traditional existence live in groups of 30 to 50, subsisting on honey, insects, fish and any animals they can reach with seven-foot bows and arrows. Naked and adorned only by ceremonial scars and animal-tooth necklaces, they live in simple huts covered by foliage and easily dismantled.

Their dialect resembles the Guarant spoken by a third of the country's population and other "assimilated" Indians, but they are physically distinct from other tribes, having lighter pigmentation and strongly Mongoloid features.

The traditional contempt more sedentary tribes held for the Achés probably earned them their alterate name, Guayaki, which means "jungle rat" ("Aché" means "person" or "human being").

Accounts of cruelty against the Achés date from the turn of the century. A German anthropologist, Mark Münzel, who has publicized the tribe's plight in a study entitled "The Aché Indians: Genocide in Paraguay," quotes a 1907 account of white settlers on an Aché manhunt:

"They arrived at the camp of the Aché, slaughtered seven women and children and caught seven small children. When leaving the next morning, they got into a dispute about the direction of their return. The captured children cried and lamented. The manhunters felt threatened, although they had burned all the bows and arrows left behind in the camp by the fleeing Achés. In his excitement and fear, the local police chief gave the order to cut the throats of all the children."

THE EXCUSE: RETALIATION

Mr. Münzel and other anthropologists and concerned clergymen have traced the slaughter, capture and enslavement of Achés by nearby settlers into recent times. The brutalities were often excused as retaliation for killing of farm animals by Indians whose natural prey had been thinned out by encroaching roads, woodcutters and farms. The most recent massacre documented by Mr. Münzel, involving woodcutters in eastern Paraguay in August, 1971, is described thus:

"It was carried out with machete knives, as proudly described by the killers themselves. There were between 12 and 20 killed, some of them most probably the mothers of kidnaped children. At least five small children were captured alive. One, a girl of some 6 years of age, was later purchased by José Dolores Pereira of Laurel."

In the early sixties the Paraguayan Government agreed to let a notorious Indian-hunter, Manuel Jesús de Pereira, set up a reservation for the Achés. The "Pereira experiment" ended in September, 1972, in the wake of news reports, eyewitness accounts and extensive documentation that Mr. Pereira had forcibly herded Indians into the reservation, maintained them underfed, used them as unpaid farm labor, allowed them to die through medical neglect, squandered aid money and sexually abused young girls.

Recalling the most virulent epidemic at the reservation, which he witnessed, Mr. Münzel wrote:

"In March and April of 1972 about 171 'wild' Achés were captured and deported to the Aché reservation, whose population thus rose to about 277. Only 202 were left at the end of July. The dead seem to belong mostly to the new arrivals. Their liquidation is due to the lack of food and medical attention. The Paraguayan Episcopal Conference, in a press communiqué on June 29, 1972, explains the high death figure by the fact that the new captives were brought to the reservation in April, when an influenza epidemic was already raging there. Taking a large number of forest Indians there at this time, without providing for their health requirements, was direct mass murder."

With the departure of Mr. Pereira—he was never prosecuted—the reservation was placed under the administration of three American Fundamentalist missionaries and their families belonging to the New Tribes sect.

Unfortunately, with the adverse publicity surrounding the Pereira experiment, funds for the reservation collected by private companies, including the Bank of America branch in Asunción and the West German pharmaceutical concern Höchst, immediately dried up.

The reservation, reached by an eight-hour jeep trip into the jungles about 130 miles northeast of Asunción, consists of about a dozen primitive wooden huts set in a corner of an 8,000-acre expanse. The 100 acres that have been brought under cultivation produce tobacco, corn and vegetables.

There is no longer any attempt to force the Achés onto the reservation. During a recent visit there appeared to be no malnutrition or serious health problems among the 30 or so families there semi-permanently.

At times as many as 300 live on the reservation, but for most it is a stopover in their nomadic hunting cycles when game runs short.

"We are trying to make this a buffer zone between the jungle and Paraguayan society," said James Stolz, one of the missionaries. "We want the Achés to learn enough culture and language so that they can walk up to a Paraguayan and not be shot at—which still happens around here."

According to Mr. Stolz, a good deal of his time is spent trying to convince the local authorities to help return about a dozen children to nearby communities as slaves.

"It's still a sign of status around here to own your own Aché," Mr. Solz explained. "Many Paraguayans consider them the fiercest Indians in the country, and I guess for some of them it's like having a tiger at home to show off to friends."

EXTINCTION FACES PARAGUAY INDIANS, REPORTER ASSERTS

ASUNCION, Paraguay—A reporter who has made a survey of conditions in Paraguay reports that "a small tribe of aboriginal Indians, the Guayakies, are dying out from disease and despair in conditions of semi-slavery."

These Native people live only a short distance from where Paraguay and Brazil have agreed to cooperate in building one of the world's most massive hydro-electric power plants.

The reporter, Hugh O'Shaughnessy, writing in The Observer, states that the allegation that the Tribe is facing extinction is being made "by leading ethnologists in Paraguay." This country prides itself upon having achieved the most harmonious relations between Europeans and the indigenous peoples, of any country in the western hemisphere.

Paraguay is the only country in America where a pre-Columbian language, Guarani, has survived the coming of the European and has indeed thrived.

411 GUAYAKIES

According to Miguel Chase-Sardi, a prominent Paraguayan expert on the native peoples, there are only 411 Guayakies left. They are widely scattered over thousands of square miles of Eastern Paraguay, in the rough areas of the Guayre Falls on the Perana River. Both are soon to be harnessed for power production.

The tribe, Chase-Sardi states, always had a name for independence, and has constantly been the object of murderous attacks by Europeans or other indigenous tribes who resent the fact that the Guayakies sometimes "stole a few cattle or some food crops."

SLAVERY

The town of San Juan Nepomuceno was the center of a slave trade in Guayakies, up to only a year ago. They would be bought for a few pounds apiece.

In October, 1971, a Chilean entomologist, Luis Pena, who was doing research for the Peabody Museum, reported that he had been offered boys for sale at prices ranging from 2,500 guaranies (about $18), to 19,000 guaranies. They may still be sold as slaves for senior officers in the Paraguayan Army.

Ten years ago the Army officers founded a reserve for the Guayakies, the Blessed Roque Gonzalez de Santa Crub National Guayaki Settlement. Funds were found from the Vatican at Rome. A group of 50 Guayaki were put in charge of a former Army sergeant, Manuel Pereira, on a piece of land not far from San Juan Nepomuceno.

A BAD EXPERIMENT

This experiment has failed. Now the whole tribe is, according to reports, resigning itself to the fact that it will soon disappear. During the first 6 years of the Settlement's existence there was a slow wastage of Guayakies through disease and malnutrition. In 1962, the population consisted of 100. In 1968, it had fallen to 78.

According to various reports, Pereira attempted to maintain the population in the Settlement by getting his "tame" Guayakies to bring in their nomadic brothers from the bush. Manhunts were mounted.

However, of 36 such enforced inhabitants of the Settlement, who arrived in 1970, ten were dead within 10 months.

The Settlement was soon adopted by a group of Asuncion businessmen, including representatives of foreign companies like the Bank of America, and the German Hoechst chemical company. There was, however, no effort to ensure the health and welfare of the Guayakies.

MASSACRE

In addition to the manhunts for purposes of kidnapping the Natives living in the bush, assassination gangs organized genocide against the Bush Natives. Last year, during only two months, it is estimated that between 12 and 30 Guayakies were killed through such gang massacres.

A letter published in La Tribuna by Leon Cadogan, an ethnologist, says that Pereira has been pocketing money made by selling the bush Indians' possessions, and that he had called for Pereira's dismissal years ago. Pereira is also accused of being "in a state of continual drunkenness," by Chase-Sardi.

According to Cadogan, the officer who decided to name the Settlement after the Blessed Roque, a 17th century missionary martyr, was guilty of sacrilege. Today, Cadogan said, "the place is only a dirty pigsty."

ONE-THIRD OF SENATE COSPONSORS HONORARY CITIZENSHIP FOR SOLZHENITSYN

Mr. HELMS. Mr. President, I ask unanimous consent that the names of the following Senators be enrolled as cosponsors to Senate Joint Resolution 188, a joint resolution to authorize and direct the President to declare by proclamation Aleksandr I. Solzhenitsyn an honorary citizen of the United States: The Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. BIBLE), the Senator from New Mexico (Mr. DOMENICI), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Wyoming (Mr. MCGEE), the Senator from Rhode Island (Mr. PELL), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from New Jersey (Mr. WILLIAMS).

Mr. President, the case of Aleksandr Solzhenitsyn is a case which goes not only to fundamental human rights but also to the problem of how to deal with countries that restrict these fundamental human rights. This is an issue which is uniting men of all political philosophies who are dismayed that our country has failed to take a clear stand on the Solzhenitsyn case. With this addition of eight cosponsors today, 33 cosponsors—or a third of the Senate backs honorary citizenship for Solzhenitsyn.

As I have said before on this floor, there can be no true détente as long as we are dealing with a powerful system that attacks human rights. While everyone wants to move forward to an international system in which all nations can live together without aggression, there is serious doubt that such a system can come about when one of the major powers exerts totalitarian control over its own people. The reason for this is that a political system that excludes debate and dissent has no internal checks and balances against the adoption of aggressive policies by the ruling elite. We have seen that the Soviet Union has adopted a program of rapid military build-up, both in nuclear and conventional warfare, that is unequalled in the history of the world. During the very same period, we have seen the rigid suppression of dissent within the Soviet Union—a process that is highly suggestive of what would happen if the Soviets attempted to apply their ideological system worldwide. The lack of internal debate in a system that has the capability to wage devastating war is itself a threat to our own freedom and the freedom of the world.

The only true détente is détente that applies pressures to bring about a loosening of repressive measures in Soviet society. The idea that trade and cultural relations without political conditions and concessions can bring about détente is just the opposite of the right of way of going about it. Indeed, the Soviet reaction to increased contact through trade and technological change is to clamp down even harder. They need trade and technology; they also know that increased interchange is a calculated risk to their totalitarian rule. So they must necessarily, according to their way of thinking, step up restrictions and repression to compensate for the increased risk. When we deal with the Soviets on their own terms, as Solzhenitsyn has said, we become accomplices to the terror in the Soviet system.

Mr. President, today 33 Senators have been enrolled as cosponsors of Senate Joint Resolution 188. It is gratifying to note that this is an issue which is bringing together many Senators of different parties and political philosophies.

The same unified response is coming from thoughtful Americans everywhere. As examples, I would like to cite the lead articles in current issues of two journals of political opinion, the New Leader and Human Events, the New Leader has long been identified as an articulate spokesman for the social democrat point of view, whereas Human Events is a distinguished spokesman for political conservatives. Yet both are questioning the reality of policies which attempt to ignore the kind of government we are dealing with in the Soviet Union.

Mr. President, I ask unanimous consent that the article "The Dissident's Détente Debate" in the New Leader and "Has Détente Really Ended Confrontation?" be printed in the RECORD at the conclusion of my remarks.

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

SOLZHENITSYN, SAKHAROV, MEDVEDEV: THE DISSIDENTS' DÉTENTE DEBATE

(By Rudolf L. Tokés)

Aleksandr I. Solzhenitsyn's expulsion from the Soviet Union last month, coming as it did in the midst of a growing concern over the course of East-West détente, has intensified the debate in the Free World about what the current relaxation of tensions between the superpowers means for dissidents within the USSR. A number of observers have noted that were it not for the Kremlin's policy of improving relations with the West, the Nobel Prize-winning author would probably have been prosecuted and imprisoned instead of deported; indeed, he is the first prominent Soviet figure to be forced into exile since 1929, when Stalin ordered Leon Trotsky out of the country. Others have pointed out that since the Nixon-Brezhnev summit of May 1972, the Soviet government has largely succeeded in breaking the back of the dissident movement; and in banishing Solzhenitsyn, the Kremlin has not only rid itself of its most celebrated domestic critic but clearly hoped to diminish the power of his voice by making him just another Russian emigree cut off from his spiritual roots.

Long before the debate flared outside, however, it was under way inside the USSR. In the 1970 Nobel lecture that Soviet authorities would not permit him to deliver for example, Solzhenitsyn expressed the fear that East-West détente would harm prospects for internal democratization in the USSR. His view was not shared, though, by either of the other two leading Soviet dissidents—Andrei D. Sakharov, the nuclear physicist and father of the Russian H-bomb who became a fighter for civil rights in his country; or Roy A. Medvedev, the revisionist historian who advocates the return of Communism to its original Marxist-Leninist principles. It seems an especially appropriate time, therefore, to analyze the different attitudes of the three men toward détente, which have tended to be obscured by their common opposition to the excesses of the Soviet regime.

Solzhenitsyn, following the classical tradition of the Russian intelligentsia, is perhaps above all else a moral philosopher. Accordingly, he assumes the posture of keeper of his people's moral conscience and guardian against its corrupt and inherently immoral rulers. His contempt for professional politicians ("boils on the neck of society preventing it from freely moving its head and

arms"), far from being restricted to the Soviet leadership, extends to powerful hypocrites of all nations, including avaricious heads of nonaligned nations, apologists for acts of terrorism and "national liberation wars," U.S. Democrats seeking to profit from the Watergate scandal, International Olympic Committee officials, and those who in the name of ending the Cold War wish to muzzle free international broadcasting.

In his letter proposing Sakharov for the 1973 Nobel Peace Prize, Solzhenitsyn deplored "the widespread mistake of defining peace as the absence of war rather than the absence of violence," and urged the leaders of world opinion to expose individuals who accept a fraudulent peace as the alternative to armed conflict:

"Coexistence on this tightly knit earth should be viewed as an existence not only without wars—that is not enough—but also without violence, or telling us how to live, what to say, what to think, what to know and what not to know. . . . If we want to achieve not just a brief respite from the threat of war, but a real peace, a peace in essence, with a healthy foundation, we will have to struggle no less intensely against the quiet, concealed forms of violence than we struggle against the loud forms. . . . We will have to erase from human consciousness the very idea that anyone has the right to use force against justice, law and mutual consent."

Solzhenitsyn's moral-absolutist definition of international order leads him to an unqualified repudiation of East-West détente as it has been practiced in the post-Vietnam era. He argues that it resolves nothing and serves to prolong the danger of global war:

"There seems to be little doubt, as many now realize, that what is going on in the USSR is not simply something happening in one country, but a foreboding of the future of man, and therefore deserving the fullest attention of Western observers. No, it is not any difficulties of perception that the West is suffering, but a desire not to know, an emotional preference for the pleasant over the unpleasant. Such an attitude is governed by the spirit of Munich, the spirit of complaisance and concession, and by the cowardly self-deception of comfortable societies and people who have lost the will to live a life of deprivation, sacrifice and firmness."

Andrei D. Sakharov, in his famous 10,000-word statement, "Thoughts on Progress, Peaceful Coexistence and Intellectual Freedom," was the first to consciously link the question of political democratization in the USSR with the larger issue of peaceful coexistence and global economic progress. A strong advocate of East-West convergence, he nevertheless also supports a balance-of-power approach to international peace and stability. But he fears a devil's pact between the two superpowers at the expense of their democratic opponents at home and their militarily weaker clients abroad. Consequently, although he is an anti-Machiavellian in the general area of international politics, Sakharov is prepared to use every legitimate lever—such as U.S. denial of "most-favored-nation" status to the USSR until it eases emigration restrictions—to bring about a liberalization of Soviet society. His overall view was perhaps most succinctly stated in an interview he gave to a group of Western reporters on August 21, 1973, the fifth anniversary of the occupation of Prague:

"Détente without democratization, détente in which the West in effect accepts the Soviet rules of the game, would be dangerous. It would not really solve any of the world's problems and would simply mean capitulating in the face of real or exaggerated Soviet power. It would mean trading with the Soviet Union, buying its gas and oil, while ignoring all other aspects. I think such a development would be dangerous because it would contaminate the whole world with the antidemocratic peculiarites of Soviet society, it would enable the Soviet Union to bypass problems it cannot resolve on its own, and to concentrate on accumulating still further strength.

"As a result, the world would become helpless before this uncontrollable bureaucratic machine. I think that if détente were to proceed totally without qualifications, on Soviet terms, it would pose a serious threat to the world as a whole. It would mean cultivating a closed country where anything that happens may be shielded from outside eyes, a country wearing a mask that hides its true face. I would not wish it on anyone to live next to such a neighbor, especially if he is at the same time armed to the teeth."

Yet, as I. F. Stone observed in his insightful analysis in the New York Review of Books, Sakharov is no enemy of détente. On the contrary, complete and genuine détente, ideological as well as political coexistence, has been one of the two objectives of the extraordinary campaign that he has been waging since 1968. The other is the democratization of the Soviet Union."

Roy A. Medvedev, unlike Solzhenitsyn and Sakharov, believes the impetus for democratic reform will come from gradual personnel and policy changes in the top Party leadership, rather than from outside pressures. He tends to downgrade the positive results achieved by open protest, and is sharply critical of what he terms the "immortality" and "provocative" behavior of certain dissidents. Medvedev's *samizdat* essay, The Problem of Democratization and the Problem of Détente," made public last November, was prompted by what he considered to be the counterproductive radicalization of several leading spokesmen for the Soviet civil rights movement. These people, he argues, "have begun to express more extreme views and to make still less constructive proposals, guided more by emotions than considerations of political appropriateness."

The examples of this kind of imprudent behavior cited in Medvedev's essay clearly point to at least three identifiable figures. One is the writer Vladimir Y. Maksimov, who in an open letter to the German novelist Heinrich Böll denounced Chancellor Willy Brandt's *Ostpolitik* as a fraud and described its architect as a "mediocre apologist for a new Munich who takes himself for a great politician." Another is Sakharov, who is taken to task for his endorsement of U.S. trade restrictions against the USSR. The third is Solzhenitsyn, who is chastised for comparing the South African government's treatment of imprisoned blacks with the Kremlin's confinement of dissident activist Pyotr Grigorenko in a hospital for the criminally insane.

Medvedev admits that a causal relationship might exist between the relaxation of international tensions and the growing repression of Soviet dissidents. But in the long run, he feels, the advantages of détente may outweigh the difficulties now being experienced by the regime's critics. In his opinion, the responsibility for recent retrograde policies belongs to "our hawks" and "Right-wing circles" within the Party's Central Committee. With the removal of conservative Politburo members Pyotr Shelest and Gennadi Voronov, he intimates, these forces have lost their leaders.

Medvedev credits the cessation of jamming of foreign Russian-language broadcasts in September 1973, the ratification by the Supreme Soviet of two United Nations covenants on social and political rights, the continued outflow of Jewish emigrants, the de facto suspension of the notorious "education tax," and the generally pragmatic stance toward the West to détente-inspired compromises. While he does not discount the influence of Western public opinion on Soviet internal policies, he thinks there are practical limitations to the efficacy of dissident protest aimed at foreign countries:

"In general, the opportunities for pressure on the Soviet Union from the point of view of interstate or economic relations should not be overestimated. Not only because the Soviet partners in the talks will reasonably protest against interference in Soviet domestic affairs, but we generally doubt very much that the majority of Western leaders are really seriously concerned with problems of political and human rights in the USSR or China. In the long run, Nixon, Pompidou and Heath defend the interests of the ruling classes of their countries, and it is not axiomatic that capitalist circles in the United States, England, France, and the German Federal Republic are so interested in the most rapid development of socialist democratization in the USSR or in speeding up economic, social and cultural progress in the Soviet Union. Therefore, Soviet 'dissidents' who turn to Western countries for support must consider carefully the 'address' to which they direct these appeals."

The trouble, as Medvedev sees it, is that dissident appeals have provided Western "Rightist" circles with too much comfort, and have not given enough encouragement to "Leftist social organizations which are most interested in the evolution of genuine socialist democracy in our country." In any case, he feels "it would be an illusion to think that Western public opinion will sometime become more concerned with internal Soviet problems than with internal problems of its own." Finally, he reminds his fellow intellectuals "not to fall victim to a peculiar Moscow-centrism and fail to see that in many other countries there are just as severe, and in many instances still more severe, internal problems than those that exist in the USSR."

Despite their disagreements about how to put pressure on the Party leadership, a remarkable consensus exists among dissident Soviet intellectuals on the nature of contemporary international relations and the place of the USSR in the community of nations. All seem to agree that some kind of change is inevitable in the way the USSR coexists with the rest of the world. None has false illusions about the Western political institutions and the capitalist market economies that shape the daily lives of politicians, intellectuals and the common people on the "other side." They oppose political extremism and ideological demagoguery of all kinds. They are deeply concerned about the prospects of a genuine and enduring peace, and are fearful of the Soviets' "military-industrial complex."

According to their individual temperaments these men address different constituencies at home and abroad. As an artist, Solzhenitsyn probably speaks to the largest audience: everyone who dreads war, oppression and the power of faceless bureaucrats over the destiny of mankind. Sakharov, the liberal scientist, seems to be directing his remarks to political decision makers, educated elites, and those who believe in the superiority of reason to the blind passions of anachronistic ideologies. Medvedev might be called the honest broker between the two, trying to reconcile his comrades' pleas for sympathy and help from the outside with the forbidding political realities of the Soviet Union—where, he argues persuasively, all domestic reform must begin.

With Solzhenitsyn in exile and Sakharov in danger of being forced to follow him abroad, we may soon see the important debate on democratization and détente that has been flourishing among Soviet dissidents reduced to the more orthodox positions taken by Medvedev and other inward-looking reformers. If that happens, the dissident movement will probably "go native" for a while and cease to be a serious obstacle to Mos-

cow's efforts to sell its version of détente to the West. But then, of course, the moral fiber of the West will face its trust test.

NIXON ON SOLZHENITSYN—HAS DÉTENTE REALLY ENDED CONFRONTATION?

President Nixon made his most effective pitch for detente last week in his nationally televised news conference. Asked his reaction to the expulsion from the Soviet Union of Alexander Solzhenitsyn and whether it would affect U.S. policy toward Russia, the President responded that he, personally, was an admirer of this Nobel Prizewinner who "has shown such great courage." And if he thought that "breaking relations with the Soviets" or "turning off our policy of negotiation and turning back to confrontation would help him or help thousands of others like him in the Soviet Union, we might do that."

On the other hand, said the President, as he looked "back to the years of confrontation" with the Soviets, he found that Solzhenitsyn and men like him, instead of being exiled, would have "been sent to Siberia or probably worse." The two superpowers, moreover, must continue "to make progress toward limiting arms, toward avoiding confrontations which might explode into war. . . .

"In a nutshell, that is what we have to consider. Do we want to go back to a period when the United States and the Soviet Union—the two great superpowers—stood in confrontation against each other and risk a runaway nuclear arms race and also a crisis in Berlin, in the Mideast, even again in Southeast Asia or other places of the world, or do we want to continue on a path in which we recognize also the fact that we must either live together or we will all die together?"

What the President would have Americans believe, then, is that during these halcyon Nixon-Kissinger days of detente—supposedly a total reversal from policies followed by previous Administrations—we have *avoided* confrontation with the Soviets.

Detente, argues the President, and all that it implies—summitry, relinquishing critical concessions at SALT, plentiful trade credits for Russia subsidized by the U.S. taxpayer, plans to ship the Soviets sophisticated computers and to develop their oil and gas fields, the conspicuous failure of American officials to aid Soviet dissidents—have made this planet far safer than would otherwise have been the case.

But the President's implied claims are highly exaggerated. Far from detente being some new Nixonian policy, in fact, some form of it has been practiced by virtually every President since Herbert Hoover—only then Republicans like Richard Nixon were assailing such policy as "appeasement."

Roosevelt at Yalta and Teheran and Truman at Potsdam—with detente and conciliation uppermost in their minds—consigned Eastern Europe to Stalin and paved the way for a Communist takeover in China. We lavished lend-lease upon the Soviets in World War II and devised the Marshall Plan in the mid-40s to provide U.S. aid to Communist as well as non-Communist countries.

From the very beginning of his presidency, John F. Kennedy embarked upon a calculated effort to woo the Soviets through trade, summitry and unilateral disarmament. The deliberate policy of permitting the Soviets to gain "nuclear parity" with the United States was initiated under JFK and continued under Lyndon Johnson. Johnson, furthermore, pressed ahead with other programs designed to appeal to the Russians and was afraid to launch any move in Vietnam that might invite Soviet hostility. But detente as practiced by these Presidents—witness the Berlin blockade, the Cuban missile crisis, the Middle East explosion—never put an end to U.S.-Soviet confrontations.

Nor has President Nixon, through his magical detenteist wand, been able to exorcise confrontations with the Soviet Union. Indeed, confrontations with the Soviets have been so severe under this Administration that the President has likened at least two incidents to the Cuban missile crisis—perhaps the most severe rupture ever between the United States and the Soviet Union and certainly the episode that came closest to involving the two superpowers in a nuclear exchange.

Consider, for instance, how the President himself described our relations with the Soviet Union in October 1973, five years after the President had initiated detente and presumably after it had been in full flower. Had detente ended confrontation? Not exactly.

While defending the Administration's policy of trying to reconcile differences with the Kremlin, the President told assembled reporters at a news conference that he had put American forces around the globe on full military alert during the Egyptian-Israeli war because he had obtained information "which led us to believe the Soviet Union was planning to send a very substantial force in the Mideast—a military force.

"When I received that information, I ordered shortly after midnight on Thursday morning [Oct. 25] an alert for all American forces around the world. . . . The purpose of that was to indicate to the Soviet Union that we could not accept any unilateral move on their part to move military forces into the Mideast."

When CBS anchorman Dan Rather seemed to imply that the President, because of impeachment pressures, may have acted rashly in the Mideast affair, Nixon replied: "The events of this past week I know, for example, in your head office in New York, thought it [the military alert] was simply a blow-up exercise [to draw attention away from the firing of Special Watergate Prosecutor Archibald Cox], there wasn't any real crisis. It was a real crisis. *It was the most difficult crisis we've had since the Cuban confrontation of 1962.*" (Emphasis added.)

Asked if he thought the Watergate problems convinced him that the U.S. "needed a strong response in the Mideast to convince other nations that you have not been weakened," the President responded: "Well, I noted speculation to the effect that the Watergate problems may have led the Soviet Union to miscalculate. I tend to disagree with that, however. I think Mr. Brezhnev probably can't quite understand how the President of the United States wouldn't be able to handle the Watergate problems. . . .

"But I think what happens is that Mr. Brezhnev does understand is the power of the United States. What he does know is the President of the United States.

"What he knows is that the President of the United States, when he was under unmerciful assault at the time of Cambodia, at the time of May 8th, when I ordered the bombing and the mining of North Vietnam, at the time of December 18th [the Christmas bombing], still went ahead and did what he thought was right. The fact that Mr. Brezhnev knew that regardless of the pressures at home, regardless of what people see and hear on television night after night, he would do what was right. That's what made Mr. Brezhnev act as he did."

A global military alert, an event similar to the 1962 Cuban missile crisis, the bombing and mining of Hanoi—these aren't precisely the words and phrases which suggest that confrontation with the Soviets has somehow vanished.

The 1970 Mideast crisis also ended in a showdown with the Soviets. Author and Journalist Allen Drury in his non-fictional book on the Nixon Administration—*Courage and Hesitation*—quoted a veteran foreign affairs observer of that event as saying at the time that this was "really the most dangerous crisis this Administration had faced." Syria, this knowledgeable observer told Drury, invaded Jordan, after having massed 300 tanks on the border, an operation of such magnitude and time-consumption that the Soviet Union could not possibly have been in ignorance of it.

Following the attack, the President forbade any communication with anyone but the Soviets, and to them he barked a command: "Call your boys, the Syrians, back."

Drury's foreign affairs expert continued: "The President, in the face of intense and even agonized bureaucratic opposition, stood firm. It was understood that if Jordan really started collapsing, the Israelis would have no choice but to move. That would mean that the Egyptians would probably feel that they had to move. If this seriously threatened the Israelis, the United States would have to move. In order to prevent the final play in the game—the Russian move—the Russians had to be made to understand that under these conditions the United States *would* move, which meant that a confrontation would be inevitable. . . .

"He [Dr. Henry Kissinger] says that he 'practically never' goes to embassy parties but the Egyptians were holding a reception and he decided to attend—'to show the flag,' as he puts it. Soon after he arrived, he had an unexpected opportunity to make the U.S. position once more emphatically clear to the Russians. He did so, reiterating the stand already emphasized by the President.

"At 2:30 the next afternoon, while Kissinger and Bill Rogers were having a vigorous discussion of the situation in the President's presence in the Oval Office, word came that the Syrians were withdrawing.

"In a few more hours, Hussein had vanquished the fedayeen and reestablished his control of Jordan. In a matter of days, the President was calmly departing on his previously scheduled visit to the Mediterranean fleet. And the crisis was over.

"But it might not have been. If the President had wavered and waffled, as some proposed, Hussein would have gone and Jordan would have fallen to a Soviet client state. Russia would have been implanted squarely astride the Middle East, very swiftly Israel would have been in danger, complete chaos would have ensued and war between the United States and the Soviet Union would have been almost impossible to avoid.

"'This was the crisis the President referred to in his foreign policy report to Congress on Feb. 25, 1971, as 'The gravest threat to world peace since this Administration came into office.' It is difficult to disagree."

In the Mideast situation, one gathers, confrontation and threats of confrontation—not delicate diplomatic maneuverings conjured up by such words as "detente"—are the order of the day. In dealing successfully with the Communists, not just with the Soviets, a leader's toughness, his ability to stare the enemy down and his military arsenal are clearly the most essential ingredients.

Supplied and armed to the teeth with Soviet weaponry, Hanoi, for instance, refused to sign a peace agreement with the United States or South Vietnam until the U.S. exerted some ferocious military pressures against North Vietnam. President Nixon could not buy his way out of the Vietnam War with expanded Soviet trade.

Despite detente, Soviet party boss Lenoid Brezhnev supplied the North with the awesome military might that made the Vietnam War possible, including planes, tanks, missiles and long-range artillery. He furnished Hanoi every single aircraft battery and missile and MIG responsible for the shooting down of the several thousand American planes lost in the North and the South.

On the very eve of President Nixon's 1972 summit meeting with Brezhnev, the Soviet

party boss was helping to mastermind Hanoi's massive Easter offensive against South Vietnam. Hanoi Radio, in fact, reported that a high-ranking Soviet delegation was conferring with Hanoi's top military leaders just prior to that offensive.

The Nixon Administration could not extricate itself from the war until it had gone into Cambodia and mined and bombed Haiphong. Even after these momentous military events, Hanoi refused to sign anything like a reasonable agreement until the Administration had steadily rained bombs over Hanoi during Christmas of 1972. And Hanoi, with Soviet connivance, is still systematically violating the agreement.

A spokesman for the Vietnam working group in the State Department, Jim Bullington, informed Human Events last week that Hanoi's troops in South Vietnam are now "better equipped . . . than at any period of the war." Furthermore, the Soviets must be held responsible for failing to prevent Hungary and Poland, two of Moscow's most controllable satellites, from flagrantly sabotaging the functioning of the International Commission of Control and Supervision that is supposed to monitor the "cease-fire" in South Vietnam.

Briefly, as we have stressed before, there is a growing myth about detente, which has not in any way been helped by the President's frequently euphoric pronouncements about its success. While we have been disarming, the Soviets have constructed the most fearsome military machine on this earth.

In 1966—only eight years ago—the United States enjoyed what appeared to be unchallenged nuclear superiority, while today the Soviets have outstripped us in long-range missiles. Included in the Soviet missile force, furthermore, are more than 300 giant SS–9 missiles, each carrying a payload of 25 megaton. These missiles, according to defense experts, make sense only as first-strike weapons, designed to give Moscow the capacity to knock out American ICBM's in their hardened, concrete silos.

While we have been talking detente, Brezhnev has increased the number of Russian tanks in Central Europe from 14,000 to 20,000, thus giving the Warsaw Pact nations better than a 3-to-1 advantage over NATO forces. Jeffrey Record of the Brookings Institution has stressed that a study of the Soviet forces in Europe leads to the following conclusions: the size of the Soviet ground forces in Europe is "grossly disproportionate" to the Soviet stated purpose that they are needed for defense reasons and the structure "reveals preparations for offensive, not defensive, military operations."

Though pretending opposition to international terrorists operations, Brezhnev has seriously undermined the security of the Western nations by furnishing training and logical support to a wide variety of revolutionary terrorists in Asia, Latin America, Europe and Africa. Brian Crozier, director of the London-based Institute for the Study of Conflict, recently warned that the Soviets and their satellites were increasingly supporting terrorist movements with money and arms. Said Crozier:

"From the Russians' point of view, terrorism is an ideal weapon. In public, they can call for detente and try to improve relations with a government. Simultaneously, they can give secret support to terrorists who may actually be working to overthrow that government.

"To the Kremlin, anything is good that undermines the interests of Western Europe or the United States. In Mexico, for example, Soviet intelligence recruited some political dissidents to attend Moscow's Patrice Lumumba University. The Russians then transported the group to North Korea for training in sabotage and terrorism. Returning home, the Mexicans began a campaign of urban terrorism—as a result of which the chargé d'affaires and several of his staff were expelled.

"The Soviet KGB now has its own terrorist programs in Chile. . . . In 1969 Russian arms began reaching the Palestinian 'freedom fighters,' who had set up training camps for terrorists in Lebanon and Syria. Scores of Turkish terrorists were instructed at these camps. . . ."

"Terrorist organizations also co-operate by providing training and places of refuge for each other, as well as money, forged passports and arms. Like armies, terrorists have to have bases. When you trace the line of supply and communication, you find that they lead to a string of 'subversive centers.' The most important are in the Communist countries: the Soviet Union and its East European satellites especially. . . .

Author John Barron, who recently penned an authoritative book on the KGB, says that the Soviet secret police have probably been more active in fomenting troubles abroad during the five years of Nixon's detente policies than in the previous decade.

With all due regard for the President, then, detente is largely a myth. In no way has it eliminated confrontations and potential confrontations with the Soviets.

Despite all the offers of trade, etc., the Soviets continue to build a threatening strategic nuclear arsenal and still engage in the massive exportation of terrorism and subversion around the globe. As in Vietnam and the Middle East, they have pressed their aggressive policies to a point where they have knowingly risked a military confrontation with the United States.

When the President says detente is working, he is, in effect, calling upon Congress and the American people to look with favor upon—and to encourage—the soft side of his dealings with Moscow, expanding Red trade, giving concessions in the disarmament area, saying as little as possible to aid Soviet dissidents like Solzhenitsyn. Yet judging from the President's own words and the history of his relations with the Soviets, the soft policies have conspicuously failed. They have certainly not achieved what he suggested had been accomplished last week: the removal of confrontations with Russia. What has paid off has been the President's posture of firmness in the crunch. And as the President prepares for the Soviet summit in the months ahead, it is to be devoutly hoped that it is the tough Nixon—not the apologist for detente—that will go to Moscow.

SUMMER OPPORTUNITIES FOR YOUTH

Mr. HUMPHREY. Mr. President, as one who has been directly involved, both as a Senator and as Vice President, in the development of programs that benefit poor youth of this country, I am pleased to learn that the Neighborhood Youth Corps summer jobs program will be funded this year without an agonizing battle. Senators may recall that the administration last year, only at the 11th hour and only after litigation in the Federal courts, consented to provide the funds necessary to maintain the program.

Although I reserve the right to determine later whether the funding level is adequate, it is indeed encouraging to learn that the administration has pledged to commit $300 million toward summer jobs for youth, and has done it this early in the year. This $300 million will provide for 740,200 jobs—jobs for which there will be a crucial need this year.

This early commitment was no accident, however, because the Congress included in the Comprehensive Employment and Training Act of 1973 a transition section that enabled the Secretary of Labor to gear up for a program that would be maintained, at the very least, at last year's levels.

This $300 million will be made up of $208.6 million in a revised fiscal year 1974 budget request, and $91.4 million in manpower funds carried over from last year. Although I would have preferred that the $91.4 million had been used to fund this vital program last year, I understand that its commitment to this year's program represents a sincere effort to maintain the momentum of the summer job effort.

I understand that the administration also is going to ask for $250 million in a revised request for fiscal 1974 for public employment programs under the Comprehensive Employment and Training Act.

However, Mr. President, the administration's funding proposal for the Neighborhood Youth Corps summer jobs program may not yet be adequate to meet the job needs of many of the disadvantaged young persons who should be receiving help. I expect that we may have to look more closely at this program later this spring after the full impact of the energy crisis has hit both the poor rural areas and the cities of this Nation.

In addition to the summer jobs program, there is another program for disadvantaged youth that I fear may be neglected and left to wither on the vine. I am speaking of the National Summer Youth Sports program. Since 1969, the program has received about $15 million from the Federal Government, and has benefited more than 208,000 youngsters in 36 States. However, unless legislation is enacted to extend certain Office of Economic Opportunity programs, the summer sports program might expire after the summer of 1974.

Mr. President, this summer sports program is needed. It gives the disadvantaged youth of this country excellent training, using the facilities of colleges and universities and the expertise of trained staff members. There is no reason why this program—which has given many youngsters an opportunity to develop skills and look forward to the future with hope—should be terminated.

It is my earnest hope that the legislation continue the life of present OEO programs will be given swift approval when it is introduced in the Congress.

I am greatly encouraged that the Neighborhood Youth Corps will not have to hang by its fingernails until the last minute, before it is certain enough funds will be secured to enable it to survive and carry its program forward another summer. I certainly will do everything possible to see that a revised fiscal year 1974 budget request is acted upon favorably and swiftly by Congress.

The disadvantaged youth of this country deserve the opportunity to learn skills that will lift them out of poverty and let them cast off the ragged cloak of idleness. The Neighborhood Youth Corps

summer jobs program and the summer recreation programs are two instruments, two tools, that will allow them to do this.

COPPER STOCKPILE DEPLETION AND PRICE CONTROLS

Mr. DOMENICI. Mr. President, again I find it my unpleasant duty to call to the attention of my distinguished colleagues another instance of Government programs at cross purposes with each other. In my relatively short service as a U.S. Senator I have seen sufficient examples of these cross purpose situations that I am alarmed that the Federal Government, including the Congress, is not aware of the cumulative effect of laws passed and programs implemented with all good intentions.

I refer in this particular instance to the domestic price of refined copper.

As members of this body are aware, the Congress during its last session authorized the disposal of part of the country's stockpile of copper. By Public Law 93–214, enacted on December 28, 1973, the copper stockpile was ordered reduced from its level at that time, 258,000 tons to about 7,000 tons. The General Services Administration has taken action to carry out the disposal of this 251,000 tons of refined copper.

The General Services Administration has already sold 45,000 tons by competitive bids at prices ranging from approximately 80 cents a pound to $1 per pound. A recent announcement by GSA indicates that bids on another 120 million pounds of the stockpile will be opened on March 18, 1974, in Washington, D.C. It is expected that the prices the Government will receive from these bids will average 90 cents per pound or better.

At the same time that the Government is receiving this 90 cents per pound for refined copper sold from its stockpile, copper being domestically produced and sold by private enterprise is frozen at 68 cents per pound by the Cost of Living Council. This would be bad enough if it were not for another Government action which vividly demonstrates the "cross purpose" aspect of this situation which I mentioned above.

Recently the Department of Commerce has announced that copper must be included under the defense priorities system. This means that domestic producers of copper must sell copper to customers with a defense-rated order, regardless of historical customer relations, at the frozen price of 68 cents a pound while the Government sells its stockpiled copper at about 90 cents a pound.

I have no quarrel at this point with the objectives of any one of the three major Government thrusts that comprise this complicated triangle. The Cost of Living Council intends to control inflation and protect the consumer The disposal of the stockpile was ordered after extensive hearings during the last session of Congress, and although in view of the recent developments regarding foreign oil and mineral imports, I tend to question the wisdom of that decision; I cannot at this point say it is wrong. The decision to require producers to fill orders from the defense industry is probably also a very valid Government action.

Questions do arise though, such as: Why is it the burden of private enterprise to carry on the fight against inflation through controlled prices while the Government has no such limitation on its stocks of copper? If the orders which domestic producers must now fill for defense purposes have a No. 1 priority and come ahead of their traditional customers at a controlled price for varied defense needs, why cannot these orders be filled from the defense stockpile which is being disposed of?

These are questions to which I have no reasonable answers at this point. I do think they are severe enough that the entire copper situation must be thoroughly reexamined and all of these Government actions considered in light of their combined effects.

I do feel that the issues involved and the questions which appear just on the surface of this complex situation may be severe enough to justify a delay in the GSA sale of March 18. I plan to consider very carefully that course of action next week and if I feel it is justified after closer examination, I will attempt to have the sale delayed, or at least have the opening of the bids delayed.

I have recently publicly called for the end of wage and price controls. I am confident that the copper producers who are adversely affected by this combination of Government programs have no quarrel with the decision to dispose of the stockpile or the manner in which the stockpile is being disposed of. They do not even object to the inclusion of copper under the defense priorities system. What they do object to, and rightfully so, is the imposition on them of an artificially low price they can charge for their product. So, we have here another illustration of the disruptive effect of price controls on another industry of vital importance to this Nation and its economy. How many more examples of this kind must be exposed before we find the intestinal fortitude required to take decisive action to terminate controls? I say let us do it now.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed the bill (H.R. 11793) to reorganize and consolidate certain functions of the Federal Government in a new Federal Energy Administration in order to promote more efficient management of such functions in which it requests the concurrence of the Senate.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

The PRESIDING OFFICER. Under the order entered on yesterday, the Senate will now resume the consideration of the unfinished business, S. 3066, the title of which the clerk will read.

The second assistant legislative clerk read as follows:

Calendar No. 669 (S. 3066), a bill to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes.

The PRESIDING OFFICER. Under the previous unanimous-consent agreement, the time for debate on the bill is limited to 4 hours to be equally divided and controlled between the majority and minority leaders or their designees. There will be 30 minutes on any amendments except five amendments to be offered by the Senator from New York (Mr. JAVITS). There will be 20 minutes on any amendment to an amendment, debatable motion, or appeal, with the agreement in the usual form.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time not be taken out of the bill.

The PRESIDING OFFICER. Without objection, the time will not be taken out of the bill.

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.

RECESS UNTIL 11 A.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess until the hours of 11 a.m. this morning.

The PRESIDING OFFICER. Without objection, the Senate will stand in recess until the hour of 11 a.m. this morning.

Accordingly, at 10:45 a.m. the Senate took a recess until 11 a.m.; whereupon the Senate reassembled when called to order by the Presiding Officer (Mr. HATHAWAY).

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

The Senate continued with the consideration of the bill (S. 3066) to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes.

Mr. SPARKMAN. Mr. President, the Senate has before it a bill, S. 3066, cited as the Housing and Community Development Act of 1974, which has been recommended for Senate passage by the Committee on Banking, Housing and Urban Affairs.

This bill is a major rewrite of all our basic housing laws and a major con-

solidation and reform of our community development programs. We believe it represents a major step forward in proposing new answers to the problems that confront our cities and towns. This is probably the most significant legislative proposal on this subject since the Federal Government became involved in housing back in the 1930's.

It is significant for a number of reasons. In size and coverage it exceeds any previous housing bill ever proposed or passed by the Congress. We look back with nostalgia to the great landmark housing bills of the past—the National Housing Act of 1934 setting up the FHA, the Public Housing Act of 1937, the Urban Renewal Act of 1949 and 1954, the rent supplement act of 1965, the model cities act of 1966, and the interest subsidy act of 1968. Every one of these acts has been rewritten and consolidated into the 1974 act.

This bill is also significant because at this time the Government's housing and community development programs are in total disarray. There seems to be utter confusion at the Federal level and the local level as to where we are going and what can be expected in the future for Federal assistance in these fields. Last year, on January 5, the White House cut off all HUD subsidy funds for a period of 18 months. You can imagine the great consternation this caused among the Nation's mayors and other Government officials who relied upon Federal aid to provide decent housing and good environments for their people.

Despite objections from Congress and extensive efforts to lift the freeze by Governors, mayors, county officials, and heads of nearly every responsible housing and redevelopment organization throughout the Nation, this 18-month moratorium is still in effect.

There have even been several court decisions to force HUD to release funds; but HUD has appealed, and nothing yet has come from these decisions. HUD remains adamantly opposed to many programs in existing law and continues to resist further use of the funds for these programs.

Mr. President, I believe the only way out of the current dilemma is the adoption of new programs under a new law which, with congressional approval and approval of the President, would put the Federal Government back in the housing and community development business. Thousands of communities throughout the Nation are waiting for this legislation to become law so they can get back to the job of cleaning up their slums, eliminating blighted areas, and rebuilding housing to meet the needs of their citizens.

For the most part, S. 3066 is a consolidation bill bringing together housing programs on the one hand and community development programs on the other.

On the housing side, the existing FHA programs would be consolidated into two basic programs, a home ownership program and a rental program. The old title I home improvement program would be consolidated and in the future probably will be known as title III of the 1974 act rather than title I of the 1934 act.

On community development, as many of you know, about 10 categorical programs are being consolidated into a single community development program. The most important of these are urban renewal, model cities, and water and sewer.

The new program finally approved by the committee is basically the product of S. 1744, the Community Development Assistance Act of 1973 introduced by me. Many features of the administration's special revenue sharing Better Communities Act, S. 1743, are also incorporated. The committee adopted the block grant approach with an application and specific eligibility requirements to insure that Federal funds would be used with a priority to eliminate slums and blight, to upgrade low and moderate income housing, and to make the Nation's cities more livable, attractive and viable places in which to live, rather than leaving these objectives to chance as would have happened under the administration's revenue sharing bill.

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.

First. A summary of a 4-year plan for meeting the community's development needs, including proposed programs to meet housing needs, to prevent and eliminate slums and blight, and to improve community services;

Second. A description of proposed activities and expenditures;

Third. Certifications that the applicant has met certain requirements related to the objectives of the act, citizen participation, local codes and the provision of replacement housing; and

Fourth. A performance report assessing activities carried out under the program in relation to the community's development goals and the bill's objectives.

The only exception to the application process would be for smaller cities of under 25,000 population outside urbanized areas which would be applying for Federal assistance for a single activity, other than an urban renewal or model cities 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 committee also adopted a major rewrite of the section 701 comprehensive planning assistance program, agreeing to the terms of the Stevenson bill, S. 854, rather than the administration-supported planning and management provisions in order to insure a higher priority use of Federal grants for State and local planning. I believe that the bill would resolve the present impasse on State distribution of 701 funds to communities and regional bodies by requiring mutual consent by the State and local units before authorizing State distribution, and no unit would be denied funds because of failure to reach agreement.

The bill also contains a number of significant amendments to title V of the Housing Act of 1949 on rural housing. For the most part, the new provisions would broaden or liberalize the provisions of existing law to cover deficiencies in existing law relative to the authority of the Farmers Home Administration to provide assistance for lower income rural families.

Now let me turn to more specific provisions of the bill in programs in which you have special interest.

The bill authorizes two new programs for lower income families, a new section 402 homeowners' assistance program and a new section 502 rental assistance program. In adopting these programs as replacements for the existing section 235 and section 236 programs, the committee approved the following reform provisions:

Subsidy funds would be reserved for use in communities to meet the housing objectives contained in applications approved under the new community development program or would be made available for developers only for use on sites which generally conform to housing plans for units of general local government;

Prototype mortgage ceilings would be established to insure a more equitable distribution of subsidy funds to high-cost areas;

Eligibility for assistance would be limited in general to families with incomes less than 80 percent of median to insure more coverage for lower income families;

Mandatory counseling would be required for section 402 families and discretionary counseling for section 502 families to reduce defaults;

Rehabilitation would be encouraged by setting aside 20 percent of section 402 funds and 10 percent of section 502 funds for this purpose;

Consumer protection would be increased by a warranty requirement and by provision for reimbursement for defective workmanship;

Economic integration would be encouraged by requiring that 20 percent of rental units in each project be provided additional assistance payments on behalf of low-income families and that each project has a reasonable range of family incomes;

Special consideration for the elderly would be attained by requiring that from 15 to 25 percent of contracts for rental assistance payments be set aside for housing projects for the elderly; and

Improved management would be fostered by authorizing the Secretary to provide through contracts or otherwise for monitoring and supervising of privately sponsored projects.

The committee believes that these programs, if administered as designed, would meet the objections raised to the old interest subsidy programs and, when coupled with community development efforts on the part of our cities, will go a long way toward eliminating slums and blight and providing decent housing for all our people.

Mr. President, on January 8, 1973, as Senators will recall, George Romney, then Secretary of the Department of Housing and Urban Department, announced a suspension of all basic HUD assistance programs. A week later, on January 15, the White House, in rejecting my telegram of December 29 urging

continuation of programs, charged that the housing assistance programs were "inequitable," "wasteful" and "ineffective." Two days later, James T. Lynn appeared before the committee, following his nomination to be the new Secretary of the Department of Housing and Urban Development. He assured us that he was committed to the achievement of our national housing goal, but said, at the same time, that he supported the White House position. When the committee asked for evidence of program failure, he responded that he would undertake immediately, and with an open mind, a thorough reevaluation of all HUD programs.

During the following months, HUD officials, in speeches throughout the country, continued to assert that the programs had failed and that the HUD study would prove it. We were told there was "mounting evidence" of failure.

It was not until October 6, 1973, almost 9 months after the moratorium began, that the committee received, in preliminary form, one part of the long-awaited HUD evaluation. In his forwarding letter, Secretary Lynn explained that the final editing of part I would be completed in the near future, and that part II, the technical and background papers, would also be submitted.

Although the study and its conclusions have been given wide publicity, the committee has not yet received the final copy of part I and, only very recently, received a preliminary draft of the supporting technical record, which turns out to be an essential part of the evaluation.

I report this to the Senate to indicate some of the difficulty the committee has had in considering the administration's views and actions during the past year.

As expected, the HUD study concluded that our housing programs have failed. This conclusion was expected. One may ask why, when there was assurance of an "open mind." The Washington Post of December 3, 1973, provides an answer. The front page story of that day reported that the subsidized housing programs were frozen before there were any justifications for doing so. The story quotes from a memorandum written on March 5, 1973, by the HUD Deputy Assistant Secretary for Policy Development, that the official reasons given for the moratorium were "paper thin," "highly subjective," and totally unsupported by any backup data. "Preparation of the administration's position," he went on to say, "will have to begin from ground zero."

Three days later, on March 8, HUD officially began its evaluation effort.

The HUD study is a very long, very theoretical and very technical document. It also was very expensive, costing well over $2 million, I am informed. In light of this, I requested the Congressional Research Service to prepare a critique of the preliminary documents that we have now received. The Congressional Research Analysis, which will be available as a committee print as soon as we can get the Government Printing Office to print it, reveals that the evaluation—presented chiefly in chapter 4 and the technical record—is filled with assumptions and judgments that raise as many problems as answers. It clearly indicates why no adequate assessment of the HUD work is possible at this time.

On the basis of a 215-page Congressional Research Service analysis, I must report that the "mounting evidence" of program failure, alleged by HUD officials, turns out to be more theory than fact. Its conclusions rest, like a house of cards, on an unsteady foundation. The document which we have received is not an adequate evaluation of Federal housing programs. Nor can it be considered an adequate base for formulating national housing policy. It does not contain justification for the past year's suspension of homeownership and rental housing programs to assist low- and moderate-income families, elderly families, rural families, or families dependent on low-rent public housing for decent shelter. Nor does it contain justification for ending grants to localities for urban renewal, water and sewer or other development activities. There is, in short, nothing in the HUD Report to support the do-nothing policy of the past year.

Let me say, however, that this judgment is not made in criticism of the work of many able and dedicated persons who contributed to it. In many respects, Housing in the seventies is a valuable addition to our housing literature. It does not, however, live up to the claims made for it over the past year.

Why not? For one, the information needed to assess the report is not readily available. Some of it is stored in computer files; some is in HUD offices across the country. At least one piece appears to have been submitted to a university only weeks ago as a doctoral dissertation. The HUD study says that all of the calculations presented—and there are a considerable number of them—can be repeated, and that the same answers will appear. "This," it asserts, "provides all the information necessary to appraise the reliability of the results."

But, clearly, what goes into the calculations is also important. The reliability of the mathematics cannot take the place of the validity of the judgments and the reasoning used.

Because the study "does not defend its methods" which "would require a detailed explanation of every computation with a rationale for each assumption, no one can, at this time, readily evaluate the evaluation. Three examples will indicate why the evaluation conclusions cannot be accepted without considerable additional review.

The first example indicates a possible bias in the reasoning used. The study asks the question: Does a section 235 house cost more to build than a conventional house? Regression techniques are used to arrive at a statistical answer—which turns out that the section 235 house is actually cheaper, by $1.55 per square foot. But, the report continues:

> The technique produced unexpected results—the equations are misspecified—it is impossible to draw statistically valid conclusions.

The unexpected result gives rise to an unexpected judgment—that the sample used is inadequate and that, therefore, a different answer should be adopted.

The second example shows how critical judgments are, in evaluating programs, and how important it is that we understand exactly how these judgments are arrived at. The study asks the question whether a section 236 project costs more than a conventional multifamily apartment. Two HUD surveys form the basis for determining the answer. One yielded the result that conventional units cost less; the other indicated that section 236 units may cost less. Which one should we accept? The finding that conventional units cost less needs to be considered carefully because, it turns out, that conventional units which are judged to be comparable to section 236 units are also, in a number of cases, older in age, and because of inflation, lower in cost. The finding that section 236 units may be cheaper also requires careful judgment because, the study reports, they may not actually provide equivalent amenities. After due consideration, HUD makes the finding that the section 236 units cost more by some 20 percent. It is not, however, fully clear that the judgment is correct.

A third example shows how fragile the conclusions are. The study asks the question whether tenants in section 236 housing receive a dollar in benefit for the dollar it costs. This, everyone would acknowledge, is a difficult question to answer with mathematical precision. But the study does. Section 236 housing is determined to be inefficient, because according to the calculations performed, a tenant receives only an equivalent of $50 in benefits for every $100 spent out of the Federal Treasury.

What supports this conclusion? A series of estimates beginning with an estimate of the "true market rent" that a section 236 unit would command without a subsidy, and requiring, among many other steps taken, the determination of the consumer preferences of public housing residents, and the assumption that these preferences are identical to those held by residents of section 236 housing. This suggests the complexity of the analysis that has been undertaken to provide an evaluation of HUD housing programs.

Theory should clearly guide man's efforts. But not, however, until it has rigorously been put to the tests of logic and reality.

Several specific charges have been repeated over and over again by administration officials regarding the existing housing programs. The Congressional Research Service review of the HUD study discusses several of these, which I would briefly call to your attention.

The first of the oft-repeated charges is that our present housing programs adopt the wrong approach. They emphasize housing production.

This is wrong, it is alleged, because the problem we are trying to deal with is not a housing problem, but an income problem. The better approach, it is asserted, is to provide direct cash assistance to poor people, instead of directing our attention to building housing.

This analysis is simplistic, and its policy is seriously defective. The low-income housing problem of our country is not simply an income problem. It is, at this point in our history, a housing problem—a problem arising from an insuffi-

cient supply of decent housing. Direct Federal assistance for the production of housing is required to help solve that problem because as long as the supply is insufficient, the cost of decent housing will remain out of the reach of low-income groups. To say that a system of direct cash assistance will solve the housing problems of the poor while, at the same time, shutting off all Federal assistance for the production of housing, is to ignore the very real facts that there just is not enough decent housing in this country now to go around, even if every family were given enough money to buy it. Nor is it likely that a program of cash assistance would, in the absence of a production program assure an adequate supply—at the right places and times—for many years to come.

A system of direct cash assistance may also prove to be a useful tool in the housing field. In the Housing bill of 1970, the committee authorized the housing allowance experiment which has been undertaken by HUD. In this year's housing bill, a significant expansion of that program would be authorized. It is, consequently, the view of the committee that direct cash assistance should be examined as one of the means for solving housing problems. But the committee rejects the view that such a program should replace production programs at this time.

It should add that there is already a significant shift in the administration's position on the question of housing production. Increasingly, administration officials, are recognizing that production programs will be needed to meet housing needs in many areas of the country. Housing production programs are no longer in the doghouse. The issue is becoming what kind of production program. This gives rise to a second charge that continues to be repeated—the charge that the present interest subsidy programs are defective. Much has been made of this allegation in the light of repeated stories about excessive defaults and widespread scandals.

The facts, however, indicate that the interest subsidy programs are not actuarilly unsound, despite projected rates that sound high and that reflect fraudulent practices which led to widespread scandals.

A recent analysis indicates that the insurance funds for the section 235 program are actuarially sound at a default termination rate of 18 percent and is projected to remain so. The most recent actuarial data shows that default rates for later loans are lower than for earlier loans. This positive projection gains support from the fact that HUD has already made significant improvements in its underwriting procedures. Additional support would be anticipated from expansion of counseling activities such as would be required under the 1974 housing bill. Moreover, a stabilizing of economic conditions in the future in a number of areas in the Nation would also serve to reduce default levels significantly.

A recent examination of the section 235 defaults showed that more than 10 percent of all program defaults occurred in just two of the areas, Seattle and Dallas. Experience under section 236 also does not indicate that the program is actuarially unsound, although the data are not sufficient to make an adequate projection. Experience with other FHA multifamily programs suggests that even when troubled with default experience in early years, such programs have in the longer run become actuarially sound.

The charge of widespread scandals has on close examination been less attributable to subsidized housing programs in a few localities than to unsubsidized programs, that the number of indictments for criminal activities related to the high incidence of foreclosures in a few areas involved abuses of section 203 and section 221(d)12) nonsubsidized home financing, reflecting laxity in program management, rather than inherent weaknesses of any of the specific programs.

Another charge frequently raised concerns alleged inequities in the present housing programs. It is asserted, for example, that HUD housing programs serve only a small percentage of those eligible. This analysis, however, has several shortcomings. It assumes that all households of a particular income group have, by definition, a common housing problem. There are, however, many low income households, including many homeowners, who may not have a housing problem so much as a food or health problem, or an income or welfare problem. There are, moreover, a very large number of low-income families who receive their housing assistance through welfare rather than housing programs, but are uncounted as housing assistance recipients. Some groups, such as single persons of middle age, although of low income, have not been included as eligible recipients of housing assistance by legislative design, because of the limited housing assistance resources available. The Congressional Research Service analysis suggests, moreover, that a partial analysis of equity—in terms of housing programs alone—is misleading in the broader conception of equity, and that instead, the equity of Federal assistance programs should be considered in relation to benefits received under all major assistance programs, including medical, food, education, and other Federal aid rather than any single program such as housing since not all families within an income group have identical needs. The allegation that only a few are served and consequently benefit, also suffers from the neglect of indirect benefits. Housing programs have worked, for the most part, by aiding some persons directly, and helping all indirectly by increasing the total stock of decent housing available.

Several other equity questions are raised as arguments against the existing programs. It is sometimes asserted that equity requires that those in the lowest income groups should be served first. The sections 235 and 236 programs for example, are charged with not serving those most in need.

But this charge of inequity is misdirected. The Congress did not intend that these programs should serve the very poor. The statutory provisions clearly provide that income eligibility should be established at the lowest practicable levels consistent with the ability to make required payments for housing, taking into account the subsidy assistance made available under the law. While the Congress did not intend to automatically exclude the lowest income groups from homeownership and rental programs, it did not design the programs principally to serve such families. Accordingly, persons served by these programs generally have a higher average income than would persons served by public housing and rent supplemental programs. This congressional intent is ignored in the HUD calculation of the number of persons in need served by housing programs, since a $5,000 income was selected as the dividing line between the most needy who should be served and other income groups.

A number of additional inequity arguments are raised in the HUD analysis. The Congressional Research Service report suggests that the underlying assumptions and reasoning of such allegations of inequities, while not totally without merit, are dubious, and require considerable examination before acceptance.

It is, moreover, difficult to come to grips with the charge of "inequity" when no realistic alternative is presented. While it may be desirable to quadruple the Federal budget for housing, as is implied by the direct cash assistance program, no budget proposal has been seriously made to carry out such a program.

Another major charge against existing housing programs concerns their cost. It has been alleged that these programs will cost between $65 and $85 billion over the next 30 to 40 years. It should, however, be noted that these estimates cover all housing programs, including public housing which now shelters over 1 million of our lowest income families. It is estimated that public housing costs alone count for almost two-thirds of the total for all housing programs. Since most of the subsidy payments would be made in future years, their discounted value at the present time would total less than $40 billion, or $1 billion per year. At current budget levels, this would be about one-third of 1 percent of the current annual Federal budget, an amount that is not inconsistent with current priorities. Furthermore, the estimated public housing costs fail to take account of the offsetting value of a publicly owned stock of low-income housing after the capital debt on them has been paid off—which will come to pass in about 5 years for the oldest projects.

Mr. President, I ask unanimous consent that the following staff members of the Housing Subcommittee may have the privilege of the floor during the course of the debate on this measure: Howard Beasley, Carl Coan, Thomas A. Brooks, Jeremiah Buckley, Randall Higgins, Robert Malakoff, and Dorie Thomas. I presume that not all of them will be here at the same time.

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

Mr. TOWER. Mr. President, I yield myself such time as I may require.

Today we are going to consider one of the most important pieces of legislation that this Congress has considered since enactment of the 1968 Housing Act. The Housing and Community Development Act of 1974, if enacted, will affect this Nation's housing efforts for years to come. Additionally, it provides for a major revision in the existing community development programs.

Two years ago, this body passed a bill which was similar in scope and content. Unfortunately, that bill did not reach the House floor. It is hoped that the same fate does not await this proposal. The Banking, Housing and Urban Affairs Committee has labored long and hard on this bill, and there are many provisions of exceptional merit within its 357 pages. Most of these provisions are long overdue, and I am pleased that they are included. But, as I have stated, this is a large bill. I do not remember when, if ever, we have produced as big a bill as this. Unfortunately, the larger the bill, the more of a chance there is for conflict and contradiction. The larger the bill, the more of a chance there is for inclusion of obscure, but highly important provisions. For the most part, I would agree with the provisions contained in S. 3066. But, there are certain elements of this proposal to which I must take strong exception. I should very briefly like to touch upon these issues.

One of the provisions is contained in section 107 of S. 3066. This is the same provision that was offered to the FHA extension bill this past summer but was not adopted. It would provide that an owner of a house that was insured by FHA could obtain compensation from the FHA if it could be shown that a defect existed at the time of the FHA inspection, and that defect could have reasonably been discovered during such an inspection, but was not. I do think that if the FHA has been at fault, then something should be done to alleviate the harm that it caused. But, this provision goes much further. It changes the nature and role of the FHA as we have known it in the past. From now on, when FHA inspects an existing property, instead of inspecting it to simply determine its value in its current condition, for insurance purposes, it will now be in the business of warranting the condition of the property to the purchaser. I think that this should be a responsibility of the seller rather than the Federal Government. Additionally, this provision requires that FHA offer such compensation to owners whose mortgage was insured by them as far back as 1968. I think that this would be an almost impossible task to perform. Furthermore, HUD has estimated that the initial costs of this program could be as high as $300 million.

Another important provision contained in this bill is the continuation in a revised form of the old section 235 and section 236 programs, now known as the section 402 and section 502 programs. It cannot be denied that these programs have contributed to the production of the many units that are needed to house low- and moderate-income families in this country. As Senators are aware, a year ago January, HUD, placed a moratorium on these programs because they thought that there were many inequities in them, they were inefficient, and many would be subject to defaults in the near future.

Many have questioned the findings of the HUD study, and passed it off as the administration's attempt to scuttle the existing subsidy programs in favor of paving the way for its new direct cash assistance approach to produce housing. It was thought that the projected default rate was greatly over-exaggerated. In order to determine precisely what the current situation was in the HUD region that I am most concerned about, the Dallas region, I asked HUD to give me a status report on the section 236 program. As of December 31, 1973, the following information for section 236 units in region VI, which covers 5 States, was obtained. There are 49,350 units either produced or in progress. Of this amount, 1,494 units were foreclosed, 2,692 units were assigned to the Secretary, and 2,138 units were in default. This means that 8.5 percent of the units were either foreclosed or held by HUD. If you add the units that are in default the figure is increased to 12.8 percent. Now, I cannot tell you if this is the result of inflation, the nature of the program, FHA processing, or what. All I do know is that, with some modification, we are providing for a new program that contains the very same framework as the program we intend to replace. While the program has produced several successful projects in the past, I think that these figures show that it is not without many substantial problems.

Now what bothers me the most is that section 821 of the bill will require that all funds that are appropriated for each program contained in S. 3066 must be made available to be spent during each year. What this would do would be to mandate the spending of all funds authorized for section 502. If it could be shown that the section 502 program would provide housing for lower income families, and that HUD would not wind up owning the projects in a couple of years, and it could be shown that the program would operate as it is envisioned to operate, then I would approach section 821 with a different perspective. But no one has shown me that section 502 will be without the problems that have plagued section 236. Some have said that all that is needed is better quality processing by HUD. But, I do not think that this is the answer, as quality processing supposedly has been in existence since 1971 as a result of the many criminal indictments that occurred due to the FHA scandals at that time. And while it is true that this bill would provide operating subsidies for increases in costs of utilities, maintenance, and taxes after the initial year of operation, I question the wisdom of a program that could make a project eligible for operating subsidies a year after the rent-up occurs. It disturbs me, Mr. President, that section 821 would require us to spend millions of dollars on a program that could continue to make the HUD Secretary the largest property owner in the United States.

Additionally, S. 3066 provides for new and untried programs. Section 821 would require spending money on such programs, even if HUD determines after several months or years of operation that such programs were designed poorly and do not produce housing units in the manner for which they were originally created.

Another provision of S. 3066 that causes me some concern is chapter III which deals with community development. In allocating community development funds, no consideration is given to what a community might need. Rather, funding is based on what a community has received in the past. This simply rewards past grantsmanship. I am sure that most of these "hold harmless" communities would still need funds, but such a need would still be recognized and met under an allocation formula as originally proposed in the Better Communities Act. As I stated on this floor a few days ago, the present allocation, for example, would exclude from an entitlement funding 28 cities and counties in Texas and 51 cities and counties in California. The only way these communities could now receive funding is to make a mad scramble during the first year for a portion of the discretionary funds that might be available. I submit that if this occurs, we have not at all progressed in our efforts to modernize community development funding. What we will have, essentially, is the urban renewal process all over again. An application will be submitted and a Federal official will compare it with others to determine which one receives the funds.

Another issue that has caused me some concern is the requirement that the 10-percent local matching requirement be in the form of cash. I think that this could result in excessive paperwork and redtape. In section 308(a)(2) we allow a community to use 10 percent of the project funds completely as it sees fit. If we can presume for a moment that this 10 percent is the same 10 percent that is required to be contributed in cash, what, in effect, results? The 90-percent Federal contribution could be looked upon as really being a 100-percent grant. The 10-percent local share could be used in any manner the locality sees fit. So why should it be in cash? Why could it not be in the form in which the cash will eventually be spent? The result will be the same, but a lot of paperwork will be bypassed. Additionally, this does not reflect the different financial capabilities that exist among our cities. Some are bonded to their limit. Others are not.

I agree that some guidance should be given as to the purposes for which these funds can be used. But, I think that the bill contains provisions which unduly restrict our local officials as to how they use this money. They are in the best position to know what the local priorities are. But regardless of these needs and priorities, we are telling them in section 306 that they cannot use more than 20 percent of their funds for improving certain types of community public services. For cities that have had an extensive model cities program, for example, this could irreparably cripple their efforts. Regardless

of this fact, I question the wisdom of our looking over the local official's shoulder in determining how the funds should be spent. Additionally, section 308(b) contains more restrictions which I think will only serve to cause an increase in red-tape and processing problems and could distort a community's effort to solve some of its pressing problems.

Mr. President, as I stated earlier, the enormity of S. 3066 makes it very difficult to see precisely what some of these provisions might mean. For instance, instead of having the maximum FHA mortgage limit set in a statute, the bill proposes that the limit be set at not more than 100 percent of the prototype cost for a particular area. There are many difficulties in establishing a prototype cost, but some preliminary figures I have seen would result in setting the FHA mortgage limit at a level which is lower than that which currently exists in statute. I do not think that this was the intent of the committee, and I would hope that when HUD determines prototype costs due consideration will be given to this problem.

Another interesting factor that I have gleaned from this bill is the income limits that are used to determine eligibility for assisted housing programs. While we attempted to achieve uniformity in the definition of income as it relates to eligibility of a family for participation in assisted housing programs, we unfortunately have achieved everything but that.

The section 502 program would make a family eligible for assisted housing if their income did not exceed 80 percent of the median income for the area. In the section 402 program, the Secretary of HUD can establish a ceiling which could be higher or lower than the 80 percent of median figure. For regular public housing programs, income limits for occupancy are determined by the local housing authority, with the approval of HUD. But, as projects are required to have "very low-income" families, another income limit is needed. As used in the new section 8 public housing program, eligibility for assistance could vary depending upon whether or not the unit to be occupied is a new unit or an existing one.

As a result of this lack of uniformity the following situation could result. Let us take the political boundaries of the District of Columbia as a market area. The median income for a family of four in the District is $9,583. If we take 80 percent of this, a family could not make more than $7,666 to qualify for the section 502 program. But if we assume that a new two-bedroom apartment in the District of Columbia could have a fair market rental of $250, to qualify for the section 8(g) public housing program, a family could make up to $12,000. In other words, you could make $12,000 and qualify for public housing, which was originally designed for very low-income families, but you could not qualify for the FHA subsidized section 502 program. Is this what we really want? If it is, I submit that if anyone thinks that the FHA subsidized programs are in financial difficulty now, the situation will be greatly aggravated in the near future.

Mr. President, as I have previously stated, I strongly support some of the very important revisions and additions to our existing housing and community development laws which are contained in S. 3066. We are in a very sad state in this country, as little housing is being provided for lower- and moderate-income families. Additionally, some of the best talent that has been responsible for the local administration of the different community development programs is being lost to other forms of employment. Our local renewal agencies are being disbanded and the projects for which they had the responsibility of administering are at a standstill. While I disagree with some very basic issues in this bill, I think that the needs of this country demand that we act quickly on this legislation. Likewise, it is hoped that our colleagues in the House will be able to report a bill in the near future which deals with these same issues. We could then iron out any differences that might exist and get a bill enacted so we could get some of these programs in operation. This Nation can ill afford congressional apathy on such major issues.

Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time consumed be charged equally to both sides.

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

Mr. TOWER. 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. TOWER. Mr. President, I yield the Senator from Massachusetts (Mr. BROOKE) such time as he may require.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. BROOKE. Mr. President, it has been nearly 2 years since the Committee on Banking, Housing and Urban Affairs has brought a comprehensive housing and community development bill before the Senate. The omnibus housing bill which the Senate approved by a vote of 80 to 1 in March of 1972 died in the Rules Committee in the other body during the waning days of the 92d Congress. The bill which the Senate takes up today, if enacted, will be the first major revision of our housing and community development laws since 1968. Without question it is the most extensive piece of housing legislation ever considered by the Senate.

This bill was drafted under the shadow of an unprecedented, unwise, and in my opinion unlawful, moratorium on construction of federally subsidized housing. The timing of the moratorium corresponded with a severe contraction of mortgage credit, thus aggravating a severe housing situation. As the committee worked on this bill, it watched housing starts plummet to a 3-year low.

While the Office of Management and Budget froze housing subsidy funds, the Department of Housing and Urban Development proceeded to study what were our housing programs. The results of this study were presented to the Congress in September of last year. If one were to summarize the study in a word, it would be "inconclusive." A considerable amount of data was compiled at considerable expense, but HUD's finding that existing housing subsidy programs are defective, a result which many regard as preordained, is questioned by independent experts.

On the other hand, HUD's prescription for the future of our housing assistance programs was equally inconclusive. The Department recommended that we move toward a program of direct cash assistance to low-income families while testing the viability of such a program by an expanded "housing allowance" experiment. While the committee has given HUD the authority to proceed with this "housing allowance" experiment, it has not put total reliance on this as yet unproven concept.

The housing programs which the committee is presenting to the Senate for consideration reflect the committee's belief that there must be a continuity in our housing policy, particularly as it relates to housing for low-income families. The bill contains changes and improvements in existing programs, while it opens the way to the future through several innovative demonstration programs.

In section 8 of the revised act, the committee has modified the leased housing program, contained in section 23 of the present version of the U.S. Housing Act of 1937. In so doing, we have adopted many suggestions made by the Department of Housing and Urban Development, though we have changed HUD's proposal where necessary to make it workable. Our objective here has been to accommodate the Department's proposal as far as is possible. It is recognized that the success of our housing programs depends to a large degree on the commitment of those who administer them. In this same spirit, the committee has also provided $440 million in contract authority for the new leasing program. It is the intention of the committee that HUD use this spending authority along with the authority given for spending on the traditional public housing and interest subsidy programs.

The bill also contains an authorization of $500 million per year for operating subsidies for public housing. These funds may be used to meet the rising fuel and maintenance costs which are crippling many local housing authorities. Also, $30 million in contract authority is provided for modernization of existing public housing. Aside from the obvious and compelling humanitarian considerations, from a purely financial viewpoint, it is sound policy to make modernization money and operating subsidies available in order to preserve our huge investment in the existing stock of public housing, which has an estimated replacement value of $20 billion.

Improving the quality of life in public housing is one of my personal priorities. It is not a goal which will be easily or quickly achieved, but one which I believe is achievable. This year I have undertaken a series of investigating trips to meet with public housing officials and tenants in a number of cities and towns across the country. Let me assure my colleagues that those who manage public housing and those who live in it have the

will and the ability to make public housing work. From them we ask a renewed commitment, and in return we pledge to supply the tools necessary to do the job.

The committee's recommendations with regard to community development programs are designed to streamline what were 10 categorical grant programs into one comprehensive program. We have cut the redtape. At the same time we have sought to prevent the Community Development Assistance Act from becoming little more than an amendment to the general revenue sharing bill.

The committee recognizes that the funds supplied under this bill for the elimination of slums and blight are not enough to accomplish that objective in the near future. But if we are to begin to approach that goal, we must avoid the expenditures of community development funds to meet every social need, however pressing. Therefore, at my suggestion, the committee limited the amount of community development funds which may be spent on public service programs, such as health, education, and law enforcement programs, which should be funded through departments other than HUD. We have also refused to permit these funds to be used to finance costly citywide capital improvements such as libraries and city halls. This money, limited as it is, should be used to rehabilitate older, declining areas and to provide for the resources needed to assemble land and prepare the sites for new, viable neighborhoods.

Knowing that "hardware" alone will not build a viable community, the committee believes that local units of government should coordinate other Federal programs with their own resources to develop a community which is physically and socially complete.

The watchword of our day is "crisis." Mimicking, and at the same time suggesting, a headline, the speaker labels his subject a "crisis" and calls for emergency measures. This practice has been with us so long that the phrase "housing crisis" almost evokes a feeling of nostalgia.

Yet the fact remains that our 25-year-old goal of a decent home and suitable living environment for every American family is just that for eight million families—a goal, not a reality.

We can be proud that a majority of America's families are well housed. We have moved a long way down the road to achieving our national goal of a decent home for every family. Today we renew our commitment to persevere until all of our children, all of our elderly, all of our low-income families, urban and rural, have a decent place to live.

The bill which the Senate will consider is a most effective demonstration of our resolve to persevere until our goal is met. I commend the chairman for his leadership and assiduousness in seeing the bill through no less than 26 markup sessions. His dedication to the cause of improved living conditions for all our citizens has again been the prime moving force in getting a housing bill written. The ranking minority member, the Senator from Texas, and committee members also deserve credit for the spirit of cooperation which has produced a bill in the face of difficult circumstances. With the help of a capable and hard working staff we are able to bring a good bill to the floor.

Building on what we have achieved, changing where change is needed, we have renewed the promise that all Americans will live in decent housing. I urge my colleagues to give the bill favorable consideration.

Mr. President, I thank the Senator from Texas for yielding to me.

Mr. SPARKMAN. Mr. President, I yield 5 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. MONDALE. Mr. President, I will be calling up an amendment to the pending bill, S. 3066, dealing with income ceilings applied to section 402 and section 502 programs, which are commonly known as the sections 235 and 236 homeownership program and the rent assistance program now in effect. These amendments are cosponsored by Senators JAVITS and BROOKE.

First, however, I wish to commend the distinguished chairman of the Committee on Banking, Housing, and Urban Affairs and the chairman of the Subcommittee on Housing (Mr. SPARKMAN) for what I think is a splendid and realistic housing program as embodied in S. 3066.

The committee, under the chairman's leadership, has for many years led this country in its understanding of the needs for decent housing and in urging the country to fulfill its commitment, made years ago, that all Americans should be accorded the opportunity of living in decent housing, in a decent environment.

In recent years, that opportunity has become increasingly complicated as the administration has resorted to impounding, and then, on occasion, risking illegality, resisting existing law, and resisting the expenditure of appropriated funds to fulfill this fundamental need for decent housing in this country.

Today we do not have a recession; we have a housing depression. So it is even more essential that we pass this housing bill and that we make certain it is a sound bill, one which will achieve the objectives which I think the Nation overwhelmingly demands.

One of the key provisions is that found in sections 402 and 502, dealing with homeownership assistance and rental assistance. They are two of the main programs by which, since 1968, we have sought to produce the housing needed in this country for low- and moderate-income families, who cannot obtain such housing in the conventional market.

My amendment would strike the words "80 per centum" where they appear on lines 12 and 16 of page 58 and on lines 1 and 5 of page 76 of the bill. In place, there would be inserted the term "90 per centum." These two changes would be made to section 402 and 502 of the Revised National Housing Act set out in chapter 1 of the bill. In effect, the changes would set the maximum income limit, for eligibility under these two housing assistance programs, at 90 percent of the median income for a given area, instead of the bill's proposed 80 percent.

The original bill, as introduced by the distinguished Senator from Alabama (Mr. SPARKMAN) contained a 90-percent rather than an 80-percent ceiling. But in committee that ceiling was reduced to 80 percent, and I believe that thereby the effectiveness of the program has largely been eliminated, particularly as it affects housing in the central cities of the country.

Mr. President, I ask unanimous consent that an explanation of the operation of the 80-percent ceiling and a table which shows its effect in selected cities be printed at this point in my remarks.

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

MAXIMUM INCOME LIMITS FOR FHA 402 AND 502 HOUSING PROGRAMS

The attached table illustrates the inadequacy of the proposed maximum income limits for the 402 and 502 housing assistance programs contained in S. 3066. These are the programs designed to replace the present FHA 235 and 236 programs.

Under S. 3066 a family cannot qualify for occupancy in a single family home or apartment unit with assistance under Section 402 or 502 if its income exceeds 80% of the median for the housing market area in which it lives. There is a limited exception to this ceiling for the 502 rental program, but no exception for the 402 homeownership program.

To demonstrate the effect of this 80% ceiling, the attached table was prepared of 31 cities throughout the country. The table shows the relatively limited income range into which a family's income would have to fall in order to be assisted. In 13 of the 31 cities, a family would have to have an income in excess of the 80% ceiling in order to be able to afford a house without paying more than 20% of its income toward its monthly payment under the mortgage. In four other cities the range is less than $500, in seven others it is between $500 and $1,000. In only seven of the cities is there anywhere approaching a reasonable income range, with four of them having a spread between $1,000 and $2,000 and three with a spread of slightly over $2,000.

Unless there is a reasonable number of eligible families who can afford, with the available subsidy assistance, to purchase homes under the 402 program, it is highly unlikely that private builders will build homes for sale under the program. To induce a builder to risk his capital, he must have some reasonable assurance that there will be a broad enough market for his product. Such a market should include an income range of at least $1,000 to $1,500. This will not be achievable in many areas under the proposed 402 program with the income limits set at 80% at the median. In fact, as the table demonstrates, in more than ⅓ of the cities, there will be no market at all.

One of the problems with the present 235 program has been that the income ceiling, especially in higher cost parts of the country, has been too low to make available a broad enough market to induce builders to produce under the program. Additionally, the regular 235 limits have left a broad income gap between those eligible for assistance and those who can purchase a modest home without assistance.

The proposed 80% limit would only worsen the situation in many areas, as indicated by the fact that in nine of the 31 cities reviewed the new limit would be lower than the present 235 limit and in seven more cities the new limit would be no higher than

$300 over present limits. Nor would there be any provision as under the 235 program for exception limits. Under 235 at this time, 20% of the contract funds can be used to assist families whose incomes are not in excess of 90% of the income limits under the 221(d)(3) below-market interest rate program. This is equivalent to 90% of the median.

Most of the problems posed by the 80% of median income limit contained in S. 3066 would be eliminated if the limit was raised to 90% of the median. This was the ceiling agreed upon by the Senate in passing the Housing and Urban Development Act of 1972. It would provide a more feasible income range for most communities, thereby inducing private builders to develop housing under the 402 program.

It would also serve a definite need for assistance as is so vividly illustrated by Column H of the attached table. In this column there is set out for each city the income a family needs to afford a mortgage of 120% of prototype with 20% of income. In all cases this income is in excess of the median. While, of course, 90% of the median will not take care of the whole problem, it will expand those eligible and definitely in need of assistance to a broad enough base to make the program more workable and therefore more acceptable to the public at large.

The figures used in the table attached are based on various HUD data and represent the best available at this time. There may of course be variations when a close review is made of a given community, as far as costs and actual incomes are concerned. However, it is believed that the surveyed cities represent a cross-section of those cities for which information is available and that the patterns evident would be replicated in most other communities.

It is recognized that using the maximum permissible mortgage amount, 120% of prototype, can in some instances skew the results, because there is no question that in some communities housing can and should be produced at a lower cost than the maximum permissible. However, the cost data used is approximately one-half year old and therefore, does not represent the high inflation in housing costs that has occurred since the third quarter of 1973. It is therefore believed that these two factors help to cancel each other out.

While the data used relates only to the homeownership program under section 402, the patterns indicated should be equally applicable to the rental program under section 502. The problem of two narrow an income range has been just as serious under the 236 program as under the 235 program. It is just as important that rental projects assisted under 502 have a broad enough market as it is for homes built under 402. Cutting off basic eligibility under the 502 program at 80% of the median will result in many needy families being unable to obtain decent rental housing that they can afford.

EFFECT IN SELECTED CITIES OF USING INCOME LIMIT OF 80 PERCENT OF MEDIAN INCOME FOR INTEREST ASSISTANCE PROGRAMS UNDER THE 402 AND 502 PROGRAMS IN S. 3066

(A) Median income for 3- or 4-member family; (B) 90 percent of median income; (C) 80 percent of median income; (D) Regular income limits for 235 and 236 programs; (E) FHA prototype cost estimate for moderate-cost home; (F) 120 percent of prototype estimate; (G) Monthly carrying cost of mortgage at 120 percent of prototype (col. F); (H) Annual income needed to pay monthly carrying cost in col. G; (I) Maximum monthly carrying cost that can be borne by family with income at 80 percent of median limit proposed in S. 3066 (col. C); (J) Monthly carrying cost of mortgage at 120 percent of prototype (col. F) with full subsidy under sec. 402 of S. 3066; (K) Income range of families eligible to receive assistance under 402 program of S. 3066]

	A	B	C	D	E	F	G	H	I	J	K
Albany, N.Y.	10,700	9,630	8,560	9,180	22,046	26,455	263.67	15,820	142.67	138.96	8,338–8,560)
Atlanta, Ga	8,400	7,560	6,720	6,750	18,790	22,548	221.20	13,272	112.00	115.11	(6,907–6,720)
Baltimore, Md	9,300	8,370	7,440	7,425	22,806	27,367	270.81	16,249	124.00	141.86	(8,512–7,440
Birmingham, Ala	8,600	7,750	6,880	6,750	17,524	21,028	203.65	12,219	114.67	103.92	6,235–6,880
Boston, Mass	11,200	10,100	8,966	8,100	22,806	27,367	270.81	16,249	149.34	141.86	8,511–8,960
Buffalo, N.Y.	9,800	8,820	7,840	9,180	23,490	28,188	277.17	16,630	130.67	120.93	7,256–7,840
Camden, N.J.	10,600	9,540	8,480	7,020	18,245	21,894	209.20	12,552	141.33	106.18	6,371–8,480
Chicago, Ill	11,500	10,350	9,200	8,775	20,439	24,527	237.07	14,224	153.33	113.99	6,839–9,200)
Cincinnati, Ohio	10,600	9,540	8,480	8,100	23,240	27,888	274.78	16,487	141.33	143.47	(8,608–8,480
Dallas, Tex	8,700	7,830	6,960	7,965	16,496	19,795	186.45	11,187	116.00	93.33	5,600–6,960)
Denver, Colo	9,000	8,100	7,200	6,885	20,091	24,109	233.90	14,034	120.00	120.26	(7,216–7,200
Des Moines, Iowa	11,700	10,530	9,360	7,290	23,935	28,722	281.53	16,892	156.00	146.20	8,772–9,360
Detroit, Mich	11,400	10,260	9,120	7,425	22,806	27,367	270.81	16,249	152.00	141.86	8,512–9,120
Greensboro, N.C	7,200	6,480	5,760	7,830	19,190	23,028	225.17	13,510	96.00	116.72	(7,003–5,760)
Jacksonville, Fla	8,200	7,380	6,560	6,885	19,928	23,914	232.31	13,939	109.33	119.62	(7,177–6,560)
Los Angeles, Calif	10,800	9,720	8,640	8,235	22,806	27,367	270.81	16,249	144.00	141.86	8,512–8,640
Memphis, Tenn	8,600	7,740	6,880	6,750	17,367	20,840	200.48	12,029	114.67	102.40	6,144–6,880
Milwaukee, Wis	10,100	9,090	8,080	7,560	10,100	22,806	223.59	13,415	134.67	116.08	6,965–8,080
New Orleans, La	8,700	7,830	6,960	6,480	20,790	24,948	240.23	14,414	116.00	122.98	(7,379–6,960)
Philadelphia, Pa	10,600	9,540	8,480	6,415	22,806	27,367	270.81	16,249	141.33	141.86	(8,512–8,480)
Portland, Oreg	10,600	9,540	8,480	7,290	20,307	24,368	235.88	14,153	141.33	121.07	7,364–8,480
Providence, R.I	11,800	10,620	9,440	7,830	22,263	26,716	265.65	15,939	157.33	139.76	8,386–9,440
Sacramento, Calif	10,700	9,630	8,560	7,830	18,159	21,791	208.41	12,505	142.67	105.86	6,352–8,560
St. Louis, Mo	11,400	10,260	9,120	8,100	21,856	26,227	261.69	15,701	152.00	138.15	8,289–9,120
St. Paul, Minnesota	10,300	9,270	8,240	8,370	22,806	27,367	270,81	16,249	137.33	141.86	(8,512–8,240)
Salt Lake City, Utah	8,300	7,470	6,640	7,020	17,593	21,112	203.25	12,195	110.67	103.47	6,208–6,640
San Francisco, Calif	10,400	9,360	8,320	7,695	22,806	27,367	270.81	16,249	138.67	141.86	(8,512–8,320)
Seattle, Wash	10,300	9,270	8,240	7,695	20,618	24,742	238.45	14,307	137.33	125.21	7,513–8,240
Tulsa, Okla	7,600	6,840	6,080	6,480	17,596	21,115	203.58	12,215	101.33	104.09	(6,245–6,080)
Washington, D.C	12,200	10,980	9,760	7,830	25,575	30,690	308.42	18,505	162.67	163.90	(9,834–9,760)
Wilmington, Del	9,100	8,190	7,280	7,155	22,915	27,498	271.61	16,297	121.33	142.18	(8,531–7,280)

EXPLANATORY NOTES

(A) Derived from HUD Handbook 4500.3 Income Limits for Sec. 221(d)(3) Below-Market Interest Rate Housing (in most communities these limits are identical to the median).
(B) Same as present exception limits for 235 and 236 programs.
(C) Limit established for 402 and 502 programs in S. 3066.
(D) Derived from HUD Handbook 4500.2.
(E) FHA cost data as of Mar. 14 1972 increased by 8.6 percent to reflect average increase in construction cost per square foot for FHA 203(b) new 1-family houses from 1st quarter 1972 (15.36) to 3d quarter 1973 ($16.68).
(F) Maximum mortgage amount under sec. 402 and 502 of S. 3066.
(G) Based on 30-year mortgage at 8¼ percent (present FHA interest rate)—includes principal interest mortgage insurance premium and monthly payments to real estate tax and hazard insurance escrows (tax and insurance amounts provided by FHA Division of Research and Statistics and are the average tax and insurance payments based on FHA estimate of property value on new 1-family homes insured under sec. 203(b) in 1972).
(H) Based on using 20 percent of income.
(I) Based on using 20 percent of income.
(J) Based on using 20 percent of income.
(K) Left or lower figure represents the minimum income needed with full allowable subsidy to pay the monthly carrying cost on mortagge at 120 percent of prototype (col. J); right or higher figure represents the income limit under S. 3066 (col. C)—where figures are in parentheses ( ) left figure will be higher than right figure indicating that minimum income needed with full subsidy to carry mortgage with 20 percent of income exceeds the income limit for the city.

Mr. MONDALE. Mr. President, if I may set forth a few examples of what the 80-percent ceiling means. If it were to remain in its present form in the bill, in 13 of the 31 major cities measured by the above table a family would have to have an income in excess of the 80-percent ceiling in order to be able to afford a house without paying more than 20 percent of its income toward its monthly payment under the mortgage.

In other words, in 13 of the 31 cities, there would be no section 402 or section 502 housing at all. It would be economically impossible under the provisions of the bill.

In four other cities of those who would be eligible for housing would have incomes only $500 less than the ceiling. In seven others, it would be the narrow range between $500 and $1,000.

In other words, in about 24 of the 31 cities, for all practical purposes, the provisions of this bill would not apply at all. In only seven of the cities is there anywhere approaching a reasonable income range, with four of them having a spread of between $1,000 and $2,000, and three with a spread of slightly over $2,000. To induce a builder to risk his capital, he must have some reasonable assurance that there will be a broad enough market for his products. Such a market, according to the experts, must include an income range of at least $1,000 to $1,500. That will not be achievable in many areas under the proposed 402 program limits.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MONDALE. Mr. President, may I have 5 more minutes, please?

Mr. SPARKMAN. I yield the Senator 5 additional minutes.

Mr. MONDALE. In fact, the table demonstrates that in 13 of the cities there will be no market at all. The proposed limit would only worsen the situation in many areas, as indicated by the fact that in 9 of the 31 cities reviewed, the present limit would be lower than the 235 limits. In other words, we would be taking a backward step from even the limits es-

tablished under the 1968 act, and in seven other cities the new limit would be no higher than $300 over the present limits.

So most of the median income limits contained in S. 3066 would be eliminated if the limit were raised to 90 percent of the median. Let me point out how this 80 percent ceiling now in the bill would work to destroy the probability of new housing in our country.

To pick an example, Birmingham, Ala., one of the cities in the State of the distinguished floor manager, the 80-percent ceiling would mean that for economic reasons a family would have to make at least $6,235 per year to make it economically possible for them to buy housing under the most generous assistance made available under the bill. But under this ceiling, they could be making, under the law, no more than $6,800 in order to be eligible, so there would be a range of about $500. My amendment would raise the ceiling to $7,750, which, according to many economists, is the minimum range necessary if you are going to have a housing market sufficient to induce any production of housing under the provisions of this bill.

There are many other examples that one could give. In my home State of Minnesota, in St. Paul, Minn., the minimum needed for economic reasons would be $8,512. The ceiling would limit you to $8,240, so there would be utterly no market.

So, in effect, what the 80-percent ceiling means is that there will be new housing under these essential programs in the city of St. Paul. This would also be true in San Francisco, Tulsa, Okla., Washington, D.C., Wilmington, Del., Atlanta, Ga., Baltimore, Md., Cincinnati, Ohio, and Denver, Colo., Greensboro, N.C., Jacksonville, Fla., New Orleans, Philadelphia; these cities would be, in effect, repealed out of the bill.

The PRESIDING OFFICER. The Senator's additional 5 minutes have expired.

Mr. SPARKMAN. I yield the Senator 5 minutes more.

Mr. MONDALE. I cannot believe that, as we act on a housing measure to deal with the problems of low- and moderate-income housing, we can deliberately set forth a ceiling which prohibits, for all practical purposes, the extension of this program to millions and millions of people living in the central cities of our country, North, South, East, and West; and for that reason I am hopeful that this amendment will be adopted.

Mr. President, I send my amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 58, lines 12 and 16, strike "80 per centum" and insert in lieu thereof "90 per centum".

On page 76, lines 1 and 5, strike "80 per centum" and insert in lieu thereof "90 per centum".

The PRESIDING OFFICER. Who yields time?

Mr. SPARKMAN. Mr. President, I yield myself 5 minutes.

I should like to call to the attention of the Senator from Minnesota that I do not believe we need the amendment that he proposes on page 76. That is already taken care of in another requirement of the bill. I have not discussed this with the Senator from Texas, but I would suggest, for my part, that the Senator withdraw that part of the amendment, and limit his request to the one on page 58, which, for my part, I would be glad to accept.

Mr. MONDALE. I would be glad to do that, if I may pose an inquiry.

Mr. SPARKMAN. Yes.

Mr. MONDALE. As I read the language on page 76, it appears that the same 80-percent ceiling applies there as in the earlier pages.

Mr. SPARKMAN. Has the Senator referred to subsection (4) on page 70?

Mr. MONDALE. I am referring to the language on page 76.

Mr. SPARKMAN. No, but I want the Senator to refer to the language on page 70.

Mr. MONDALE. All right.

Mr. SPARKMAN. In subsection (4).

Mr. MONDALE. To what lines does the Senator refer?

Mr. SPARKMAN. Commencing with line 9.

Mr. MONDALE. As I understand that language, it would permit 20 percent of the tenants to exceed the ceiling.

Mr. SPARKMAN. That is correct. In other words, we have provided leeway there, which I think is the same thing, but just arrived at in just a little different way.

Mr. MONDALE. If the distinguished floor manager is satisfied that that deals with the ceiling, for all practical purposes, for the rental program, I am willing to accept his judgment.

Mr. SPARKMAN. That is my interpretation. In other words, it arrives at the same end that the Senator proposes, but by a little different route.

Mr. MONDALE. All right. I modify my amendment to delete that reference to the 502 program, so that it refers solely to the 402 program.

Mr. SPARKMAN. Correct. In other words, the part on page 76 the Senator would strike?

Mr. MONDALE. Correct. I modify my amendment accordingly.

The PRESIDING OFFICER. The amendment will be so modified.

Mr. MONDALE's amendment, as modified, is as follows:

On page 58, lines 12 and 16: strike "80 per centum" and insert in lieu thereof "90 per centum".

Mr. TOWER. Mr. President, I am in agreement with the Senator from Minnesota, and, in behalf of the minority, am perfectly willing to accept the amendment as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota, as modified.

The amendment, as modified, was agreed to.

Mr. MONDALE. Mr. President, I have discussed another amendment with the distinguished floor manager for creating a standby Home Owners Loan Corporation. The evidence shows that we may well be running into a period when we will have a great number of home foreclosures in this country. The record from the 1930's will show that the Home Owners Loan Corporation helped enormously in saving millions of Americans from losing their homes.

I would not propose that it be established and be put into operation at this point, but my amendment does call for standby authority to do so should the mortgage foreclosure rate reach a percentage which requires the implementation of a corporation along the lines of that which saved so many homes from foreclosure during the 1930's.

Mr. President, I do not think anything strikes harder than the loss of one's home, particularly when it is for reasons beyond the control of homeowners to maintain mortgage payments. For literally thousands of Americans, that heartbreak may be a reality in the next several months. As inflation continues to rise unemployment continues to increase, and the energy crisis takes its toll in both prices and jobs, many Americans may find it increasingly difficult, and eventually impossible, to meet home mortgage payments. For these unfortunate citizens, a major investment—quite possibly the largest investment of their lifetime—will vanish, and their shelter will be suddenly gone.

So that the Federal Government, in anticipation of this possibility, may be ready to cope with this tragedy and aid those families faced with mortgage foreclosure, I am today introducing standby legislation which would reactivate the Home Owners' Loan Corporation. The legislation is designed to become operative only when the foreclosure situation reaches crisis proportions and provides real help to those American families faced with the loss of their homes.

THE ORIGINAL HOME OWNERS' LOAN CORPORATION

During 1932 and 1933, this Nation experienced a period of high unemployment. At the same time, the public exhibited a serious lack of confidence in existing property values. As a result of these two forces, the annual rate of real property foreclosures climbed to nearly 250,000. Most of the foreclosed properties were owner-occupied homes. And, surely, the foreclosures resulted from the inability of families, with the head of the household unemployed, to meet mortgage payments.

The foreclosures obviously exacerbated the economic hardships of the effected families. In addition, they had a domino effect by collapsing real estate values and making lenders reluctant to finance new housing. The resultant inactivity in the construction industry further contributed to the depression of the entire economy.

Against this background, Congress enacted the Home Owners Loan Act of 1933. It directed the members of the Federal Home Loan Bank Board to establish the Home Owners' Loan Corporation and to serve as the Board of Directors of the HOLC. The HOLC represented an attempt to counteract mortgage foreclosures by allowing the HOLC to purchase mortgages from private lending institu-

tions and to refinance the mortgages of homeowners faced with foreclosure because of temporary financial hardship.

The HOLC was authorized to issue stock of up to $200 million and up to $2 billion in bonds. The bonds had the full faith and credit of the United States behind them, were tax-exempt, and were to bear interest at a rate of 4 percent or less.

The HOLC was authorized to exchange its bonds for home mortgages and other liens—such as tax liens—secured by real estate. A $14,000 limitation—or 80 percent of the value of the property—was placed on the mortgage or lien to be refinanced. The HOLC could rewrite the mortgage loan balance to be amortized over a 15-year period and could grant such extensions of time for payment as might prove necessary. The maximum interest rate on the refinanced mortgage would be 5 percent, which was significantly lower than the prevailing rate. The HOLC could also make cash loans to homeowners with debt-free homes who were faced with financial difficulties and possible loss of the home. Such loans could not exceed 50 percent of the appraised value of the property and bore an interest rate of 6 percent or less.

The Home Owners' Loan Corporation was established in June of 1933 and eventually liquidated in March of 1951. It made, or acquired and refinanced, about 1,016,000 mortgage loans; most during the first 3 years of its existence. The original aggregate amount of these loans totalled $3,039 million. Only about 19 percent of the original loans ended in foreclosure. In the process of its operations, the HOLC helped about 800,000 homeowners save their homes. It also helped innumerable lending institutions from whom it acquired mortgages. By stemming the tide of foreclosures, it was also influential in stabilizing property values and in restoring the necessary confidence which led to an upturn in residential construction.

THE NEED FOR THE HOLC TODAY

During the fourth quarter of 1973, the economy grew at a rate of only 1.3 percent. The unemployment rate is over 5 percent, and leading economists are predicting a rise in unemployment to 7 percent. The energy crisis is estimated to have displaced more than 200,000 workers already, and more energy-crisis unemployment can be anticipated as the automobile manufacturing industry, the plastics industry, and the construction industry feel the effects of the energy shortage.

Against the backdrop of high unemployment, we find a situation where, for millions of American homeowning families, mortgage payments are high in relation to income and savings. This predicament is particularly acute for young workers who acquired their homes in recent years at high prices with mortgage interest rates high. Unemployment rates among this group will be even higher than the national average, and their savings are frequently too small to permit them to meet mortgage payments over any extended period of unemployment.

The PRESIDING OFFICER (Mr. HASKELL). The time of the Senator from Minnesota has expired.

Mr. SPARKMAN. Mr. President, does this mean that the time allotted to the Senator from Minnesota as the author of the amendment has expired—his total time?

The PRESIDING OFFICER. There is no amendment pending at the moment. The Senator is using time on the bill.

Mr. SPARKMAN. I understood from the agreement yesterday afternoon that each amendment would have 30 minutes, except the Javits amendments. This means 15 minutes for the Senator from Minnesota. Has that 15 minutes expired?

The PRESIDING OFFICER. That is correct. But no amendment has been offered.

Mr. MONDALE. Mr. President, I send an amendment to the desk and ask unanimous consent that its reading be dispensed with; and, further, I ask unanimous consent that the charge of the time I have used be charged to this amendment.

The PRESIDING OFFICER. Without objection, reading of the amendment will be dispensed with, and the amendment will be printed in the RECORD; and, without objection, the time used by the Senator from Minnesota will be charged against this amendment.

The text of the amendment is as follows:

On page 357, line 11, insert the following:

CHAPTER IX—HOME OWNERS' LOAN ACT

SEC. 1. The provisions of this chapter may be cited as the "Home Owners' Loan Act of 1974."

DEFINITIONS

SEC. 2. As used in this Act—

(1) The term "Corporation" means the Home Owners' Loan Corporation created under section 3 of this Act.

(2) The term "home mortgage" means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years upon which there is located a dwelling for not more than four families, which is, or was for at least one month during the preceding year, used by the owner as a principal residence, and which has a value not exceeding $40,000.

(3) The term "first mortgage" includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

ESTABLISHMENT AND CAPITALIZATION OF HOME OWNERS' LOAN CORPORATION

SEC. 3. (a) There is established a corporation to be known as the Home Owner's Loan Corporation, which shall be an instrumentality of the United States, which shall have authority to sue and to be sued in any court of competent jurisdiction, Federal or State, and which shall be under such bylaws, rules, and regulations as it may prescribe for the accomplishment of the purposes and intent of this section. The board of directors of the Corporation (hereinafter referred to as the "board") shall consist of the members of the Federal Home Loan Bank Board, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Administrator of Veterans' Affairs, all of whom shall serve as such directors without additional compensation.

(b) The board shall determine the minimum amount of capital stock of the Corporation and is authorized to increase such capital stock from time to time in such amounts as may be necessary, but not to exceed in the aggregate $1,000,000,000. Such stock shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the board and shall be made at such time or times as the Secretary of the Treasury deems advisable, and for the purpose of making such payments, the Secretary is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under the Second Liberty Bond Act are extended to include such payments. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. The Secretary of the Treasury may sell, upon such terms and conditions and at such price or prices as he shall determine, any of the stock acquired by him under this subsection. All purchases and sales by the Secretary of the Treasury of such stock under this subsection shall be treated as public debt transactions of the United States.

(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $10,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be issued in such denominations as the board shall prescribe, shall mature within a period of not more than 18 years from the date of their issue, shall bear interest at a rate not to exceed a rate determined by the Secretary of the Treasury taking into account the average yield on outstanding marketable obligations of the United States as of the close of the preceding month, and shall be fully and unconditionally guaranteed as to interest only by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay to the Corporation the amount of such interest, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and the Corporation shall pay the amount of such interest to the holders of the bonds. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the Corporation and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed.

FUNCTIONS

SEC. 4. (a) The Corporation is authorized, for a period of three years after the date of enactment of this Act, but only during any calendar quarter in which the Federal Home Loan Bank Board determines that the foreclosure rate (stated as an annual percentage

rate of all mortgaged structures) exceeds one-half of one per centum, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract) recorded or filed in the proper office or executed prior to the date of the enactment of this Act, and (2) in connection with any such exchange, to make advances in cash to pay the taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts not exceeding $50, to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien, except that the aggregate of such advances and payments shall be reduced by an amount determined by the board to be equal to the amount of costs which would have been incurred in foreclosure proceedings in connection with the mortgage, lien, or other obligation. The face value of the bonds so exchanged plus accrued interest thereon and the cash so advanced shall not exceed in any case $40,000. In any case in which the amount of the face value of the bonds exchanged plus accrued interest thereon and the cash advanced is less than the amount the home owner owes with respect to the home mortgage or other obligation or lien so acquired by the Corporation, the Corporation shall credit the difference between such amounts to the home owner and shall reduce the amount owed by the home owner to the Corporation to that extent. Each home mortgage or other obligation or lien so acquired shall be carried as a first lien or refinanced as a home mortgage by the Corporation on the basis of the price paid therefor by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period of not to exceed 30 years; but the amortization payments of any home owner may be made quarterly, semiannually, or annually, if in the judgment of the Corporation the situation of the home owner requires it. Interest on the unpaid balance of the obligation of the home owner to the Corporation shall be at a rate not exceeding 6 per centum per annum. The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension, and no payment of any installment of principal shall be required during the period of three years from the date this Act takes effect if the home owner shall not be in default with respect to any other condition or covenant of his mortgage. As used in this subsection, the term "real estate" includes only real estate held in fee simple or on a leasehold under a lease renewable for not less than 99 years, upon which there is located a dwelling for not more than four families used by the owner of a home or held by him as a homestead and having a value not exceeding $40,000. No discrimination shall be made under this Act against any home mortgage by reason of the fact that the real estate securing such mortgage is located in a municipality, county, or taxing district which is in default upon any of its obligations.

(b) The Corporation is further authorized, during any quarter referred to in subsection (a) in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (a) of this section does not accept the bonds of the Corporation in exchange as provided in such purchase, or repurchase agreement, or loan finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 50 per centum of the value of the property for the purposes specified in such subsection (a). Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at a rate of interest which shall be uniform throughout the United States, but which in no event shall exceed a rate of 6 per centum per annum, and shall be subject to the same provisions with respect to amortization and extensions as are applicable in cases of obligations refinanced under subsection (a) of this section.

(c) The Corporation is further authorized, during any quarter referred to in subsection (a), to exchange bonds and to advance cash, subject to the limitations provided in subsection (a) of this section, to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee within two years prior to such exchange or advance.

(d) The board shall issue such rules and regulations as may be necessary, including rules and regulations providing for the appraisal of the property on which loans are made under this section so as to accomplish the purposes of this Act.

(e) Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds which shall be accepted for such purpose at face value.

ADMINISTRATIVE PROVISIONS

SEC. 5. (a) The Corporation shall have power to appoint and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this Act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of the members of the Federal Home Loan Bank Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this Act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds.

(b) The board is authorized to make such bylaws, and issue such rules and regulations, not inconsistent with the provisions of this section, as may be necessary for the proper conduct of the affairs of the Corporation. The board is further authorized and directed to retire and cancel the bonds and stocks of the Corporation as rapidly as the resources of the Corporation will permit. Upon the retirement of such stock, the reasonable value thereof as determined by the board shall be paid into the Treasury of the United States and the receipts issued therefor shall be canceled. The board shall proceed to liquidate the Corporation when its purposes have been accomplished, and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the board it is proper for the Corporation to pay.

PENALTIES

SEC. 6. Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Home Owners' Loan Corporation or the board subsection and in which the Corporation upon any application, advance, discount, under this Act, or any extension thereof by renewal deferment, or action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than two years, or both.

FHA AUTHORITY

SEC. 7. During any period when the Corporation is carrying out its function pursuant to section 4, the Secretary of Housing and Urban Development may not make cash expenditures in connection with default proceedings under any provision of the National Housing Act, except as provided in the second sentence of section 207 (j) of such Act.

AUTHORIZATION

SEC. 8. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. MONDALE. Mr. President, this amendment is cosponsored by Senators HART, HUMPHREY, and JOHNSTON.

There are also millions of elderly American homeowners who, although their homes may be debt-free, will find it extremely difficult to meet the cost of property taxes during a period of inflationary living costs. Their fixed incomes will simply be squeezed too far. Many will lose their homes to tax liens.

For millions of homeowners of all ages, the equity invested in their homes represent their greatest asset. Furthermore, almost all would have to pay more for housing in today's inflated market, if they were forced to live elsewhere. When the cruel arm of unemployment reaches into their homes, literally millions of Americans will find their shelter seriously threatened. They will have nowhere to turn, and nowhere to hide. Although many mortgages are insured, they are insured to protect the lender-mortgagee against loss, not usually the homeowner-mortgagor. Our present guarantees run to the protection of the lenders and not to the person who has borrowed to buy his own home.

There are between 30 and 35 million owner-occupied, one-to-four family homes in this country. More than 20 million of these homes are subject to outstanding mortgages. According to a quarterly index published by the Federal Home Loan Bank Board, the mortgage foreclosure rate on all properties for the first three-quarters of 1973 was about four-tenths of 1 percent. But, the mortgage delinquency rate on one-to-four family properties—the most accurate measure of potential mortgage foreclosures on this class of properties—was 4.26 percent at the close of the third quarter of 1973.

Just yesterday it was announced that the rate for the fourth quarter of 1973 was 4.7 percent, the highest in 20 years. What I am saying is that I think we are heading into a recession. The figures now presented show that economic conditions, unless something happens, will force thousands, perhaps millions, of Americans out of their homes due to mortgage foreclosures, not because of their own fault but because of unemployment, because of inflation, and because of the reduced workweek. Surely, in a country like ours, we do not intend to stand by while millions of decent Americans are put in this kind of cruel posture.

In addition, seriously delinquent loans—those with two or more payments past due—rose to a record high of 1.26 percent at the end of the third quarter. We are already seeing a trend—an ominous trend toward mortgage foreclosure on a widespread basis for one-to-four family dwellings.

When the mortgage foreclosure rate on all properties reaches a level of five-tenths of 1 percent, it is estimated that the rate of foreclosures on one-to-four family properties would be approximately 100,000 per year—surely a critical situation. When and if such a situation occurs—and we have every reason to believe that it might—we should be prepared to help those families who face the possibility of a loss of their home.

A NEW HOLC

Mr. President, I am today introducing legislation designed to help these homeowners who face the possibility of the loss of their homes during a serious economic downturn. The bill establishes a new Home Owners' Loan Corporation; to come into being when and if the Federal Home Loan Bank Board Index reaches the critical five-tenths of 1 percent level. The Board of Directors of the Corporation will be the members of the Federal Home Loan Bank Board, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Administrator of Veterans' Affairs. The Corporation will be empowered to issue stock and bonds at levels sufficient to serve its needs.

The Corporation will be empowered to acquire, in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate. It is limited to one-to-four family properties of a value of $40,000 or less. The Corporation may refinance the mortgage over a 30-year period at an interest rate not to exceed 6 percent. In addition, the Corporation may make cash advances, up to 50 percent of the property value, to homeowners whose obligations cannot be secured by the Corporation. Finally, the Corporation will be able to help homeowners redeem homes already lost to foreclosure.

It is important to note that the HOLC will not become operative—and will cost nothing—until we are faced with a national foreclosure crisis. When and if that crisis comes, we will be ready with a mechanism for helping thousands of American families from losing their homes.

There is nothing new in this in terms of the operation of our previous experience with the Home Owners Loan Corporation. It is patterned precisely on that experience. It will cost nothing unless we hit this catastrophic level of home foreclosure.

It is important to note that the HOLC will not become operative and will cost nothing until we are faced with a national foreclosure crisis.

When and if that comes, we will be ready with a mechanism for helping thousands of American families not to lose their homes.

We may well be near the point at which we will have these widespread catastrophic foreclosures occurring in this country. There is not now an effective mechanism in place which will protect Americans should this occur. This is the appropriate point, it seems to me, to take the steps necessary to head off what would be an outrageous, cruel, and inexcusable position in which millions of Americans, through no fault of their own, working Americans, trying to take care of their families, trying to take care of their mortgages, will lose their homes because of inflation, a reduced work week and unemployment, as well as older Americans who, because of the bite of inflation, may find themselves unable to hold onto their homes.

The latest figures, as I have said, show that the delinquency rate is rising. In the fourth quarter of 1973, it was 4.7 percent, the highest in 20 years, and the economists predict an upward trend.

I think the time to act is now, and we are acting not with a new program that would require extensive hearings. We are simply restoring an old program which has been the product of years of experience, which proved itself to work successfully when it was needed, the last time we had these conditions, and saved more than 800,000 homes from mortgage foreclosure.

This is one occasion when Congress could get ahead of a problem and be ready with a mechanism and a law to protect Americans from something that should never happen to any of them in this country. I am hopeful that the committee will accept the amendment.

Mr. TOWER. Mr. President, I do not necessarily disagree with the Senator from Minnesota on the merits of his proposal. As a matter of fact, I am inclined to think that it probably has a very great deal of merit. But the fact is that it has not been discussed and was not considered either during the hearings or the markup on this bill, if I am correct. We have had no opportunity to hold hearings on it or to really discuss it. Therefore, we do not have any real idea at the moment what effect it might have on existing financial institutions and the total availability of mortgage funds.

Therefore, I suggest to the Senator from Minnesota that it be introduced as independent legislation, with the understanding that it is something we would have a look at in committee.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. BROOKE. I certainly agree with the distinguished Senator from Minnesota as to the concept, and I would be pleased to cosponsor the Senator's amendment, but I do think it should be subjected to hearings. I believe it would be in the best interest of the amendment if we could have a hearing on it and if we could have an agreement from the Senator from Alabama (Mr. SPARKMAN) and the Senator from Texas (Mr. TOWER) that we will have hearings on this matter.

Mr. MONDALE. Mr. President, I ask unanimous consent that the name of the Senator from Massachusetts be added as a cosponsor of the amendment.

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

Mr. MONDALE. I recognize that, generally speaking, when one comes up with a new program, it should be sent through the hearing cycle. But there are two or three arguments for action now.

First, the figures show that there is a startling rise in home mortgage foreclosure. I believe we all agree that few things are less excusable than to tell a working person, who is working hard, trying to hold a job, trying to keep his family together, paying his taxes, that through no fault of his own, he may have lost his job and cannot keep up the mortgage payments, or because of the bite of this fantastic inflation, the worst since World War II—conditions which are no fault of his or hers—he must lose his home. There is nothing that can happen that is more cruel, more humiliating, more destructive of the family, more inexcusable in a civilized society, than to tell working people: "We're very sorry. We know it is not your fault. We know you have tried. But, out of your house. We have a program to protect the lenders. They are not going to lose anything because, after all, lenders are important. You just happen to be in the wrong spot. You're just a worker, and we don't have any guarantee program for you." I do not want to be in a position to see that happen.

Second, this is not a new idea; it is an old idea. We have had 20 years of experience with this. It has had about as much administrative and legal experience as any measure we coud possibly suggest. It is an old idea. I do not think we need any more hearings.

Third, the housing bill is here now, and if we go back to a hearing cycle, it could well be months before we pass this measure, and then we would have to pass it on its own. When we know the deeply felt feeling of this administration for people of that kind, we cannot be sure that the President is going to sign it; so I would like to put it on something the President might sign, and I would like to do it in time to do something about the problem.

Therefore, much as I appreciate the feelings of my colleagues, I believe that this matter should be included in this bill, so that for once we can be ahead of a problem.

If it were something new or something with which we were not familiar I would want to hold hearings, but on something as old, as tested, and as necessary as this, particularly in light of these dramatically rising mortgage foreclosure rates, we should move now.

Mr. President, I hope the committee will accept the amendment.

Mr. SPARKMAN. Mr. President, I yield myself such time as I may need.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SPARKMAN. I agree with the view that has been expressed by the Senator from Texas. The term "HOLC" brings back memories of the tremendous job that was done back in the days of the deep depression. But that was a tremendous undertaking and if the need develops, as the Senator from Minnesota pictures it being a possibility, it would require a large amount of money and a well established corporation.

I just cannot agree with our setting up a corporation here on the floor of the Senate without any committee consideration, a corporation of the wide responsibility that this corporation would have.

I certainly hope that the Senator from Minnesota will accept the suggestion made by the Senator from Texas; that he will introduce the proposal as a bill and let us have hearings on it. We will have hearings on it if the Senator follows that course. But I believe the matter calls for more consideration than here on the floor of the Senate.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MONDALE. What conceivable legislative vehicle would there be beyond the underlying housing bill that could offer any hope for reasonably prompt action on the part of Congress? That is what bothers me as I study this proposal and look at the current statistics which show the immediate prospect for the loss of well over 100,000 homes per year and the immediacy of this problem and the sharply rising foreclosure rates. One looks at the economy and realizes we are already in a recession. I am fearful we will go into the hearing cycle and maybe in several months have a bill. Then the bill perhaps will pass the Senate, and we will start over again in the House, there will be hearings, or perhaps more delay experienced before we have a chance to deal with the problem. In the meantime, people ask why we did not act.

I would hope that in light of the fact that this is not a new program—it is an old program—it was around for a long time, I think we have had 20 years experience and the details of it are well known—that we might accept it now.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. MONDALE. I am glad to yield to the Senator from Massachusetts.

Mr. BROOKE. Mr. President, I do not wish to debate this matter with my distinguished colleague. I agree with him that it is a good amendment. He asks the question, What would we tie it onto or what vehicle would be used? I mention the emergency mortgage credit bill on which I think we are going to have hearings on around March 19. I think this provision could be tagged on at that time, and we would have an opportunity to see what the impact would be.

Would the Senator from Minnesota be willing to accept—I am sure he will accept the chairman's word that there will be hearings; I am trying to suggest to him the hearings could be as early as the 19th of March.

Mr. MONDALE. Mr. President, I am anxious to accommodate the committee as well as try to move toward the solution of these problems. I am torn between that and what I think is the immediacy of a despicable problem. We are now looking in the face of an explosive problem where thousands are losing their homes through no fault of their own, and we would impose the reinstitution of an old, experienced organization; I am torn between that and the Senator's argument.

Does the floor manager think there might be a chance of holding hearings before March 18 and 19?

Mr. SPARKMAN. I cannot give a date. The Senator formerly served on the committee and he knows that it is a very busy committee. We do have matters scheduled but I am certain we could find ample time for adequate hearings in the reasonable near future.

The PRESIDING OFFICER. All time of the Senator from Minnesota has expired. The Senator from Alabama has 9 minutes remaining.

Mr. SPARKMAN. As I understand it, the Senator from New Hampshire is going to hold hearings on March 19 on somewhat similar matters. I assume it could be tied in with those hearings. I do not know.

Mr. MONDALE. Would that be a possibility?

Mr. BROOKE. That is the Emergency Mortgage Credit Act, on which Senator McIntyre's committee will be holding hearings.

Mr. MONDALE. Has the administration taken a position on that?

Mr. SPARKMAN. The dates, I understand, are the 19th, 20th, and 21st of March.

Mr. BROOKE. That is right, 3 days.

Mr. MONDALE. Mr. President, will the Senator from Massachusetts yield?

Mr. SPARKMAN. I will yield to the Senator from Minnesota.

Mr. MONDALE. Has the administration taken a position on the Emergency Housing Act to which the Senator has referred and on which the hearings will be held?

Mr. BROOKE. To my knowledge the administration has not taken a position.

Mr. MONDALE. Mr. President, I regretfully think I would like to bring this matter to a vote because I can see this going on a year or more. Let us get it over with.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. MONDALE. I observe the absence of a quorum.

The PRESIDING OFFICER. Until the Senator from Alabama yields back his time, a quorum call is not in order.

The Senator from Alabama has 7 minutes remaining.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there may be a quorum call with no time charged.

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

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. TOWER. 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. MONDALE. Mr. President, may I have 2 minutes?

Mr. SPARKMAN. Mr. President, I yield 2 minutes to the Senator from Minnesota.

Mr. MONDALE. Mr. President, I have discussed this matter with the distinguished floor manager and the Senator representing the minority and the distinguished Senator from Massachusetts (Mr. Brooke). I am advised that there is a good chance to have hearings on this measure as part of the Emergency Mortgage Credit Act sponsored by the Senator from New Hampshire (Mr. McIntyre), and in that hope, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

CAMPAIGN REFORM—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. Haskell) laid before the Senate a message from the President of the United States, which was ordered to lie on the table and to be printed. The message is as follows:

To the Congress of the United States:

I. INTRODUCTION

The American people wield a mighty instrument of free choice as they enter the voting booth. Indispensable to the health and integrity of that process is the accountability of candidates for public office.

Campaign abuses recently publicized and of years gone by, samplings of congressional and public opinion, expert observation, the experiences of all of us in elective office—all proclaim that the electoral process needs reform and that the accountability of candidates must be more uniformly enforced. I commend the Congress for its own recognition of this need as evidenced by recent Senate passage of two important reform measures, by the introduction of scores of reform bills, and by detailed analyses of this entire area by many Members of Congress in both Houses.

The Executive and the Congress have, therefore, a common goal: reform that works, reform that deals with the very real concerns we have in a way which improves the electoral system instead of simply coating it with the appearance of change.

I feel strongly that the reform we seek must be realistic. For example, I continue my interest in the possibilities of a six-year, one-term Presidency and four-year terms for Members of the House of Representatives. Yet, the advantages of these proposals are not so compelling as to merit driving now for a constitutional amendment. I do, however, urge further consideration of these subjects both by the Congress and the public.

Another such proposal, appealing but in my view impracticable, is the so-called Post Card Registration plan. Its goals are laudatory, but not its practical results.

Testimony before the House Election

Subcommittee has already indicated that the proposal's stated objective would not be reached and the target groups not registered. In addition to being an unwarranted Federal intrusion in an area reserved by the Constitution to the States, post card registration would be an administrative nightmare and would cause chaos in existing registration systems. Of even greater importance is the open invitation to election fraud that would be inherent in so haphazard a system. I would add that periodic in-person registration by a citizen involves a personal and political commitment that I would regret very much to see us lose.

All of our solutions in the area of campaign reform must be grounded on the solid experience of nearly 200 years, not merely on the spirited rhetoric which so frequently pervades this arena.

II. LEGISLATIVE PROPOSALS

On May 16, 1973, I urged the Congress to establish a non-partisan commission on Federal election reform. This blue-ribbon commission would have been composed of political party leaders, Members of Congress, and distinguished laymen. Only one House of Congress, the Senate, has focused on it. This lack of action has come at the very time that many Members of Congress and private leaders have been speaking out about the need for vigorous action against campaign abuses.

If it had been created in a timely manner, this commission would have been charged to file a public report no later than December 1st of last year. By now we would have had an authoritative, bipartisan report recommending carefully weighed reforms for Federal campaigns, and perhaps by now we could have been well on the way toward new statutes applicable to the upcoming elections this November.

It is because of this delay that I have directed the Department of Justice to work with my staff in preparing a comprehensive set of reforms for consideration of the Congress in this session. I am hopeful that these proposals, together with other approaches being advanced in Congress, will lead to vigorous debate and solid, effective reform.

Of course, we should not be concerned with Presidential campaigns alone. A massive volume of campaign contributions goes into Senate and Congressional campaigns as well. The problem faces us all, and because we are all concerned, I am anxious for the Congress and the Executive to work together in a spirit of full cooperation. For real progress to occur, we must all consider the paramount interests of the electoral system rather than parochial interests of any party or candidate.

The proposals I urge the Congress to consider as it continues to evolve its own approach fall into four major areas: campaign finances, campaign practices, campaign duration, and encouragement of candidate participation.

A. CAMPAIGN FINANCE

In recent years, political campaigns in America have become increasingly expensive. Because the need for more and more money has become acute in many Federal elections, I regard campaign financing as the most important area for reform, and the area in which reform is most urgently required.

After extensive study of a wide range of suggestions, including the many proposals developed by Congressional sources, I conclude that the single most important action to reform campaign financing should be broader public disclosure. Complete financial disclosure will provide the citizens of our country with the necessary information to assess the philosophy, personal associations, and political and economic allegiances of the candidates.

A number of statutes already exist which require some disclosure, but we can and should expand and improve the process.

Specifically, I endorse the proposal that each candidate in every Federal election be required to designate one single political committee as his authorized campaign organization, which in turn would have to designate one single depository for all campaign funds. With this single committee and single depository, accountability becomes virtually assured, and the unhealthy proliferation of political committees to pyramid and conceal campaign donations would be stopped at last.

I also strongly support the proposed requirement that every donation to these committees be specifically tied to the original individual donor, excepting only donations by a national political party organization. Other organizations could act as agents of individual contributors, but the donor himself would be required to designate the ultimate recipient of his campaign donation. This requirement would do more than facilitate disclosure; it would have the highly positive side benefit of reducing the influence of special interest groups by discontinuing their direct and often very substantial contributions to candidates. Donations to political party organizations, rather than to individual candidates, would not be interfered with and would continue to be identified as to the original donor, as existing law requires.

Even though disclosure is, I believe, the single most important prescription to deal with financing reform, I believe also that donation limits are needed on the amounts that an individual contributor could give to any Federal election campaign. I suggest that a candidate's authorized campaign committee be prohibited from accepting more than $3,000 from an individual donor in any Senate or House election, and not more than $15,000 in any Presidential election. These ceilings would apply in each campaign—primaries, runoffs, and general elections—and would include any contributions earmarked for a candidate through a national political committee. Regardless of the number of Presidential primaries, no candidate for President could receive more than $15,000 from any individual for all of the primaries combined, or more than this amount from any individual in the general campaign.

In recent years there has been a proliferation of "in kind" contributions in the form of paid campaign workers, printing supplies, the use of private aircraft, and other such non-monetary campaign assistance. Because there is as much room for abuse with "in kind" contributions as with financial ones, I believe we should prohibit all "in kind" donations by any organization other than a major political party.

Any "in kind" contribution by an individual would, of course, continue to be permissible, but would have to be disclosed as to both donor and recipient, with an open report of its reasonable value. These personal "in kind" donations would come within the same ceiling limitations as monetary contributions and would apply toward the ceiling amounts for Senate, House and Presidential elections.

I also urge:

—That all donations of more than $50 be made by check or other negotiable instruments, so that large flows of cash can be at least inhibited;

—That all campaign-related expenditures of over $50 be drawn only from the central campaign treasury;

—That all loans to political committees be banned, so that we can end the practice of disguising donations as loans;

—That the donation of physical assets such as appreciated stocks be prohibited;

—And that campaign contributions from foreign accounts and foreign citizens be prohibited.

These proposals, when added to the present disclosure law that took effect in 1972, should assure American voters of the information they need to decide for themselves whether or not a candidate is financing his or her campaign honestly and in an acceptable manner.

The proposals I have offered advance the common goal of restraining campaign expenditures, but they do so without imposing arbitrary limits. It is important to note, as well, that existing law already limits the amount which candidates for Federal office may spend for campaign advertising in the communications media, the most costly part of modern campaigning.

Additional spending limits, desirable as they are at first thought, raise significant constitutional questions. Moreover, they would be unworkable because many citizens furnish direct support to a multitude of groups which in turn support candidates only because of selective positions on narrow issues. They can also be unfair because expenditure limitations can be set too low to provide a challenger with any hope of contrasting his views with those of the better known, federally subsidized incumbent. Finally, a limit appropriate to a geographically small, congested Congressional district could be utterly inadequate for a large one. There are many other district-by-district variations that rigid nationwide spending limits could not fairly accommodate.

I conclude that full disclosure of campaign contributions and expenditures, subject to existing limitations, is the best and fairest approach, one that lets the voters decide for themselves whether or not too much money is being collected and spent. There should not be a limit

on the widest possible dissemination of ideas and positions on issues, but I fear that would be precisely the effect of additional spending limitations however carefully designed.

Much of the debate over campaign reform has centered around the issue of drawing down on the public treasury to pay for all or part of political campaigns. I strongly oppose direct Federal campaign financing, and I doubt very much that most citizens would favor diverting hundreds of millions of tax dollars away from pressing national needs in order to underwrite politicians' campaigns.

Neither is it right to make millions of Americans pay the cost of the political activities of individuals and parties with which they might totally disagree. This even goes beyond taxation without representation. Thomas Jefferson in the Statute of Religious Freedom said that "To compel a man to furnish contributions of money for the propagation of opinions which he disbelieves and abhors, is sinful and tyrannical."

Moreover, if we outlaw private contributions, we will close the only avenue to active participation in politics for many citizens who may be unable to participate in any other way. Such legislation would diminish, not increase, citizen participation and would sap the vitality of both national parties by placing them on the Federal dole.

In addition, almost any "public financing" measure would give incumbents an unfair advantage. Frequently, a challenger must spend more than the incumbent in order to make his qualifications known and to counterbalance the incumbent's in-office financial advantages. But if the taxpayers are to put up the money, ceilings on such spending would have to be imposed which unavoidably would penalize the lesser-known challengers.

Through the existing tax check-off for Presidential elections and political tax credit or deduction, in 1972 the Federal Treasury was subject to the expenditure of up to $100 million for taxpayer support of political campaign activities. These programs, however, do not sever the crucial tie between the individual citizen and the party or candidate of his choice, and do not carry as great a threat of Federal domination of political campaigns.

I believe our Nation has already seen too many examples of how the use of tax dollars can lead to Federal control. By setting reasonable limits on campaign contributions, and by requiring broader public disclosure, we can guarantee that the American voters are fully aware of who is making the contributions; and the Nation can then leave it to the people themselves to judge the wisdom and propriety of these donations.

Another problem in this area warrants the early attention of Congress. The Internal Revenue Service has recently held that income earned from funds of political parties is taxable under the present Internal Revenue Code. This ruling has caused widespread confusion and uncertainty on the part of political campaign committees. I believe this situation was never intended by Congress and urge enactment of legislation removing any tax or potential tax on any income earned from political party funds.

While strong financing and disclosure laws are necessary, these alone will not insure the reform we need. For most of the 20th century our campaign laws have not been enforced. Enforcement of the Federal Corrupt Practices Act, a measure riddled with loopholes, has been all but impossible, and enforcement of the Federal Election Campaign Act is difficult because of the proliferation of committees and the lack of central reporting.

Therefore, I endorse the proposal developed in the Congress to establish a Federal Elections Commission to supervise the Federal Election Campaign Act and other election measures.

This independent commission would be bipartisan and would monitor our campaign finance and disclosure laws. It would bring under the umbrella of one agency the current oversight functions of the Comptroller General, the Clerk of the House of Representatives, and the Secretary of the Senate. Membership on the commission should include representatives of the major political parties.

In its supervisory capacity, the commission would serve as a much needed central repository for election records and would have powers to subpoena documents and witnesses to fulfill its duties. It would also be able to refer campaign violations to the Justice Department for appropriate action. The work of the commission would in no way impinge upon Congressional rights and responsibilities, but would expedite the disposition of violations and provide a coordinated supervisory role in overseeing the various election laws.

B. CAMPAIGN PRACTICES

Many people have made the point that additional Federal laws are needed to deter or punish criminal, tortious or otherwise improper activities in Federal election campaigns. Existing laws deal with vote bribery, vote fraud, spurious campaign literature and other breaches of campaign ethics, but as in the area of campaign finance, these laws are unclear and have been unevenly and sometimes unfairly enforced through selective prosecution.

I have reviewed several recommendations in this area and conclude it is time for Federal statutes to spell out specifically the prohibition of certain campaign and election day practices. I propose that we prohibit three types of campaign practices:

—Activities which unreasonably disrupt the opposing candidate's campaign, such as the dissemination of false instructions to campaign workers and related disruptive activities, or which constitute a fraud upon the voters, such as rigging opinion polls, placing misleading advertisements in the media, misrepresenting a Congressman's voting record, or organizing slander campaigns.

—Activities which involve the use of force, such as the organized use of demonstrators to impede or deny entry at a campaign rally, or individual criminal actions which take on a special significance when they are done intentionally to disrupt the Federal election process.

—Those election day practices, such as stuffing ballot boxes, rigging voting machines, forging or altering ballots, or failing to count certain votes, all of which directly affect the electoral process in a most pernicious manner.

I realize that attempting to outlaw certain improper campaign activities requires particular attention to the First Amendment guarantees of free speech and assembly. With this in mind, I have asked the Department of Justice to draft a criminal statute designed to prohibit wrongful practices and to make them *Federal* offenses if the conduct is engaged in with the specific intent of interfering with the Federal election procedure. I invite especially thorough debate by the Congress in this difficult area.

C. CAMPAIGN DURATION

In the campaigns of 1972, there were no less than 23 separate State primaries for the Presidential contestants. The extent and duration of these proliferating primary contests have not only extended the length of campaigning but have also materially added to its expense.

I believe deeply in the statewide Presidential primary system. It affords the public a true measure of candidates who have to take their cause to different parts of the country and face the voters with their positions on crucial issues. Because I believe in the primaries but wish to bring some sense of order to the system we now have, I agree with the proposal not to hold any State Presidential primaries or nominating conventions before May 1st of an election year, and I urge that this be done.

Even though moving primary dates later in the election year is the only specific legislative action I offer to shorten campaigns, other helpful measures can be taken without Federal legislation. One way to cut down on the cost and duration of Presidential campaigns is to delay the national nominating conventions until the month of September. I urge the leaders of both national political parties to plan now for the scheduling of their 1976 conventions at this later time.

I know that delaying the nominating conventions may conflict with certain State requirements that a nominee's electors must be selected earlier than September. Therefore, I encourage the States having such requirements to change their laws to conform with this potential action by the national parties. I am reluctant to ask for Federal legislation in this area because it would intrude unduly into the right of each State to determine its election laws, but I am hopeful that the States will cooperate in this important effort. To this end, I am instructing the Department of Justice to give the States such assistance as they may desire in developing legislation to make this possible.

D. ENCOURAGE CANDIDATE PARTICIPATION

One of the major items on the agenda of campaign reform is the need to encourage qualified people to run for office and maintain a strong two-party system. We should never limit the voter's choice or discourage capable men and women from seeking to represent their fellow citizens.

I urge the Congress to examine its own benefits of incumbency which have mounted over the years. It would be inappropriate for the Executive to propose specific remedies in this congressional area, but I suggest there is reason for concern over the marked advantages—federally funded—that congressional incumbents now enjoy over their challengers. Such things as free mailing privileges, use of "public service" broadcast time, and the extensive staff and financial fringe benefits of office have made it progressively more difficult for competent challengers to have a fair chance in congressional races. I readily concede that the Presidential incumbency advantage is also substantial, but there is some protection here in the constitutional limit on length of Presidential service. I urge the Congress to review this problem and to develop reforms that will assure a better balance in congressional races.

I also propose repeal of the "equal time" provision of the Communications Act of 1934 for all Federal elections. The repeal of this provision would reduce campaign expenditures by allowing the electronic media the flexibility to provide free campaign coverage to the major political candidates, and in doing so would assist our citizens in reaching sound judgments on election day.

Finally, I have asked the Department of Justice to explore the possibility of legislation to reaffirm certain private rights of public figures so that people interested in running for public office can have greater assurance of recourse against slanderous attacks on them or their families. Landmark Supreme Court decisions have severely restricted a public figure's ability to gain redress against such grievances, but I would hope that specifically defined limits can be legislated by the Congress to prevent unscrupulous attacks on public figures. These reforms are not intended to restrict vigorous debate, but to enhance it, to help give it dignity and integrity, and to improve the prospects for good and decent people who today flinch from political participation because of their fear of slanderous attacks.

III. CONCLUSION

The reforms I have urged here, and that many in the Congress are seeking as well, are designed to open up our electoral process and to correct some of its most egregious abuses.

I am doubtful that any legislation can provide the panacea that some seek to guarantee absolute integrity in the electoral process. If our campaigns, like the communication of ideas in every area of our public life, are to remain free and spirited, they will frequently be caustic and hard-hitting, and some excesses and abuses will inevitably occur.

The central purpose of the reforms I suggest is to get the really important political information out to the people, to let them know as much as possible about their candidates, and to eliminate abuses which cross the boundaries of fair play.

America has had a remarkable history and tradition of campaign electioneering. Given full access to the actions and thoughts of political aspirants, the American people have shown great wisdom at the ballot box over two centuries of self-government. The reforms I propose today are intended to strengthen the will of the people by making our election process more open.

RICHARD NIXON.

THE WHITE HOUSE, *March 8, 1974.*

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. ROBERT C. BYRD) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Foreign Relations.

(The nominations received today are printed at the end of the Senate proceedings.)

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

The Senate continued with the consideration of the bill (S. 3066) to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes.

Mr. JAVITS. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will read the amendment.

The second assistant legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment may be dispensed with.

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

The amendment is as follows:

On pages 51 and 52, lines 23 through 2 substitute the following language for (ii): "the mortgagor or member of his immediate family shall have owned the property for a period of not less than three years prior to such refinancing unless the mortgagor shall be a nonprofit, limited profit, or cooperative certified by the Secretary as being eligible to participate in the refinancing program under criteria established by the Secretary."

On page 64 lines 15 through 17 substitute the following language for (A): "the mortgagor or member of his immediate family shall have owned the property for a period of not less than three years prior to such refinancing unless the mortgagor shall be a nonprofit, limited profit, or cooperative certified by the Secretary as being eligible to participate in the refinancing program under criteria established by the Secretary."

The PRESIDING OFFICER. The Chair will inquire of the Senator from New York as to whether this is an amendment on which there is a 1-hour or 2-hour limitation.

Mr. JAVITS. There is a 1-hour time limit on this amendment.

Mr. President, I yield myself 10 minutes.

Sections 401(h) and 501(k) introduce a new and important concept into the Federal Housing Act, to wit, availability of FHA insurance for refinancing and repair—moderate rehabilitation—of existing housing stock in designated neighborhood preservation areas. These provisions represent congressional recognition of the logical premise that the abandonment phenomenon which threatens vast sections of New York and other older cities must be confronted in its incipiency not after abandonment has occurred, buildings have been vandalized and responsible citizens have fled.

As reported by the committee, the new refinancing provisions were limited to owners who had held their properties for 3 years. This limitation was intended to avoid speculation and abuses inherent in ownership transfers. However, it also excluded responsible nonprofits, tenant cooperatives and limited profits *from* participation in the program.

Restriction of the refinancing program in this manner is highly questionable, both conceptually and in practice.

One of the major causes of housing deterioration in older cities has been the nature and quality of property ownership as it now exists. Studies in New York indicate that much of the stock is owned by inexperienced individuals with limited capability to manage and maintain their properties. Some of the stock is also held by absentee owners and unscrupulous individuals or syndicates which milk properties at the expense of tenants. Thus, one sound cornerstone of any intelligent neighborhood preservation strategy should be the encouragement of property transfer from unsound or unscrupulous hands to responsible entities who will act in the best interests of tenants.

This does not mean that transfer should be sanctioned for every entity that purports to act in tenants' behalf. But, it should definitely sanction transfers to: first, reputable nonprofits with proven capacity and responsibility to undertake housing sponsorship and management, and, second, responsible tenant cooperatives. As with other FHA programs, such as Project Rehabilitation, eligible applicants can be carefully screened in advance of project approval to weed out incompetents.

The rationale for similar inclusion of limited profit entities—under strict criteria—is the same. There should be no reason to exclude responsible profit motivated entities per se. It is not the profit factor itself that creates problems but rather the abuse thereof by unscrupulous or inexperienced operators. The proper focus then should not be on excluding all profit-motivated entities from participation but rather on identifying and certifying in advance responsible limited profits who will equate good business with responsiveness to tenant needs.

In fact, it is unlikely that any comprehensive neighborhood preservation scheme on a large scale can succeed without involvement of profit-motivated interests. Capable nonprofit housing entities are scarce and hard to develop. Tenant cooperatives, however meritorious, take a great deal of time to organize and implement. On the other hand, limited profit firms, or consortiums of firms, have the resources and capability to undertake major projects with real neighborhood impact.

For all of the above reasons, my amendment seeks to expand the definition of those eligible under the proposed neighborhood preservation program to include, in addition to present owners, non-profits, tenant cooperatives and limited profits certified in advance by the Secretary under strict eligibility criteria developed by HD to prevent abuses.

I would hope very much the committee will accept this amendment.

Mr. President, while I am on my feet and while perhaps the chairman might give the matter consideration, I would like to refer to just what I plan to do, but first I yield to the Senator from Minnesota (Mr. MONDALE).

Mr. MONDALE. Mr. President, I ask unanimous consent that Mr. Robert Barnett, of the majority staff, be given the privileges of the floor during consideration of this bill.

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

Mr. JAVITS. Mr. President, while I am on my feet and have a little time, because I hope very much this amendment may be accepted, I would like to state for the information of the chairman and the ranking minority member what I would propose to do in the time I hope to occupy.

I have three amendments. The first one I have already submitted. The next one deals with an effort to bring in the lowest income groups into housing which is low-income housing. That amendment, which applies on pages 145 and 146, has been submitted to the staffs of the minority and majority.

The third amendment, Mr. President, is to deal with the problem of allocation under section 111 to State housing agencies and with the coordination of State and local housing programs, again the objective being to coordinate the two and to provide for a fair allocation of what is available to that particular State between them. This is particularly sharp in my State because we have the Urban Development Corporation which is very active in housing throughout New York.

Those are the three amendments that I hope very much might conceivably be accepted by the committee.

I have a fourth amendment which arises by virtue of the fact that the Senator from Minnesota (Mr. MONDALE) did not press part of his amendment which is of particular interest to the big cities. That is the requirement in section 502, which is the old section 236 housing program for 80 percent median income limits to be the roof for a family which would be eligible, whereas he has provided in his amendment, which the committee took, for 90 percent for single-family housing in section 402.

Multifamily housing is what counts in cities, not only my own city, but all the cities in the country, and the median figure which the committee has set of 80 percent is just too low, 90 percent is what I believe is the right figure.

The presentation of the Senator from Minnesota (Mr. MONDALE), which I will take the liberty of appropriating, it seems to me, conclusively proves that proposition. I mention that amendment only because, again, my colleagues who are in charge of the bill and their staffs might look at the matters which I might raise on the four amendments.

Also, I should hope to allocate a few minutes to a colloquy with my colleague from Alabama (Mr. SPARKMAN). I might say that I wish at once to make it clear that our country has tremendously benefited by the chairmanship of the Senator from Alabama (Mr. SPARKMAN), who, without regard to only his own local conditions—with, of course, full protection to his own constituents, but without feeling that that is the limit of his responsibility—has been one of the most extraordinary servants in this legislative body in recognizing needs which might be remote to his own local considerations but which affect the rest of the country. I have seen this through the years. I have worked with Senator SPARKMAN. Whether he takes any of my amendments or not, what I have said stands. He has been a very able Senator and a very great benefactor of the whole country in terms of housing and extraordinarily free of any parochial attitude that is so essential in this particular field. I believe the Senator from Texas (Mr. TOWER) has also shown a great understanding of housing problems of large metropolitan areas and has been most helpful in fashioning effective housing legislation for the Nation.

So, Mr. President, I hope to have a colloquy with the Senators about a neighborhood conservation bill which I introduced, and important sections of which are addressed in this bill. The Senator from Alabama (Mr. SPARKMAN) will help us all enormously by stating, as I understand he is prepared to do, what has been carried in this bill regarding neighborhood conservation. I do not expect to force my amendment to any vote; I just think it would be a proper basis for any colloquy.

Finally, I would like to pay my tribute to the committee for including in this bill, in section 811, the essence of my bill S. 2103 for the establishment of a National Institute of Building Sciences. The Institute will for the first time provide a national forum to deal with the technology in this field and it will be able to propose nationally acceptable standards for local building codes, all of which will enormously facilitate the attainment of the goals set forth in the monumental and historic Housing and Urban Development Act of 1968.

The problems of construction, the fragmentation in the industry, its backwardness in terms of materials and techniques are tremendously susceptible of improvement, with great benefit to all. The inclusion of this bill, S. 2103, which I have introduced as section 811 of the pending bill with some modifications, as for example in appropriation, in my judgment will be of tremendous benefit to the country. It is also tremendously gratifying to me and I wish to express my deep appreciation for that to the committee.

Now, as to the pending amendment, Mr. President, I wonder whether the Senator would be kind enough to give us his views as to whether it might be acceptable.

Mr. SPARKMAN. Mr. President, with reference to the first amendment, and that is the one to which he refers.

Mr. JAVITS. The Senator is correct, the 3-year proposition.

Mr. SPARKMAN. Mr. President, personally I think the amendment is all right. However, I have not yet had an opportunity to discuss it prior to this time with the Senator from Texas.

Mr. JAVITS. Then I will continue until the Senator is ready.

Mr. SPARKMAN. Let me just state that I would be willing to accept the amendment if the Senator from Texas is willing to accept it. I have to leave the floor temporarily at this time for just a short period of time.

Mr. JAVITS. I thank the Senator from Alabama.

Mr. TOWER. Mr. President, the import of the amendment has been explained to me. I am sorry that I was off the floor when the Senator made his explanation of the amendment. I am prepared to accept the amendment.

Mr. JAVITS. Mr. President, I yield back the remainder of my time.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All the time has been yielded back. The question is on agreeing to the amendment of the Senator from New York (putting the question).

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TOWER. Mr. President, I move to lay that motion on the table.

The motion was agreed to.

Mr. JAVITS. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The second assistant legislative clerk read as follows:

On page 145, lines 18 and 19, delete "a gross" and insert "an".

On page 146, line 3, after "families." add the following new sentence: "In any housing area where the annual fair market rental for purposes of subsection (5) is determined on the basis of rentals for newly constructed rental housing, the public housing agency shall exert special efforts to the end that, with respect to dwelling units in existing private structure in such area that are to be occupied by families assisted under this section, such units will, to the maximum feasible extent, be occupied by families whose incomes are in the lower portion of the income range of families that qualify as low-income families in that area."

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. JAVITS. Mr. President, I yield myself 10 minutes on the amendment.

The PRESIDING OFFICER. The Senator from New York is recognized for 10 minutes.

Mr. JAVITS. Mr. President, the amendment is, for all practical purposes, self-explanatory.

I ask unanimous consent that the amendments be considered en bloc.

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

Mr. JAVITS. I am proposing two amendments that relate to the standard for family income used in determining eligibility for assistance under section 8 of chapter II of the bill, the amended United States Housing Act of 1937.

Section 8 provides for the new program of rent assistance for low-income families which occupy leased units in private housing. A family must qualify as a "low-income family" to be eligible to enter into occupancy of a unit assisted under section 8.

The definition of "low-income family" is contained in section 8(a)(5). It now uses a family's "gross income" as the basis for determining whether the family qualifies as a low-income family. My amendment provides, instead, that family income as defined in section 3(1) of the amended United States Housing Act will be used for that purpose.

The definition of income in section 3(1) is used in all other provisions of the amended United States Housing Act. Absent overriding reasons, which I do not find, it should be used here for legislative consistency and ease of understanding and administration. Gross income is not used anywhere else in the proposed Act, nor is it used in the existing statute.

More important, it would be inequitable to determine family eligibility under section 8 on the basis of gross income rather than on income as defined in section 3(1). Income under section 3(1) is determined after making certain exclusions, similar to exclusions or deductions allowed for Federal individual income tax, such as—

Family size, where an exclusion of $300 is allowed for each child;

Extraordinary medical or similar expenses, which may be excluded as approved by the Secretary;

Nonrecurring income, which is excluded income of a spouse, which is excluded up to $300, and income of children which is excluded; and

An exclusion of 10 percent of gross income for elderly families.

Gross income makes no allowance for any of these factors.

In determining eligibility under section 8, it would be unfair to families that have more children, or are elderly, or are burdened with greater medical expenses—the kind of families we are especially concerned with helping—to disregard these kinds of differences in the real financial condition of families with the same gross income.

Using the standard definition of income in section 8(a)(5) will mean that some families which would be excluded from eligibility under the gross income test will, because they have children, or high medical expenses, or are elderly, become eligible for occupancy of units assisted under section 8.

I understand that the use of the gross income test stemmed from a concern with avoiding an unduly high maximum income limit under section 8. This concern was focused in particular, as I understand it, on cases where the area involved is one with a scarcity of existing decent housing for lower income families and where calculations of fair market rent in the area—which is also a factor in the eligibility formula in section 8(a)(5)—will accordingly be based on rentals for newly constructed housing. I can appreciate and share this concern with assuring that the needs of the neediest are effectively served and that families who can actually afford decent housing without governmental assistance are not brought within the benefits of section 8.

The views in this regard that are expressed on pages 144 and 145 of the committee's report are very much in accord with my own:

> Recognizing that these income limits will generally prove to be somewhat higher than those now in effect for housing assisted under the present Section 23, the Committee is concerned that low-income families be effectively served under the program. For that reason. Section 8(a)(6) requires that 20% of the families assisted under this Section in any market area must be "very low income families." Very low income families are defined as families whose income does not exceed 50 percent of the median income for the area as determined by HUD with adjustments for larger and smaller families. The Committee also has in mind the benefits that result from having projects occupied by families of varying income levels. It recognizes that in communities where housing is scarce and expensive, families in a fairly broad spectrum of income may be unable to obtain decent housing through the unaided operations of the private sector, and economic diversity and integration in housing occupancy can be accomplished only through allowing families within such a spectrum to occupy Federally assisted housing.

The concern with guarding against benefitting families of unduly high income in the type of situation I described earlier is not, in my judgment, best dealt with by imposing a gross income test, because of the inequity which that involves. My second amendment, which adds a new sentence at the end of section 8(a)(6), provides, I believe, a fairer and more workable solution. Under the amendment, where section 8 assistance is provided for existing units in areas where fair market rentals are based on new construction, public housing authorities are called upon, in carrying out their responsibilities under section 8, to make special efforts to see that such units are occupied to the fullest extent feasible by families whose incomes are in the lower part of the range of eligible incomes.

I hope very much that the committee would be willing to use these words which are consistent with that objective.

I would greatly appreciate it if my colleagues would let me know how they feel about the amendments.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Deena Sosson be granted the privilege of the floor during the consideration of the pending bill.

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

Mr. TOWER. Mr. President, my principal difficulty with this amendment is that experience has shown us in the past that whenever we have tried to provide housing programs for very-low-income families, for one reason or another the eligibility seems to gravitate up the income scale, to the extent that a great number of our resources are going to help people further up the income scale rather than those whose income is lowest. That has always been a great problem, to try to keep these programs responsible to the low-income families.

That is the principal difficulty that I have with the amendment.

Mr. JAVITS. Mr. President, would the Senator from Texas feel better if I revised the second part of the amendment?

Mr. TOWER. Mr. President, before I respond to that question, I suggest the absence of a quorum and ask unanimous consent that the time be equally charged to the Senator from Alabama and myself on the time allotted to the bill.

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

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. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I yield back the remainder of my time on this amendment.

Mr. TOWER. We are prepared to yield back our time.

The PRESIDING OFFICER. Does the Senator from Texas yield back his time?

Mr. TOWER. Yes.

The PRESIDING OFFICER. And the Senator from Maine?

Mr. HATHAWAY. Yes.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing, en bloc, to the amendments of the Senator from New York (putting the question).

Mr. TOWER. 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. JAVITS. 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. JAVITS. Mr. President, I ask that the Chair put the question again.

The PRESIDING OFFICER. The question is on agreeing to the amendments (putting the question).

The "noes" appear to have it. The "noes" have it. The amendments are rejected.

Mr. JAVITS. Mr. President, I send another amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be read.

The legislative clerk read as follows:

On page 20, following line 24, insert the following new subsection:

(3) The Secretary shall, to the extent feasible, reserve out of sums allocated under subsection (a) sufficient amounts to meet the housing objectives contained in State housing agency programs, except as the Secretary may determine that any such program does not make adequate provision for the needs of low- and moderate-income families or is otherwise not consistent with basic objectives stated in this Act.

On page 21, line 3, after "housing plans of" insert "the State and".

On page 21, beginning in line 4, strike out "of a unit" and all that follows through "does not make" in line 6 and insert in lieu thereof "where there is no plan of either the State or the unit of local government, or where the Secretary determines that neither such plan makes".

On page 21, line 9, after "prescribe." add "If, in any case where there are housing plans of both the State and the unit of local government, the Secretary finds significant inconsistency between such plans with respect to their provisions for meeting the needs of low- and moderate-income families, he shall take such steps as he deems appropriate for the purpose of having the State and the unit of local government reconcile such inconsistencies."

The PRESIDING OFFICER. The Chair wishes to inquire how much time is yielded.

Mr. JAVITS. Mr. President, I yield myself 5 minutes.

I am proposing several amendments in section 111 of the bill relating to housing programs and planning of the States.

Section 111 contains the provisions that govern the allocation of housing assistance funds provided under sections 402 and 502 and under the U.S. Housing Act as amended by chapter II of this bill.

The amendments essentially make two modifications or clarifications in these allocation provisions.

First, a new subsection (3) is added in section 111(b) which provides that the Secretary shall, to the extent feasible, reserve out of funds allocated under section 111(a) sufficient amounts to meet the housing objectives contained in the programs of State housing agencies. Such reservations would not be made if or to the extent the Secretary determined that any such program did not make adequate provision for the needs of low and moderate income families or was otherwise not consistent with basic objectives stated in the act.

Section 111(b) now provides for reservations of housing assistance funds to meet the housing objectives contained in any approved application under the Community Development Assistance Act of 1974, which is chapter III of the bill, and contained in any new community project agreement approved under title VII of the Housing and Urban Development Act of 1970 or under title IV of the Housing and Urban Development Act of 1968.

The new subsection (3) provides for similar reservations for State housing programs. It would make clear that we favor and intend continuation of HUD's existing practice whereby it has customarily made housing assistance funds available to State housing agencies through annual or periodic block setasides. Section 236 funds have usually been made available to operational State agencies through so-called annual arrangements. I am informed that HUD has recently announced its intention to make section 23 leased housing assistance funds available to State agencies through periodic block setasides.

This procedure has worked well. The State agencies have made effective use of the assistance funds made available to them, as I will discuss in a moment. The reservation procedure has enabled State agencies to plan their programs, and to work out housing program arrangements with localities and communities, on a broad basis. That would be much more difficult to do if assistance funds were made available to them in a piecemeal project-by-project manner.

Reservations of funds for State agencies have of course been subject to limitations, and would continue to be subject to limitations. Funds reserved for an agency must be put to use within a reasonable period of time. Otherwise they are subject to recapture and reallocation to others who can use them more promptly and effectively. Furthermore, reserved funds are contractually committed for specific projects only after statutory and other basic pre-conditions have been met.

In this regard it should be noted that HUD, recognizing that State agencies are governmental bodies with a commitment to public purposes and responsibilities, has followed the general practice of delegating to such agencies maximum responsibility for performing processing functions and making required determinations, subject to post audit by HUD. I applaud this approach and anticipate that it will be continued and extended.

Fund reservations for State agencies would of course be made within and subject to the allocations for types of geographic areas provided for in section 111(a)—the allocation of 75 percent of housing assistance funds for use in metropolitan areas and 25 percent for use in nonmetropolitan areas. They would be made from funds other than those reserved for housing provided for in community development plans and new community project agreements pursuant to subsections (1) and (2) of section 111(b). Funds reserved under subsections (1) and (2) could also, of course, as section 111(c) makes clear, be made directly available to State housing agencies as well as to other public housing agencies or eligible mortgagors for use in accordance with the applicable community development plans and new community project agreements, and where appropriate such funds might be made available to a State agency for such purposes by set-aside rather than by individual project applications.

Section 111(b) should not, of course, preclude the Secretary from administratively adopting a fund reservation procedure in other situations where he might in the future find this the most effective method for administering housing assistance.

Second, the three amendments I am proposing in section 111(c) essentially provide that housing assistance funds, after they are allocated as provided in section 111(a), are to be made available for use in conformity not only with the housing plans of the units of local government in the areas where the funds are to be used, as now provided in subsection (c), but also in accordance with such housing plans of the States as may be applicable in those areas.

I believe there is wide agreement on some basic concepts that I find reflected in this bill. We want to encourage State and local governments to assume a lead role and responsibility in assessing their own housing needs and formulating priorities and plans for meeting those needs, and in the provision of governmental assistance, Federal, State, and local, for meeting those needs in accordance with those priorities and plans. That is in keeping with the concept of the New Federalism.

We want housing and community development activities to be planned and carried out in a coordinated way so that they are mutually supportive in serving the basic objectives of the act. And we want to assure that, where Federal assistance is to be used, there is effective collaboration and coordination between State and local governments in planning housing and community development programs, and that in the process for formulating State housing plans there is suitable provision for participation by local governments that would be affected and for hearing public views. We of course recognize, at the same time, that the distribution of functions between State and local governments and the formulation of working arrangements between State and local governments are essentially matters within the province of the State rather than the Federal Government.

These are considerations that underlie my proposed amendments to section 111(c), and that I would expect to be taken into account by the Secretary in administering section 111(c).

However, section 111(c) now refers only to housing plans of units of local governments, providing that Federal housing assistance funds are to be made available for use in accordance with those plans.

I take for granted there is no intent to suggest precluding State governments from formulating housing plans to meet needs within their States, which would be beyond our province anyway, nor to suggest that, where such plans are formulated, they are to be disregarded in the furnishing of Federal assistance in areas within the State. My amendments are intended to avoid any such implication.

This is more than a theoretical concern. According to my information there are now some 16 States, including my own State of New York, that, pursuant to State law, are engaged in analysis of statewide housing needs and defining priorities as a guide for actions to meet their housing needs. Another eight States or so have statutory authority to do the

same thing. And there are some 10 States that have formulated housing plans, including again my own State of New York.

This, then, is the substance and intent of the amendments that I am proposing.

I should call to your attention that the National Governors' Conference Committee on Rural and Urban Development has urged the adoption of amendments such as I am proposing in a resolution that it adopted last Wednesday expressing its support for the Senate committee bill with these and two other amendments.

Under the amendments I am proposing in section 111(c), funds would be made available for use in accordance with the housing plans of the State and of the units of local government in the areas where the funds are to be used. However, any such plan would not apply in making assistance funds available if the Secretary found that the plan did not make adequate provision for the housing needs of low and moderate income families. If there was only one plan applicable to the area, State or local, funds would be made available for use in accordance with that plan. If there was no plan, funds would be made available in accordance with such terms and conditions as the Secretary may prescribe. If there were both a State and a local plan, and the Secretary did not find significant inconsistences between them, funds would be made available in accordance with the two plans. If in such a case the Secretary did find significant inconsistencies between the State and local plan, then, as provided in the sentence I am proposing be added at the end of subsection (c), the Secretary would take such steps as he deemed appropriate toward having State and local government reconcile those differences. In the meantime, in cases where the State plan has binding effect, funds should appropriately be allocated in accordance with that plan; and in other cases they would be allocated on such basis, within the framework of the two plans, as the Secretary deemed most appropriate.

In introducing these amendments, I want to say that I have a strong interest in the activities of State and local government agencies, and in the expanded role which they can play in the future, in efforts to meet the housing needs of low- and moderate-income families. It was this interest that prompted me to introduce the amendment in the Housing and Urban Development Act of 1968—an amendment adopted by the Congress—which authorized Federal housing assistance under the section 236 interest subsidy program to be used in the programs of State and local housing agencies.

I am greatly heartened by the progress and accomplishments of these agencies since that time, and by the growing number of States that have established housing agencies and programs.

In 1968 there were seven states which had established State housing finance and development agencies. This included New York, where we have two such programs—the Urban Development Corporation, established in 1968, and the program of the State division of housing and community renewal working with our State housing finance agency, the first such agency created in the country.

Since 1968 some 22 additional States have established State housing agencies, many of them created within the past 2 years.

So there are now some 30 States that have State housing agencies. In 19 of these the programs are now operational.

These State housing agencies are performing an increasingly important and effective role in the total national effort to meet the housing needs of low and moderate income families.

Since 1968 these agencies have developed close to 120,000 units of housing for lower income families. Almost all of this housing was made possible, I am pleased to report, by Federal assistance that was provided pursuant to my amendment to section 236, and that was used in combination with the resources provided for this housing by State and local governments.

Indeed, nearly 20 percent of all of the housing that has been built with section 236 assistance was developed under the programs of these State agencies.

In States where there are longer established State housing agencies, these agencies have become a major force in meeting the housing needs of our lower income families. I am confident that this will become the case in many more States as their housing agencies become fully operational, and assuming there is available the Federal assistance that is indispensable for the provision of low-income housing, as is provided for in the committee's bill.

In New York, our State housing agencies have developed some 65 percent of all of the low- and moderate-income housing that has developed in my State using section 236 assistance. Indeed, one-third of all the housing that has been developed in our State during the past 2 years, and close to 80 percent of all the housing that was developed in New York City during that period, was developed through the use of one form or another of Federal, State, or local assistance, or a combination of such assistance.

While the importance of governmental assistance for housing has perhaps been most dramatically illustrated in New York, it has been important in other States as well. In Massachusetts, for example, the State housing finance agency has developed some 37 percent of all the housing developed in that State since 1968 with section 236 assistance.

I should also point out that to date there has not been a single foreclosure on any project of a State housing agency, in contrast to the experience with some other federally assisted projects.

I appreciate your bearing with my recital of this information. I think you will find it as gratifying and encouraging as I do, and that it amply warrants what the committee has said about State housing efforts on pages 37 and 38 of its report:

[T]he Committee has been cognizant of the increasingly important and effective role that State housing finance agencies have come to play in the field of government-assisted housing, and of the growing number of States that within the past few years have assumed this kind of responsibility for dealing with housing needs within their States. There are now about 30 State housing agencies, most of them created within the past few years. The Committee welcomes and encourages this approach, which combines the use of State resources, through State financing of housing and other measures such as tax abatement, with Federal housing assistance for low- and moderate-income housing.

I believe this information also helps to explain why I want to assure that, under the excellent bill that the committee has reported, there be a firm basis on which these efforts of our States and their agencies can continue, expand, and grow in effectiveness.

With that purpose I urge the adoption of the amendments I have proposed in section III.

Mr. TOWER. Mr. President, I feel that the amendment is questionable. The bill would provide that funds would be set aside for communities but only to the extent of meeting their housing objectives in a plan approved in accordance with community development funding as provided in chapter 3 of the bill. This is to achieve coordination between housing and community development activities in a city.

We reserve funds for new communities only to the extent that it is necessary to fill HUD commitments which exist by virtue of a signed project agreement.

It is our belief that there should be no special setaside for State agencies. They can apply just as can any other developer. If HUD already gives them some preference, they can still continue to do so. If we have a setaside for States, why should we not have a setaside for regional housing plans or areawide housing plans? Where would we draw the line as to what potential recipients should have a setaside of funds?

Therefore, I think this is a provision, in my estimation, about which I have serious reservations.

Mr. JAVITS. Mr. President, the real problem is that many States do have State housing agencies. Thirty States have State agencies, and of those 30 States, 19 have programs which are operational. It seems to me that that evidences enough of an interest so that the States should be brought into the picture, just as localities are.

Also, to provide that where there are housing plans of both the State and the unit of local government, and where the Secretary finds inconsistency in such plans, then he shall act in respect to such inconsistency in an effort to reconcile the inconsistencies. It seems to me that both these matters are divisable.

In short, I would greatly appreciate it if we could be advised whether that part of the amendment is satisfactory to the committee. Then we could at least confine our debate to the part of the amendment which is unsatisfactory. May we know whether that part of the amendment which relates to the reconciliation of plans between the States and local areas is satisfactory?

Mr. HATHAWAY. Mr. President, if the Senator would change the word "shall"

to "may," the language would be satisfactory. In the first line of the amendment, change "shall" to "may". Then it would be acceptable.

Mr. JAVITS. May I see the amendment—show me the text, please. It says the "Secretary shall." I will revise the amendment in the first part accordingly and send a revision to the desk.

The PRESIDING OFFICER (Mr. ABOUREZK). The amendment is so modified.

Mr. JAVITS. Mr. President, I am ready to yield back my time.

Mr. TOWER. I believe the Senator asked about the reconciliation feature which would, in effect, make the Secretary of HUD the arbitrator between State and local housing agencies?

Mr. JAVITS. Why do we not say there "may" also—". . . he may take such steps." In other words, he may take such steps as he deems appropriate instead of making it mandatory.

Mr. TOWER. I think that HUD feels that it might be an administrative nightmare to arbitrate a dispute between State and local agencies.

Mr. JAVITS. We have the possibility of some other language on that particular subject.

I yield myself another 10 minutes and will proceed to another matter, if I may.

The PRESIDING OFFICER. The Senator from New York is recognized for 10 minutes.

Mr. JAVITS. Mr. President, I should like to speak about urban mass transit and its problems. The hopes of the cities were considerably dashed, the cities were dismayed, include the biggest of all cities in our country, the city of New York, by the opposition of the administration to the so-called Minish-Williams bill which would have given interim opportunity within the next 2 years to finance and operate mass transit systems. This is a devastating blow because it will demand radical increases in fares and will be extremely damaging to ridership, extremely damaging to the utilization of mass transit systems and, therefore, will be hard on the conservation of gasoline and extremely unfair to areas which have an historic basis for low use of gasoline per capita because of the use of mass transit systems and which are now suffering doubly because of the expensiveness of mass transit systems. So that it is really a mare's nest of the worst possible kind.

I had thought seriously about appending the Minish-Williams bill to this measure, as this measure does deal with this problem and the Minish-Williams bill is a banking and currency bill.—In fact is a provision in the Housing Act relating to mass transit, section 822 of the bill, and so it would have been entirely proper and permissible to introduce that kind of amendment.

But, Mr. President, I have consulted with Senator WILLIAMS who, some years ago, joined me in the first breakthrough in the Senate which provided $800 million for mass transit systems, both operating and capital. Senator WILLIAMS feels that we should not as yet take that route, that is, propose an amendment to the housing bill which, in essence, would be the Minish-Williams or the Williams-Minish bill, but he feels that he is doing his utmost and he believes he has lots of cooperation to find a way in which to carry out the basic effect of the Williams-Minish bill. He feels there will be another vehicle, a bill over here from the House, on banking matters, which can carry an amendment relating to mass transit operations and capital equipment, and that we are best advised to see yet a little further on what can be done through the art of negotiation and persuasion with respect to the Williams-Minish bill before we offer it as an amendment here.

Now, Mr. President, one other thing which is critically important in this regard. I believe that the common acceptance was the fact that the administration would favor, not disfavor, the interim approach which would enable particularly mass transit in New York City to operate at the present 35-cent fare instead of being so seriously jeopardized by a fantastic increase in the fare, which it definitely faces. We were not only disappointed but dismayed at what seemed to be a midstream reversal of the general attitude on the part of the White House.

I wish to call that to the attention of Congress in its consideration of what to do about this matter. I hope very much that that change of direction may not persist but that we may have the cooperation of the President, which we fully expected to have, based on the assertions made to the governor of New York State and the mayor of New York City, to me, and to others, with respect to the grave problem of mass transit systems. At least we could agree on this on an interim basis for the next 2 years as provided by the Williams-Minish bill.

Mr. President, I shall withhold any such amendment on this bill in deference to Senator WILLIAMS because I have always worked with him on this matter and I am confident that that is the best way to get a result. But I did wish to report these views with respect to the bill and my strong feelings regarding the radical change of direction from anything which has heretofore been indicated so far as the administration is concerned with respect to this very grave problem.

Now, Mr. President, if we are not ready on this particular amendment, I am prepared to withdraw it and go to another amendment.

Mr. President, I send to the desk a modification of my amendment. It is only modified as to the last paragraph.

The PRESIDING OFFICER (Mr. ABOUREZK). Is there objection to the amendment being modified? The Chair hears none, and it is so ordered. The clerk will state the modification.

The legislative clerk read as follows:

At the end of paragraph 4 of the amendment, on the last line, ". . . he may give priority to the plan which, in his judgment, best meets the housing needs of low and moderate income families."

Mr. JAVITS. Mr. President, if that is satisfactory, I am prepared to yield back my time.

Mr. TOWER. I would say to the Senator from New York that we have struck a deal.

Mr. JAVITS. I thank my colleague. I yield back my time.

Mr. HATHAWAY. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on this amendment has now been yielded back.

The question is on agreeing to the amendment as modified.

The amendment as modified was agreed to as follows:

On page 20, following line 24, insert the following new subsection:

(3) The Secretary may, to the extent feasible, reserve out of sums allocated under subsection (a) sufficient amounts to meet the housing objectives contained in State housing agency programs, except as the Secretary may determine that any such program does not make adequate provision for the needs of low- and moderate-income families or is otherwise not consistent with basic objectives stated in this Act.

On page 21, line 3, after "housing plans of" insert "the State and".

On page 21, beginning in line 4, strike out "of a unit" and all that follows through "does not make" in line 6 and insert in lieu thereof "where there is no plan of either the State or the unit of local government, or where the Secretary determines that neither such plan makes".

On page 21, line 9, after "prescribe." add "If, in any case where there are housing plans of both the State and the unit of local government, the Secretary finds significant inconsistency between such plans with respect to their provisions for meeting the needs of low- and moderate-income families, he may give priority to the plan which, in his judgment best meets the housing needs of low and moderate income families."

Mr. JAVITS. Mr. President, I move that the vote by which the amendment, as modified, was agreed to be considered.

Mr. HATHAWAY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, I send another amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the end of the bill add the following new chapter:

CHAPTER IX—NEIGHBORHOOD CONSERVATION

SEC. 901. The purpose of this chapter is to encourage the preservation of older neighborhoods which are threatened with blight and housing abandonment and to stimulate the broadscale conservation and upgarding of existing low- and moderate-income housing by establishing a program of neighborhood conservation grants and a new program of mortgage insurance designed to generate private capital for housing repairs, mainteance, and rehabilitation.

GRANTS OF NEIGHBORHOOD CONSERVATION AREAS

SEC. 902. For the purpose of this Act, the term "neighborhood conservation area" means any area in which (1) the predominant residential area is housing for low- and middle-income families, and (2) such housing, though basically sound, is threatened with decay and abandonment or is in need of repair, maintenance, rehabilitation, or refinancing.

PROGRAM AUTHORITY

SEC. 903. (a) The Secretary of Housing and Urban Development (hereafter referred to as the "Secretary") is authorized to make, and

to contract to make, grants under this section to cities, municipalities, counties, and other general purpose units of local government to assist them in carrying out designated neighborhood conservation area programs designed to improve basic community facilities and services and bring about such other changes as may be necessary or appropriate to eliminate the threat of housing abandonment or decay in such areas and to restore and maintain such areas as suitble and stable living environments.

(b) Grants under this section may cover a period of not to exceed five years and may provide 100 per centum of the cost of any of the following types of activities within the neighborhood conservation area:

(1) The repair of streets, sidewalks, playgrounds, schoolyards, paths, street lights, traffic signs and signals, publicly owned utilities, or public buildings which have an impact on the quality of life in the neighborhood.

(2) The improvement of private properties to eliminate dangers to the public health and safety.

(3) The demolition of structures determined to be structurally unsound or unfit for occupancy.

(4) The establishment of temporary or permanent public playgrounds or parks within the area to serve residents of the neighborhood.

(5) Other similar neighborhood-oriented activities and improvements calculated to aid significantly in achieving the objectives of this section.

(6) Assistance to qualified neighborhood-based nonprofit organizations in carrying out development activities under other provisions of this Act or in carrying out management training, maintenance, or tenant education programs.

(c) To be eligible for assistance under this section, a locality acting through its chief executive authority, shall designate a specific area and prepare and submit to the Secretary a plan specifying—

(1) the improvements in basic community facilities and services to be made in such area over the five-year period in which such improvements will be made;

(2) the programs to be introduced to improve the quality of housing in the area; and

(3) the public and private resources which will be marshaled to carry out such improvements and programs.

(d) Grants under this section shall be made, or shall continue to be in effect, with respect to any neighborhood conservation area if the Secretary finds that—

(1) the five-year plan submitted by the locality involved is workable and will provide an effective means of carrying out the purposes of this Act in such areas;

(2) the locality has the necessary resources to carry out in a timely fashion all of the improvements and programs set forth in the plan;

(3) the locality continues to make significant progress toward achieving its objectives it established for itself in the plan during the term of the grant; and

(4) the locality satisfies such other conditions and requirements as the Secretary may prescribe to insure that the purpose of this Act will be achieved.

(e) There are authorized to be appropriated for grants under this section not to exceed $100,000,000 for the fiscal year ending June 30, 1974, not to exceed $150,000,000 for the fiscal year ending June 30, 1975, and not to exceed $220,000,000 for the fiscal year ending June 30, 1976. Any amount so appropriated shall remain available until expended, and any amount authorized for any fiscal year under this subsection which is not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1976.

(f) The Secretary is authorized to designate an area which meets the requirements of this section as a neighborhood conservation area notwithstanding the unavailability of funds for grants under this section. Upon such designation, the Secretary may furnish other assistance (including assistance under any mortgage insurance or related housing maintenance program) to such area.

FEDERAL MORTGAGE INSURANCE TO FACILITATE SALE OR REFINANCING OF HOUSING IN NEIGHBORHOOD CONSERVATION AREAS

SEC. 904. (a) Title II of the National Housing Act is amended by adding at the end thereof the following new section:

"MORTGAGE INSURANCE IN NEIGHBORHOOD CONSERVATION AREAS

"SEC. 244. (a) The purpose of this section is to help preserve and upgrade the quality of housing in designated neighborhood conservation areas by facilitating the rehabilitation refinancing of such housing or its transfer to tenant- or neighborhood-based corporate ownership.

"(b) The Secretary is authorized to insure any mortgage in accordance with the provisions of this section and to make commitments for such insurance prior to the date of the execution of the mortgage or disbursement thereon upon such terms and conditions as he may prescribe.

"(c) In order to carry out the purpose of this section, the Secretary is authorized to insure any mortgage which covers residential property located in a neighborhood conservation area approved for assistance under section 4 of the Neighborhood Conservation Act or any area designated as a neighborhood conservation area under section 4(c) of such Act, subject to the following conditions:

"(1) The mortgage shall cover a multifamily rental property, or a cooperative or condominium property which is basically sound or capable of being placed in standard condition without substantial rehabilitation and which contains—

"(A) more than one but less than seven dwelling units if the mortgagor is an individual or entity described in paragraph (2) of this subsection; or

"(B) seven or more dwelling units if the mortgagor is an organization described in paragraph (3) of this subsection.

"(2) The mortgage covering property referred to in paragraph (1)(A) of this subsection shall be executed by—

"(A) an individual who owns the property and occupies the property and is refinancing outstanding indebtedness related to the property, or who is purchasing the property and will occupy one or more of the units in the property after its purchase;

"(B) a cooperative or condominium organization which consists of a majority of the residential units on the property; or

"(C) a private nonprofit organization which is based in the neighborhood in which the property is located and which is approved by the Secretary.

"(3) The mortgage on a property referred to in paragraph (1)(B) of this subsection shall be executed by—

"(A) a cooperative or condominium organized which consists of or includes a majority of the occupants of the property;

"(B) a private nonprofit organization or association approved by the Secretary; or

"(C) a limited dividend ownership entity (as defined by the Secretary) including, but not limited to, corporations, general or limited partnerships, trusts, associations, and single proprietorships.

"(4) In the case of a mortgage involving a mortgagor referred to in paragraphs (2)(A), (2)(B), and (3)(A) the mortgage shall include a principal obligation, including such initial services charges, discounts, appraisal, inspection, and other fees, as the Secretary shall approve in an amount not to exceed the sum of 97 per centum of the Secretary's estimate of the value of the property before any repairs or improvements deemed necessary by the Secretary to help restore or maintain the area in which the property is situated as a stable and suitable living environment, except that in no case involving refinancing shall such principal amount exceed such estimated cost of repairs and improvements and the amount (as determined by the Secretary) required to refinance existing indebtedness secured on the property.

"(5) In the case of a mortgage involving a mortgagor referred to in paragraph (2)(C) or (3)(B), the mortgage shall include a principal obligation, including such initial services charges, discounts, appraisal, inspection, and other fees, as the Secretary shall approve in an amount not to exceed the sum of 100 per centum of the Secretary's estimate of the value of the property before any repairs or improvements deemed necessary by the Secretary to help restore or maintain the area in which the property is situated as a stable and suitable living environment, except that in no case involving refinancing shall such principal amount exceed such estimated cost of repairs and improvements and the amount (as determined by the Secretary) required to refinance existing indebtedness secured in the property.

"(6) In the case of a mortgage involving a mortgagor refered to in paragraph (3)(C), the mortgage shall include a principal obligation, including such initial services charges, discounts, appraisal, inspection, and other fees, as the Secretary shall approve in an amount not to exceed the sum of 90 per centum of the Secretary's estimate of the value of the property before any repairs or improvements deemed necessary by the Secretary to help restore or maintain the area in which the property is situated as a stable and suitable living environment, except that in no case involving refinancing shall such principal amount exceed such estimated cost of repairs and improvements and the amount (as determined by the Secretary) required to refinance existing indebtedness secured on the property.

"(7) The mortgage shall—

"(A) provide for complete amortization by periodic payments within such term (not exceeding forty years) as the Secretary shall prescribe, except that in the case of a property referred to in paragraph (1)(A) such term shall not exceed twenty years;

"(B) bear interest (exclusive of premium charges for insurance and service charges, if any) on the amount of the principal obligation outstanding at any time at not to exceed such per centum per annum as the Secretary finds necessary to meet the mortgage market.

"(8) The Secretary shall not insure any mortgage under this section unless he has received satisfactory and enforceable assurances from the mortgagor that the refinancing or sale of the property (and any improvements thereto) will not result, directly or indirectly, in any increase in the rentals or other charges for dwelling units in the property for a period of at least one year from the date of final endorsement for mortgage insurance, or in any increases in such rentals thereafter in excess of such increases as the Secretary finds justified and approves on the basis of increased operating expenses. In addition, the Secretary may place such further restrictions on the mortgagor as to sales, charges, capital structure, rate of return, and methods of operation as, in the opinion of the Secretary, will best effectuate the purpose of this section.

"(d)(1) For the purpose of maintaining or reducing rentals or other charges for properties insured under this section, the Secretary is authorized to make, and to contract to make periodic interest reduction payments on behalf of the owners of the properties but for the benefit of the residents, which shall be accomplished through pay-

ments to mortgagees holding mortgages meeting the special requirements of this subsection.

"(2) Interest reduction payments with respect to a property shall only be made during such time as the property is operated as a rental housing and is subject to a mortgage which meets the requirements of, and is insured under, this section.

"(3) The interest reduction payments to a mortgagee by the Secretary on behalf of a property shall be in an amount not exceeding the difference between the monthly payment for principal, interest, and mortgage insurance premium which the property owner as a mortgagor is obligated to pay under the mortgage and the monthly payment for principal and interest such property owner would be obligated to pay if the mortgage were to bear interest at the rate of 4 per centum per annum.

"(4) The Secretary may include in the payment to the mortgagee such amounts, in addition to the amount computed under this subsection as he deems appropriate to reimburse the mortgagee for its expenses in handling the mortgage.

"(5) As a condition for receiving the benefits of interest reduction payments, the owner shall operate the project in accordance with such requirements with respect to tenant eligibility and rents as the Secretary may prescribe.

"(e) The Secretary may consent to the release of a part or parts of the mortgaged property from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe.

"(f) Prior to insuring any mortgage under this section, the Secretary shall obtain satisfactory and enforceable assurances from the mortgagor that all repairs and improvements necessary to place the underlying property in standard condition have been or will be made and that such property will be continuously maintained in standard condition.

"(g) The Secretary shall cooperate with the Secretary of Labor and the Health, Education, and Welfare, to insure that, to the greatest extent feasible, funds appropriated under the Manpower Development and Training Act of 1962, as amended, shall be made available on a priority basis for training and employment support use in connection with improvements financed by mortgages insured under this section. The Secretary shall cooperate with the Director of the Office of Minority Business Enterprises, the Director of the Educational Development Agency, and the Administrator of the Small Business Administration, to insure maximum utilization of minority and small business contractors in connection with improvements financed by mortgages insured under this section.

"(h) In administering the program established by this section, the Secretary shall use his best efforts to enlist the support and actual cooperation of State and local governments in establishing State or local mortgage lending funds, in providing adequate municipal services in low- and moderate-income areas, particularly in areas threatened by building abandonment, and in insuring, to the maximum extent feasible, the administration of laws and ordnances relating to existing housing stock, including building codes, housing codes, health and safety codes, zoning laws, and property tax laws, in such manner as will encourage maximum utilization of this program in accordance with the purposes herein expressed.

"(i) The Secretary shall develop and maintain full information and statistics regarding the utilization of and experiences incurred under this program, which shall include, but not be limited to, information and statistics concerning—

"(1) financial market conditions, including the interest rates, payback periods, and other terms and conditions affecting housing eligible to be financed hereunder;

"(2) the character, extent, and actual costs of repairs, renovations, and moderate housing rehabilitation undertaken hereunder;

"(3) factors affecting and statistics showing the extent of actual and potential utilization of this program;

"(4) factors affecting the processing time of applications submitted hereunder and statistics showing processing times actually experienced;

"(5) mortgage arrearages and defaults on mortgage loans insured hereunder;

"(6) abuses of the program, actual or potential, and remedial or punitive actions taken in connection therewith; and

"(7) the costs of administering this mortgage insurance program, provided by this section.

The Secretary shall submit each year to the Congress and to the President an annual report summarizing such information. Such report shall include his analysis of the effectiveness and scope of the program and his recommendations for its improvement and greater utilization.

"(j) If the Secretary determines that the unavailability of property insurance coverage is hindering the widespread utilization of this program, he shall take all practicable steps to insure that the protections and benefits of the Urban Property Protection and Reinsurance Act of 1968 are utilized to provide adequate property insurance coverage for mortgagors and mortgagees under this program.

"(k) If the Secretary determines that widespread utilization of this program is hindered by the charging of points or discounts by mortgages, he shall take steps to implement the Government National Mortgage Association's authority under section 305(j) of this Act to purchase and make commitments to purchase mortgages insured under this section, at a price equal to the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items, and to sell such mortgages at any time at a price within the range of market prices for the particular class of mortgages involved at the time of sale as determined by the Association.

"(l) If the Secretary determines that widespread utilization of this program is hindered by delays in processing and approval of projects, he shall establish procedures to insure, to the maximum extent feasible, the expeditious processing and approval of applications for insurance hereunder, including, where necessary and appropriate, the use of procedures and practices similar to those under title I (home improvement loans).

"(m) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including such sums as may be necessary to make interest reduction payments under this section. The aggregate amount of outstanding contracts to make such payments shall not exceed amounts approved in appropriation Acts and payments pursuant to such contracts shall not exceed $50,000,000 per annum prior to July 1, 1974, which minimum dollar amount shall be increased by $100,000,000 on July 1, 1975, by $150,000,000 on July 1, 1976."

Mr. JAVITS. Mr. President, one of the major drawbacks I have found in the existing housing programs is their focus on the production of new housing while neglecting our existing housing stock. In New York City housing in transitional neighborhoods has been deteriorating at an alarming rate. To try to stem this tide I sought in 1972 to encourage the development of a national policy and strategy which would focus talent and resources on the preservation and upgrading of existing housing stock in older cities around the country. My proposal, which was included in part in the omnibus housing bill that did not become law last Congress, sought to provide a comprehensive neighborhood preservation approach to upgrade transitional neighborhoods and involve private investment through the use of FHA insurance and related shallow subsidies for refinancing and repair of existing housing stock. The amendment I have proposed is, in essence, S. 2776, the Neighborhood Conservation Act.

It provides for areas to be designated as "neighborhood conservation areas" by local governmental entities, which areas would then be eligible for grants by HUD to be used for repairs of streets, sidewalks, playgrounds, and schoolyards; improvements of private property to eliminate dangers to health and safety and other similar neighborhood-oriented activities and improvements calculated to aid in achieving the objectives of the legislation.

In order to receive grants, localities would have to submit a 5-year plan and demonstrate at the end of each year that significant progress was being made. It is hoped that this program along with the other parts of the bill will help localities make a coordinated attack on the abandonment and decay of existing housing.

A new mortgage insurance program covering residential property located in neighborhood conservation areas is also authorized. All properties covered would be multifamily rental properties, cooperative or condominium properties which are basically sound or capable of being placed in standard conditions without substantial rehabilitation.

In the case of a mortgagor who is an owner-occupier of a building containing two to seven units, or of a cooperative or condominium covering more than seven units, the mortgage could cover 97 percent of the value of the property. The mortgage could be upped to 100 percent of value for nonprofits and 90 percent of value for limited dividend projects. However, only owners who live on the premises would be allowed to secure mortgages under this legislation on property of less than seven units. This will serve to eliminate many of the abuses we have seen in existing insurance programs covering small dwelling units.

The mortgage program will allow for refinancing or sale of the property provided that repair and improvements are made to such property. HUD will have to take such steps as it deems necessary to insure that repairs and improvements have been or will be made.

Rentals on properties which receive mortgage insurance shall not be increased for a period of at least 1 year from the date of final endorsement of the insurance or thereafter unless the increase can be justified on the basis of increased operating expenses. For the purpose of maintaining or reducing rentals the Secretary of Housing and Urban Development is authorized to make interest reduction payments on behalf of the owners of the properties—but for the benefit of the tenants—which will reduce interest rates down to a minimum of 4 percent per annum. This

"shallow subsidy" should enable rents to remain steady or perhaps decrease depending on the individual owner's mortgage terms.

The Secretary of Housing and Urban Development is authorized to take such steps as accelerated processing of applications under the program; implementing the Government National Mortgage Association's authority to purchase mortgages under this legislation; and, to coordinate with other Government departments to insure that manpower training funds and funds for small businesses and minority businesses are made available to neighborhood conservation areas.

Authorizations for neighborhood conservation area grants are $100 million for fiscal year 1974, $150 million for fiscal year 1975 and $200 million for fiscal year 1976; and for mortgage interest reduction payments $50 million for fiscal year 1974, $100 million for fiscal year 1975 and $150 million for fiscal year 1976.

I believe that this legislation will provide the coordinated attack that is necessary to preserve many of the "transitional areas" in New York and other States of the Nation.

Mr. President, I understand that a great many of the provisions of my bill designated for neighborhood preservation are already addressed in the bill before the Senate. I would appreciate it very much if the manager of the bill would state to us the particular references, so that all who are interested in this very critical problem may be advised and informed as to where in the bill they can find some help in respect to this matter.

Mr. HATHAWAY. Mr. President, the committee appreciates the merits of the proposal which the Senator from New York has made; but, as the Senator has indicated, many of the provisions he would like to incorporate in the bill are already contained therein. I cannot give him the particular references at the moment, but I will do so shortly.

The bill does contain the insured rehabilitation loans, insured refinancing loans, and direct loans for the purposes that the Senator would like to see.

In my opinion, we have covered the thrust of the Senator's amendment with provisions we already have in the measure. If the Senator will turn to page 76 of the report, under "Rehabilitation and Preservation Programs," continuing to page 77, he will see an explanation of what is in the bill that covers the purposes that the Senator from New York would like to cover in his amendment.

Mr. President, I ask unanimous consent that that excerpt from the report be printed in the RECORD.

Mr. JAVITS. As a statement of the manager.

Mr. HATHAWAY. As a statement of the manager.

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

REHABILITATION AND PRESERVATION PROGRAMS

The language of the bill reflects the Committee's strong belief that our housing rehabilitation programs can be extremely effective in "transitional areas" which have not deteriorated to the point where comprehensive renewal is necessary, but which could be headed in that direction if immediate and concerted efforts are not made to halt or reverse the deterioration process. The Committee believes that the provision of increased Federal housing rehabilitation assistance for such neighborhoods could ultimately be cheaper than allowing them to decline until more comprehensive government action becomes necessary. The amendment also calls for an effort to encourage more timely repair and maintenance of the housing units themselves. In addition, the amendment emphasizes the absolutely essential need for adequate municipal services on a continuing basis in neighborhoods where preservation efforts are to be undertaken.

Several tools for implementing this new provision of the national housing goals are included in the Committee bill. The increase in maximum allowable amounts and loan terms in the FHA home improvement loan program (Sec. 302 of Chapter 1) will encourage use of private money for home repairs. Sec. 401 and Sec. 501 of Chapter I, by authorizing the FHA to insure mortgages so that housing repairs and improvements along with the refinancing of existing indebtedness can be financed without forcing increases in monthly housing expenses, will also facilitate the use of private funds for housing preservation. As a means of attracting State and local government money as well as private money for the housing preservation effort, the Committee authorized coinsurance on a portfolio basis for State and local rehabilitation loan funds (Sec. 309 of Chapter I). The Committee also authorized community development funds to be used for rehabilitation (Chapter III) and rejected the proposal that the 3 percent direct Federal rehabilitation loan program be absorbed by the community development program. Instead, it broadened somewhat the geographic applicability of that program (Sec. 815). To facilitate more substantial rehabilitation of owner-occupied dwelling, the bill allows the FHA homeownership program (Sec. 402 of Chapter I) to be used for this purpose by present homeowners and raises the percentage of program contract authority reserved for housing rehabilitation from ten to twenty. Various other provisions of the bill, such as the requirement that counseling be provided to all future FHA-subsidized homeowners, would also contribute to an increased housing preservation effort even though they do not provide rehabilitation assistance directly.

The Committee recognizes that the provisions of adequate and timely maintenance is just as vital to a successful housing preservation strategy as housing rehabilitation efforts. Proposals were presented that HUD undertake demonstrations of ways to improve housing maintenance. One of these demonstrations would have provided cash incentive payments in small amounts to families in Federally assisted housing who maintain their homes exceptionally well relative to others receiving subsidies. Another would have allowed HUD to encourage or require subsidy recipients in the FHA homeownership program to establish and maintain escrow accounts, which would be used to meet maintenance and repair expenses. The Committee did not adopt these proposals. The Committee believes that HUD has adequate authority to conduct research to promote better housing maintenance in whatever ways it deems appropriate.

Mr. JAVITS. I thank the Senator very much for it. I think that does it very appropriately.

Mr. President, I am satisfied that the committee is making measurable progress in this matter. I also feel that now that we have started on it and in an appreciable way, whatever else might be needed we have a good chance to get on a showing of merit.

Therefore, Mr. President, I would be disposed to withdraw my amendment, with this record made in respect of this bill. Before I do that, I should like to suggest the absence of a quorum, and I ask unanimous consent that the time may be charged to neither side.

Mr. MANSFIELD. Mr. President, will the Senator withhold his request?

Mr. JAVITS. Yes.

Mr. MANSFIELD. Has the Senator withdrawn his amendment?

Mr. JAVITS. I will do so in a moment.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MANSFIELD. Mr. President, on behalf of the Senator from South Carolina (Mr. HOLLINGS), I ask unanimous consent that his legislative assistant, Burt Rosen, be given the privilege of the floor during the debate on this measure.

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

Mr. JAVITS. Mr. President, I now renew my unanimous-consent request for a quorum.

The PRESIDING OFFICER. Without objection, it so ordered.

The clerk will call the roll.

The 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.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Mr. Joel Severson, of Senator ABOUREZK's staff, be given the privilege of the floor during the debate on the pending bill.

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

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, under the same conditions as previously.

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

The clerk will call the roll.

The 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. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I withdraw the amendment.

The PRESIDING OFFICER (Mr. ABOUREZK). Without objection, the amendment is withdrawn.

Mr. JAVITS. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

On page 76, lines 1 and 5, strike 80 per centum and insert in lieu thereof 90 per centum.

On page 70, lines 9 through 16 strike subsection (4).

Mr. JAVITS. Mr. President, I ask unanimous consent that the amendments may be considered en bloc.

The PRESIDING OFFICER. Without

objection, the amendments are considered en bloc.

Mr. JAVITS. Mr. President, as the matter stands in the bill 80 percent of the medium income maximum for low-income tenants was coupled with a provision allowing 20 percent of the units to be up to median income. That was defined as being within the discretion of the mortgagor, the developer or the housing authority.

From the point of view of the cities, although it is a painful choice, we believe we are better off by omitting the 20 percent, the one-fifth, to take us to the higher 90 per centum limit in order to get a consistent limit comparable to what has been done in section 402 for section 402 homeownership.

By this amendment we increase the 80 percent to 90 percent, but strike out the 20 per centum discretion up to median income vested in the hands of the mortgagor completely so that the flat figure becomes the same in section 402, or 90 percent.

I hope that the compromise is acceptable.

Mr. TOWER. Mr. President, this matter has been discussed and we feel this is a reasonable compromise. For the minority I am prepared to accept the amendment.

Mr. HATHAWAY. Mr. President, the majority also is willing to accept the compromise.

Mr. JAVITS. Mr. President, I yield back my time on the amendment.

Mr. HATHAWAY. I yield back my time on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATHAWAY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, will the Senator from Texas yield to me for 30 seconds?

Mr. TOWER. Mr. President, I yield on the bill as much time as the Senator requires.

Mr. JAVITS. I thank the Senator.

Mr. President, this is only the culmination of a long experience with this committee on housing. I want to especially speak of the Senator from Texas (Mr. TOWER). I spoke of the Senator from Alabama (Mr. SPARKMAN) before. In the housing field seemingly there is a tremendous meeting of the minds and consensus of views. I think what the committee has done—and they beat me down a bit—is part of the whole process of getting the best bill that represents the best the Senate has to offer.

I think that is the highest praise that can be uttered for Senators in charge of a bill. I express my gratitude to the Senator from Alabama (Mr. SPARKMAN), the Senator from Texas (Mr. TOWER), and the Senator from Maine (Mr. HATHAWAY). This is characteristic of the way housing measures have been handled here over the years.

Mr. TOWER. Mr. President, I thank the distinguished Senator from New York for his generous remarks. I hope we will always have our objectives clearly before us and that to the extent possible we will be able to get every American, regardless of his income level, in housing that is at least standard housing. There could be nothing of greater impact on social improvement in these United States than to accomplish that objective.

I appreciate the Senator's remarks and also I appreciate his splendid efforts in this matter, as well.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The 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.

Mr. MANSFIELD. Mr. President, on behalf of the Senator from New Mexico (Mr. MONTOYA), the Senator from South Dakota (Mr. ABOUREZK), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. DOMENICI), myself, and others, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

The amendment is as follows:

On page 131, line 11, after the period, insert the following: "Of the aggregate amount of contracts for annual contributions authorized under this section to be entered into on or after July 1, 1974, not less than $15,000,000 per annum, which amount shall be increased by not less than $15,000,000 per annum on July 1, 1975, shall be available only for low-income housing for persons who are members of any Indian tribe, band, pueblo, group, or community of Indians or Alaska Natives which is recognized by the Federal Government as eligible for service from the Bureau of Indian Affairs.".

Mr. MANSFIELD. Mr. President, this amendment calls for an appropriation of $15 million to be applicable to the Indians, Eskimos, Aleuts, and others for low-cost housing. It would be possible under this amendment, if agreed to by the Senate and acceded to by the House and the President, to allow for the building of 7,500 low-cost units for Indians in the next 2 years. This is only a small way in which we can accommodate the first Americans and I hope this gesture will be given unanimous approval of the Senate.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. SPARKMAN. I wish to check one matter. The Senator said it would take an appropriation of $15 million. It was my understanding this did not call for an additional appropriation but simply allocated funds being authorized in this bill.

Mr. MANSFIELD. That is correct. I am glad the Senator corrected that.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the distinguished Senator from New Mexico.

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

STATEMENT BY SENATOR JOSEPH M. MONTOYA

Indian "self-determination" is a major goal of the Congress and the Administration. It implies the assumption of full self-government by Indian tribes in the management of their political, economic, and social affairs, but it also assures the continuation of federal trust responsibility. Self-determination is, unfortunately, an elusive creature to people who suffer poor health and whose environment is a continual reminder of their impoverishment. I question how "free" is an individual whose home is a shack—or a tent or car body—whose polluted drinking water must be carried several miles, and whose access to a doctor is obstructed by impassible roads.

If self-determination is our nation's goal for Indians, then concomitant with that goal must be the elimination of the impoverished environment which so many Indian people endure. My purpose today is to address the particular issue of Indian housing, and to inform you of what I believe is a retreat by the federal government from its avowed commitment to provide decent housing for Indian people. In 1971, the General Accounting Office published its report, "Slow Progess in Eliminating Substandard Indian Housing"; it is my concern that neither the Congress, nor the Administration, allow an epilogue to that report be written and entitled, "No Progress . . .".

As the Senate is aware, Indian housing is the worst in the country, and we believe a special effort is needed to assure the Indian people a decent place to live. Of the 92,000 existing units on Indian land, 56,000 are substandard. Of these, 32,000 are so dilapidated that they cannot be renovated but must be replaced. An additional 15,000 units are needed for families who have no home of their own and now live two or more families to a unit or who live in tents or in car bodies.

As you also know, Federal housing assistance to Indians is particularly important because Indians have almost no access to private housing resources. Lending institutions and home builders do not exist on Indian lands, nor will they involve themselves with Indian housing programs because of the special status of Indian land which denies these institutions the security they require.

New Mexico, which is home to a tenth of the nation's Indian population, and to more than 13 percent of the national Indian rural population, is illustrative of the severity of the Indian housing problems. On the Pueblos, which are tourist attractions to thousands of visitors, and in the rural, isolated lands of the Apaches, substandard housing accounts for 62 percent of all housing units, by BIA's own estimation.

As in all rural areas, the presence of extremely bad housing is coupled with a high incidence of poverty. You are probably aware that half the nation's poor people live in rural areas. Indeed, the 1970 Census shows that 19 percent of all rural families are impoverished. But Indian poverty is even more dramatic. We find that 47 percent of all rural Indians have incomes that fall below the poverty level.

These poverty statistics assume great importance when we begin to consider how Indians can improve their housing conditions. There is no question that decent, safe, and sanitary housing is costly, and that most Indians cannot afford it. In most cases, Indians need either partially or totally subsidized housing. Yet such housing exists only in

limited supply on Indian reservations. HUD data to December 31, 1972, show that 12,094 units of low-rent, mutual help, and Turnkey III housing units were completed by tribal housing authorities since 1961, or about 1,000 units per year—not even enough to keep up with population growth.

Though these programs are small, particularly in comparison to need, their numbers far exceed the production records of the more shallow subsidy programs of HUD-FHA and the Farmers Home Administration. For example, in HUD's Region IX, which serves the Indian population in all the southwestern states, including my home state of New Mexico, HUD insured projects totalled only 183 units in eight years. In that same region, Farmers Home Administration had only 100 Indian loans in force as of March, 1972.

The only major and formal commitment to providing decent housing to Indians on reservations was made in April, 1969, but this commitment was more an outcome of the budget planning process than a serious reflection of housing needs or goals. In a Memorandum of Understanding between HUD, the Bureau of Indian Affairs, and the Indian Health Service (HEW), each agency's responsibilities were outlined in an attempt to overcome the lack of coordination that resulted in families occupying new housing units that lacked plumbing or access roads. HUD would provide housing financing under the public housing programs, BIA would provide access roads, and the Indian Health Service would provide water and sewer facilities. To secure the agreement, HUD committed itself to the construction of 6,000 Indian housing units annually for five fiscal years ending June 30, 1974.

Five years have nearly passed, and the total 30,000 unit commitment is not fulfilled. When fiscal year 1974 ends, there will be a balance of at least 4,700 Indian units with no contract authorization. Even though HUD Secretary James Lynn has publicly stated his intention to fund those units in FY 75, the Administration budget is silent on the matter.

The 1969 commitment to Indians must not be allowed to die. Furthermore, since those 4,700 units will only replace a tenth of the 47,000 new units that BIA said were needed more than nine months ago, Congress must also provide in its housing legislation, authorization for the continuation of those programs which serve Indian housing needs. These are, primarily, the low-rent, mutual help homeownership, and Turnkey III homeownership programs.

The Administration's notion of a revised Section 23 leased housing program and housing allowance demonstration for all poor people living in bad housing would be a tragic mistake in Indian areas, since these areas contain no stock of standard housing for lease, nor do they contain the financial institutions and building enterprises required if private development is to function. I have grave concerns about the applicability of the Administration's proposals to most rural areas, and Indian areas particularly. It is surprising to me that after ten years of working in Indian areas, the Department of Housing and Urban Development would offer a nation-wide program for all low-income persons that the Agency knows cannot house Indians. Yet the FY 75 HUD budget offers no alternatives to Indians. It appears to me that, HUD, the only Agency with programs and funds to address the severe Indian housing problem, has implicitly called an end to its participation in that effort.

Mr. President, we are in the process of debate on S. 3066, the Housing and Community Development Act of 1974. Senator Sparkman and members of the Committee are to be commended for their efforts in producing legislation that incorporates basic housing reform, and yet retains the federal commitment to low- and moderate-income families. The legislation clearly reflects Senator Sparkman's continuing dedication to federal involvement in housing development, particularly for lower-income American families and elderly. It is my concern, however, that in the area of Indian housing, the Administration may veer from the goals established by this body.

The amendment sets aside, for the exclusive use of our Indian people, $15 million of the $795 million authorized for FY 75 and $15 million of the $720 million authorized for FY 76 for annual contributions for low-income housing projects. This set aside will allow for the construction of approximate 7,500 units of Indian housing per year.

We sponsors of Amendment 1003 are attempting to guarantee the informal commitment which the Department of Housing and Urban Development made in 1969 and to extend that commitment for the two year life of this authorization. The construction of these units has been and will continue to be essential to reduce the staggering back log of 47,000 units of needed Indian housing. We are also attempting, through this amendment, to assure the construction of the 1,500 units needed annually to house an increasing Indian population and to replace deteriorating existing units.

Housing set-asides are essential to the continuation of Indian housing efforts, but there are other issues that must also be addressed. Among those are the multi-agency responsibility for Indian housing which causes long delays and confusion, the lack of clear guidelines for the development of mutual help housing, the adequacy of urban oriented public housing development and management guidelines to the rural Indian setting, and the lack of mortgage financing for Indians whose incomes exceed public housing guidelines.

We believe that the programs funded by Chapter II of the bill—especially the low rent, mutual help and Turnkey III programs, are those which have been of greatest benefit to the Indian people. Subsidy programs such as those operated by the Farmers Home Administration and provided for in Chapter V of the bill, simply do not work on Indian Reservations. The amount of assistance provided is too small to be of help to low-income Indians, and the regulations which control these programs work to prevent Indian participation.

Indians involved in housing have addressed these problems to the Department of Housing and Urban Development by letter, telephone, and innumerable personal visits. Last July, HUD promised Indians that a manual for the mutual help program would be written, incorporating Indian suggestions, and would be ready for Indian review in October. It is now March, and there is no manual.

And in January of this year, Dr. Gloria E. A. Toote, HUD Assistant Secretary for Equal Opportunity, agreed to hold a nationwide Indian housing conference within 60 days. An organizing committee was appointed, but has never been asked to meet. Telegrams and letters of support for the conference from Indians and Congress remain unanswered.

There is no question that Indians need thousands of units of new housing, and that their ability to pay is limited, thus forcing them to rely on the public housing programs. These programs need continued funding, and they need some revisions that will make them operate better for Indians. There may even be a need for a specific Indian housing program, separate from all other housing efforts. But before such a program is designed, or revisions made in the old programs, we should hear what Indians from all over the country have to say.

I urge that Congressional support be given to a nationwide Indian housing conference, and that the conference be convened by HUD no later than April 15, in a place convenient to a large portion of Indian people.

BASIC NEEDS OF INDIAN HOUSING

Mr. ABOUREZK. Mr. President, let me try to paint a brief statistical picture of the Indian housing situation.

There are 180,000 Indian households according to the 1970 census.

About two-thirds of them are in nonmetropolitan areas. In my own State of South Dakota, for example, 98 percent of the Indian population is in rural areas.

Nearly one-third of all Indian households have incomes of less than $3,000 a year. In the nonmetropolitan areas, the figure is more like 40 percent.

Median income for Indian families is only 60 percent of the national income.

Indian households are generally larger than average—a median size of 3.4 persons per houshold as compared to 2.7 for the general population.

Almost 16 percent of Indian households have seven or more members—three times the national incidence of large households.

Thus it is hardly surprising to find that almost half of the Nation's Indian households occupy units which either lack essential plumbing facilities or are overcrowded, or both.

The Indian population suffers an incidence of substandard housing which is three times the national average.

In absolute terms, 77,000 Indian households are living in substandard units, according to the 1970 census. Three-fourths of these substandard units are in nonmetropolitan areas.

In some places the picture is not so bleak.

In other places it is worse. My own State falls into that category.

As of June 30, BIA reported 92,000 occupied housing units under its jurisdiction. Less than 40 percent of them were rated "standard" quality. Moreover, nearly 15,000 units were housing two families. Putting that latter figure another way, there were less than 36,000 adequate houses available to 107,000 Indian families.

The situation is worse for the Navajos. Less than 13 percent of their families have adequate housing.

The BIA estimates that about one-third of the existing housing can be upgraded by rehabilitation. The rest—some two-thirds—will require new construction.

At the Juneau and Alaska BIA offices, it is estimated that more than 90 percent of the units just simply must be replaced.

Mr. President, late last year I asked Dr. George Rucker, the research director of the Rural Housing Alliance, to look at these figures and tell me what they mean.

His conclusion was quite stark:

Last year the Federal Government—through all programs—assisted in 9,300 new starts and rehabilitations for the Indian people. These 9,300 units secured a net reduction of only 1,506 units in Indian housing need.

This means, if last year's was a typical pattern, that it will take 7,800 starts and rehabs every year just to stay even. To

eliminate the backlog within 10 years will require nearly twice the current level of activity.

Mr. President, the need for more funding of Indian housing construction and rehabilitation is self-evident. The Montoya amendment is, if anything, too modest.

At this point in the RECORD I ask permission to insert Dr. Rucker's detailed analysis of Indian housing needs.

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

INDIAN HOUSING: A BACKGROUND PAPER

The 1970 Census reported more than 180 thousand Indian households. Nearly 100,000 of those were outside of Standard Metropolitan Statistical Areas—making the Indian population far more rural than the population in general. The 80,000 households that *are* in metropolitan areas are relatively concentrated. More than half are in sixteen of the nation's 243 SMSAs, and more than a fourth (some 22,000 Indian households) are in six SMSAs in California and Oklahoma.

Indeed, as Table I, on the distribution of Indian households, shows, the total Indian population of the country is largely concentrated in a few major areas. Nearly half of the households are in the four states of Oklahoma, California, Arizona, and New Mexico. Roughly two-thirds of the total is in ten states, and of these ten, only three (California, New York, and Texas) have more than half of their Indian population residing in metropolitan areas. In short, Indian housing needs are predominantly, though not entirely, rural housing needs. This is particularly true of those within BIA territory. Here in the Dakotas, for example, more than 98% of the Indian households live in nonmetropolitan areas—largely on reservations under the jurisdiction of the Bureau of Indian Affairs.

TABLE I.—DISTRIBUTION OF INDIAN HOUSEHOLDS, 1970, INSIDE AND OUTSIDE SMSA's, SELECTED STATES AND REGIONS

	Number of occupied units				Distribution of occupied units (percent)			
	Total	Major SMSA's[1]	Other metro	Nonmetro	Total	Major SMSA's[1]	Other metro	Nonmetro
California	24,304	13,823	6,059	4,422	100.0	56.9	24.9	18.1
Arizona	17,809	3,816		13,993	100.0	21.4		78.6
New Mexico	13,541	1,329		12,212	100.0	9.8		90.2
Washington	7,207	2,209	1,166	3,832	100.0	30.6	16.2	53.2
Montana	5,302		579	4,723	100.0		10.9	89.1
Alaska	3,301			3,301	100.0			100.0
Oregon	3,231		1,395	1,836	100.0		43.2	56.8
Colorado	2,001		1,316	685	100.0		65.8	34.2
Utah	1,899		577	1,322	110.0		30.4	69.6
Nevada	1,731		644	1,087	100.0		37.2	62.8
Idaho	1,236		76	1,160	100.0		6.1	93.9
Other Western States	1,333		255	1,078	100.0		19.1	80.9
Western region	82,895	21,177	12,067	49,651	100.0	25.5	14.6	59.9
Oklahoma	26,709	8,338	1,537	16,834	100.0	31.2	5.8	63.0
North Carolina	9,636		1,207	8,429	100.0		12.5	87.5
Texas	5,119	1,701	2,535	883	100.0	33.2	49.5	17.2
Florida	1,672		1,153	519	100.0		69.0	31.0
Louisiana	1,192		365	827	100.0		30.6	69.4
Other Southern States	6,858		4,036	2,822	100.0			41.1
Southern region	51,186	10,039	10,833	30,314	100.0	19.6	21.3	59.2
South Dakota	5,713		96	5,617	100.0		1.7	98.3
Minnesota	4,752	2,286	406	2,060	100.0	48.1	8.5	43.4
Michigan	4,208	1,478	1,031	1,699	100.0	35.1	24.5	40.4
Wisconsin	4,199		2,127	2,072	100.0		51.7	49.3
Illinois	2,958	2,378	330	250	100.0	80.4	11.2	8.4
North Dakota	2,479		37	2,442	100.0		1.5	98.5
Kansas	2,128		1,042	1,086	100.0		49.0	51.0
Ohio	1,889		1,679	210	100.0		88.9	11.1
Missouri	1,616		1,156	460	100.0		71.5	28.5
Nebraska	1,291		441	850	100.0		34.2	65.8
Other North-central States	1,582		1,020	562	100.0		64.5	35.5
North-central regions	32,815	6,142	9,365	17,308	100.0	18.7	28.5	52.7
New York	7,314	4,753	1,365	1,196	100.0	65.0	18.7	16.3
Pennsylvania	1,655		1,489	166	100.0		90.0	10.0
Other Northeastern States	4,401		3,098	1,303	100.0		70.4	29.6
Northeastern region	13,370	4,753	5,952	2,665	100.0	35.5	44.5	19.9
United States total	180,266	42,111	38,217	99,938	100.0	23.4	21.2	55.4

[1] "Major SMSAs" are the 16 SMSAs in 10 States, each of which reported an Indian population of 5,000 or more. For details, see the Source.

Source: 1970 Census of Housing, HC(7)-9, "Housing of Selected Racial Groups".

Table II summarizes the national pattern in terms of selected characteristics of Indian housing, as reported in the 1970 Census. One thing it makes perfectly clear is that Indian housing need is dramatically more severe than is that of other groups. In almost every characteristic, Indian housing is far below average.

To begin with, only half of the nation's Indian households own their own homes, while for the rest of the population the proportion is more like two-thirds. To a large extent, of course, this tenure pattern stems from the extremely low-incomes characteristic of Indian households. The median income for them is 60% as large as the median income for the general population. Nearly one-third of all Indian households reported incomes of less than $3,000 in the 1970 Census. (In nonmetropolitan areas, almost 40% of the Indian households were in that bottom income category.)

Bad as those figures are, the situation is really worse when put in the perspective of a couple of other factors. In the general population, a significant portion of the poverty is associated with elderly households The Indian population, though, has distinctly less elderly households than is characteristic of the general population. (Only 15% of Indian households were headed by persons 65 years of age or older, while nearly 20% of all households in the country had elderly heads.) Similarly, low-incomes are frequently associated with small households, but Indian households are generally larger than average—with a median size of 3.4 persons as compared with 2.7 for the general population. Even more dramatic is the proportion of very large households. Almost 16% of all Indian households had seven or more members, a percentage more than three times the comparable figure for the nation as a whole.

To give some local perspective to this general pattern, one can look at Table III, reflecting the data for North and South Dakota. As can be seen, median incomes in these states was slightly lower than the national pattern for nonmetropolitan areas. Conversely, the proportion of households containing seven or more persons was distinctly larger than the national average for Indian households.

Against this background, it is hardly surprising to find that almost half of the nation's Indian households occupy units which either lack essential plumbing facilities, or are overcrowded, or both. Of the 77,000 households reported by the Census to be in such units, almost three-fourths were in nonmetropolitan areas, where 57% of the Indian households were inadequately housed, even by this limited measure (which does not consider either the condition of the structure or the proportion of the family's income that is being paid to occupy it).

Once again, to make relative comparisons: the incidence of housing which lacks plumbing facilities or is overcrowded among Indian households is more than three times as high as among all households in the country.

TABLE II.—SELECTED CHARACTERISTICS OF INDIAN HOUSING, 1970, INSIDE AND OUTSIDE SMSAS

Selected characteristics	Inside SmSAs			Total	
	In central cities	Outside central cities	Total metro areas	Outside SmSAs	(Metro and non-metro)
All occupied units	44,257	36,071	80,328	99,938	180,266
Owner-occupied	13,824	19,612	33,436	56,682	90,118
Renter-occupied	30,433	16,459	46,892	43,256	90,148
Percent renter-occupied	68.8	45.6	58.4	43.3	50.0
(National average—percent renter)	(51.9)	(29.7)	(40.5)	(29.6)	(37.1)
Age of units: 10 yr or less	6,330	10,096	16,426	28,130	44,556
10 to 30 yr	15,225	15,263	30,488	31,405	61,893
30 yr or older	22,702	10,712	33,414	40,403	73,817
Percent 30 yr or older	51.3	29.7	41.6	40.4	40.9
(National average—percent 30 yr)	(48.0)	(27.8)	(37.7)	(46.7)	(40.5)
Quality: Units lacking plumbing	2,818	4,642	7,460	39,945	47,405
Percent lacking plumbing	6.4	12.9	9.3	40.0	26.3
(National average—Percent without plumbing)	(2.9)	(2.9)	(2.9)	(11.4)	(5.5)
Units with plumbing but crowded [1]	6,927	5,375	12,302	17,300	29,602
Percent with plumbing but crowded [1]	15.7	14.9	15.3	17.3	16.4
(National average—percent crowded)	(7.9)	(6.3)	(7.1)	(6.4)	(6.9)
Units with plumbing, severely crowded [2]	1,968	1,552	3,520	7,199	10,719
Percent with plumbing, severely crowded [2]	4.4	4.3	4.4	7.2	5.9
(National average—Percent severely crowded)	(2.0)	(1.1)	(1.6)	(1.3)	(1.5)
Household income: Under $3,000	11,054	7,711	18,765	38,652	57,417
$3,000 to $5,999	11,129	7,643	18,772	26,780	45,552
$6,000 to $9,999	11,893	9,318	21,211	21,241	42,452
$10,000 to $14,999	7,061	7,491	14,552	9,626	24,178
$15,000 and over	3,120	3,908	7,028	3,639	10,667
Median	$6,000	$7,100	$6,500	$4,200	$5,100
(National median)	($7,900)	($10,300)	($9,100)	($6,800)	($8,400)
Household size:					
1 person	9,825	5,026	14,851	13,535	28,386
2 persons	11,059	8,673	19,732	18,465	38,197
3 to 4 persons	13,349	11,601	24,950	27,037	51,987
5 to 6 persons	6,745	7,058	13,803	19,680	33,483
7 or more persons	3,279	3,713	6,992	21,221	28,213
Median	2.7	3.2	2.9	3.8	3.4
[National median]	[2.4]	[3.0]	[2.7]	[2.7]	[2.7]
Percent 7 or more persons	7.4	10.3	8.7	21.2	15.7
[National percent 7 plus persons]	[4.6]	[5.1]	[4.8]	[5.7]	[5.1]
Age of household head: Under 35	18,449	12,236	30,685	29,038	59,723
35 to 44 yr	8,605	7,746	16,351	20,607	36,958
45 to 64 yr	12,126	11,650	23,776	32,763	56,539
65 and over	5,077	4,439	9,516	17,530	27,046
Percent with head under 35	41.7	33.9	38.0	29.1	33.1
[National percent with head under 35]	[26.8]	[26.5]	[26.6]	[23.5]	[25.7]

[1] "Crowded" means more than 1 person per room.
[2] "Severely crowded" means more than 1.50 persons per room.
[ ] Bracketed data are comparable figures for the total population, including all races and ethnic groups.

Source: 1970 Census of Housing, HC(7)-9, "Housing of Selected Racial Groups," HC(7)-1, "Housing Characteristics by Household Composition," and HC(2)-1, "Metropolitan Housing Characteristics."

TABLE III.—INDIAN HOUSING IN THE DAKOTAS, 1970

	South Dakota	North Dakota
Occupied units by household income:		
Under $3,000	2,425	876
$3,000 to $5,999	1,802	764
$6,000 to $9,999	833	538
$10,000 to $14,999	484	221
$15,000 and over	169	80
All incomes	5,713	2,479
Median	$3,500	$4,000
Quality of housing:		
Units lacking plumbing	2,580	1,176
(Percent of all units)	(45.21)	(47.4)
Units with plumbing but crowded	1,287	511
(Percent of all units)	(22.5)	(20.6)
(Severely crowded units)	581	196
(Percent of all units)	(10.2)	(7.9)
Household size:		
1 or 2 persons	1,548	637
3 or 4 persons	1,433	624
5 or 6 persons	1,245	546
7 or more persons	1,487	672
(Percent of all with 7 plus persons)	(26.01	(27.1)

Source: "Census of Housing, 1970," HC(7)-9, "Housing of Selected Racial Groups."

It is worth emphasizing that these are national patterns. In some places the picture is not so bleak, while in others it is even worse. The Dakotas fall into the latter category. As Table III shows, more than two-thirds of the Indian households in these two states occupy units which lack plumbing, are overcrowded, or both.

The 1970 Census figures are depressing enough, but the annual housing inventory prepared by the Bureau of Indian Affairs indicates that things are a good deal worse even than that—at least among the Indian households for which BIA is responsible. Table IV summarizes the data from the most recent mid-year inventory, released just last week.

As of June 30th, the BIA reported nearly 92,000 occupied housing units under its jurisdiction. Less than 40% of those were rated as "standard" in quality. Moreover, nearly 15,000 units (about one-sixth of the total) were housing two families. Put another way, there were less than 36,000 adequate houses available to nearly 107,000 Indian families. The situation is reported to be worst at the Navajo Office, where less than 13% of the families have adequate housing. It is evidently least bad in the area administered by the Billings office, though even there no more than 55% of the families have adequate housing.

Of the total need indicated by these figures, BIA estimates that roughly one-third can be met by upgrading existing housing through rehabilitation. The other two-thirds (including that represented by the "doubled up" families) will require new construction. The Navajo Office is the only one in which rehabilitation can be expected to meet a majority of the needs. At the other extreme are the areas under the Juneau and Phoenix offices, where more than 90% of the estimated need will require new construction.

TABLE IV.—HOUSING CONDITIONS FOR INDIANS UNDER BIA JURISDICTION, MID-1973

BIA offices	Total number families	Number standard units	Number substandard units	Families "doubled up"	Total need as percent of families	New units needed	Rehabilitations needed
Aberdeen	10,546	4,697	4,353	1,496	55.5	4,739	1,110
Billings	6,071	3,335	2,269	467	45.1	1,861	875
Minneapolis	3,283	1,685	1,409	189	48.7	1,092	506
North-Central total	19,900	9,717	8,031	2,152	51.2	7,692	2,491
Anadarko	5,373	1,401	2,617	1,355	73.9	2,398	1,574
Muskogee	16,052	7,171	5,547	3,334	55.3	7,044	1,837
Albuquerque	8,349	3,180	2,841	2,328	61.9	3,332	1,837
Navajo	23,801	3,126	19,242	1,433	86.9	7,324	13,351
Phoenix	9,644	3,193	5,309	1,142	66.9	6,025	426
Southwest total	63,219	18,071	35,556	9,592	71.4	26,123	19,025

BIA offices	Total number families	Number standard units	Number substandard units	Families "doubled up"	Total need as percent of families	New units needed	Rehabilitations needed
Juneau	12,550	2,751	8,503	1,296	78.1	9,209	590
Portland	6,116	3,331	1,951	834	45.5	1,804	981
Sacramento	2,149	518	1,080	551	75.9	1,260	371
Pacific total	20,815	6,600	11,534	2,681	68.3	12,273	1,942
Southeast agency	2,768	1,153	1,226	389	58.3	1,084	531
U.S. total	106,702	35,541	56,347	14,814	66.7	47,172	23,989

Source: Consolidated Area Housing Inventory.

Over all, this year's figures indicate some improvement from last year's, when total housing need amounted to 71% of the total number of families. In the intervening year the number of standard units was increased by almost 5,400 and the number of substandard units reduced by nearly 2,000 (the number of "doubled up" families decreased by less than 50, however). It is again necessary to point out, though, that this reflects a national average. In four of the twelve offices (the Southeast Agency, the Minneapolis, Anadarko, and Navajo Offices) total housing need reportedly increased during Fiscal 1973, and the Juneau Office reports no change in its net housing need. At best, a comparison of last year's inventory and this year's indicates that the rate of improvement registered over the last year would require nearly five more decades to eliminate housing need in BIA areas.

If one compares the mid-'73 inventory with that in mid-1970, things are still worse, with total need nationwide having gone *up* over the three years—a pattern characteristic of seven of the twelve individual offices. (The Navajo Office figures indicate the greatest retrogression, with total need reportedly almost tripling over the three years.) It is not possible that this evident deterioration in the situation is largely a statistical matter, though. A General Accounting Office investigation in 1970–71 concluded that BIA estimates of housing need were inadequate and this reportedly led to a more careful preparation of the mid-year inventory thereafter. Thus, the situation may not have deteriorated since 1970, it may just have been worse than had been indicated prior to 1971, and later inventories revealed a situation that had existed all along. Since we don't know how much of the 1970–73 differences to attribute to improved information and how much to actual change in the situation, we can only conclude that current progress in Indian housing is slow at best and perhaps even nonexistent.

This is not to say that there has been no housing activity. As Table V sets forth, the BIA reports the rehabilitation of more than 14,000 units and the construction of more than 16,000 new units during the last three fiscal years. (A substantial part of the latter activity, however, was required just to meet new family formations, since the total number of Indian families under BIA jurisdiction went up by almost 11,500 in that three year period.)

On the new construction side, public housing financing was utilized for 70% of the units—hardly a surprising fact considering the dismal incomes of Indian households. More than half of those public housing starts were under the Mutual Help program. Rehabilitation of BIA housing is largely financed by the agency's Housing Improvement Program (HIP financing accounts for 90% of the rehabilitations reported in Table V).

TABLE V.—CONSTRUCTION AND REHABILITATION STARTS IN BIA AREAS, FISCAL YEAR 1971 THRU FISCAL YEAR 1973

BIA office	Mutual help	Other public housing	HIP construction	Other new construction	Total new construction	HIP repairs	Other repairs	Total repairs
Aberdeen	120	1,930	78	158	2,286	1,325	7	1,332
Billings	299	525	97	156	1,077	771	33	804
Minneapolis	30	603	129	30	792	836	30	866
North-central total	449	3,058	304	344	4,155	2,932	70	3,002
Anadarko	1,224	50	4	9	1,287	776	54	830
Muskogee	1,830	744	69	346	2,989	642	----------	642
Albuquerque	1,122	120	6	3	1,251	1,452	----------	1,452
Navajo	270	180	532	1,163	2,145	3,243	689	3,932
Phoenix	675	405	304	131	1,515	1,395	19	1,414
Southwest total	5,121	1,499	915	1,652	9,187	7,508	762	8,270
Juneau	126	315	197	679	1,317	579	229	808
Portland	98	335	45	433	911	660	231	891
Sacramento	----------	----------	236	7	243	865	50	915
Pacific total	224	650	478	1,119	2,471	2,104	510	2,614
Southeast agency	290	92	10	23	415	252	10	262
U.S. total	6,084	5,299	1,707	3,138	16,228	12,796	1,352	14,148

Source: BIA, Bureau-wide Consolidation, Construction Starts.

There are great variations among the various offices in the utilization of the programs. Mutual Help dominates the picture at the Anadarko, Albuquerque and Muskogee Offices, but is little used in the Dakotas, Alaska, or on the West Coast. The HIP program is clearly the favored instrument of policy at the Navajo Office (which accounts for one-fourth of all HIP-financed rehabilitations during the period and for nearly one-third of HIP-financed new construction). At the Anadarko and Phoenix Offices, HIP is used for rehabilitation but very little for new construction. To what extent these variations stem from differences in local situations and to what extent they reflect vagaries of administrative preference at the local level is not known.

Finally, it is of interest to compare housing activity reported by BIA with housing need as they estimate it. Given the presumed differences in costs involved, it is probably not surprising that rehabilitation gets the greater relative attention. The number of units repaired during Fiscal '73 was about one-fifth of the number estimated at the beginning of the year as in need of repair. New construction starts during that year amounted to only one-tenth of the number estimated as required in mid-'72. (This does *not* imply that total needs for new units would thus be met in ten years, since, as indicated, new family formation requires a substantial amount of new construction each year regardless of need existing at the beginning of the year.)

This relative "favoritism" for rehabilitation is characteristic of every office, though it is least marked in the Oklahoma Offices. It is greatest at the Aberdeen, Phoenix and Sacramento Offices.

Of more interest, probably, is the comparison of total housing activity with estimated need. This can be misleading, though, because it makes no allowances for changes during the year. Thus, the offices showing the highest levels of activity during Fiscal '73 relative to estimated needs at the beginning of the period were Minneapolis and Sacramento. But despite this, the number of units reported as needed by the Minneapolis office was *greater* at the end of the year than before! Net improvement in Sacramento was not spectacular.

Looked at in terms of this net improvement over the last year then, the Muskogee Office had the best record during FY '73 and the Aberdeen Office would rank second. (Before Dakota chauvinism rears its head, however, it should be pointed out that the Aberdeen Office is one of the two [Albuquerque is the other] reporting a decline in the total number of Indian households.) The least relative improvement—or, to be more accurate, the greatest relative retrogression during Fiscal '73—was reported by the Southeast Agency, where total need increased by 17% during the year. The Minneapolis Office

was next with a 10% net increase in housing need during FY '73.

In short, last year's 9,339 starts and rehabilitations secured a net reduction in BIA housing need of only 1,506 units. This means, if last year's was a typical pattern, that more than 7,800 starts and rehab's are required each year just to "stay even." If the backlog of need is to be eliminated within a decade, it will require nearly twice the current level of housing activity in BIA areas. It will also require reallocation of resources, both as to programs and areas, to secure a better match between need and response.

Mr. SPARKMAN. It is a good amendment. I am prepared to accept it.

Mr. TOWER. I am prepared to accept the amendment on behalf of the minority.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. HATHAWAY. Mr. President, I suggest the absence of a quorum without the time being charged to either side.

The PRESIDING OFFICER. The clerk will call the roll.

The 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 (Mr. STAFFORD). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, on page 2, line 2, after the word "Affairs" I want to add to the amendment now pending the words "or who are wards of any State government."

The PRESIDING OFFICER. The amendment will be so modified.

Mr. MANSFIELD. Mr. President, I yield back my time.

Mr. SPARKMAN. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment as modified. (Putting the question.)

Without objection, the amendment as modified is agreed to.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TOWER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BROOKE. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. ABOUREZK). The clerk will report the amendment.

The legislative clerk read as follows:

On page 122, line 8, strike out "It is the sense of the Congress that no" and insert in lieu thereof "No".

Mr. BROOKE. Mr. President, this is a very simple amendment. I offer it as a clarifying amendment to the public housing portion of the bill.

This amendment would make a matter of law what is the intent of Congress, that no person shall be barred from serving on the board of directors of a local public housing agency because of his tenancy in a low-income housing project.

It would do this by striking the words "It is the sense of the Congress that".

Mr. President, this language appears on line 8 of page 122.

There has been some problem with this language. This does not mean that a person must be on a public housing authority. It merely means that the law says that a tenant cannot be barred from serving on a public housing authority.

I have discussed this matter with the distinguished chairman of the committee and with the distinguished ranking minority member of the committee. I believe that they are both willing to accept the amendment.

Mr. SPARKMAN. Mr. President, the amendment is acceptable to me.

Mr. TOWER. Mr. President, I have already discussed the matter with the Senator from Massachusetts. It is a good amendment, and I am prepared to accept it.

Mr. BROOKE. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Massachusetts. (Putting the question.)

The amendment was agreed to.

Mr. BROOKE. Mr. President, I send to the desk an unprinted amendment and ask that it be considered at this time.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk proceeded to state the amendment.

Mr. BROOKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The text of the amendment is as follows:

On page 28, line 18, strike out "(b) and (c)" and insert in lieu thereof "(b), (c), and (d)".

On page 28, beginning with "The Secretary" on line 20, strike out all through page 29, line 4.

On page 29, after line 25, insert the following:

(d) The Mutual Mortgage Insurance Fund, created by section 202 of the National Housing Act, shall be used by the Secretary as a revolving fund for carrying out his obligations incurred pursuant to sections 203(b), 203(h), and 203(i) of such Act and pursuant to section 401 of this Act.

On page 30, line 1, strike out "(d)" and insert in lieu thereof "(e)".

On page 30, line 11, strike out "(e)" and insert in lieu thereof "(f)".

On page 30, line 22, strike out "(f)" and insert in lieu thereof "(g)".

On page 31, beginning with line 9, strike out all through line 13.

Mr. BROOKE. Mr. President, S. 3066 contains a provision for the consolidation of the Mutual Mortgage Insurance Fund and the General Insurance Fund into a new, expanded General Insurance Fund. To the layman this may seem to be a routine housekeeping matter, but to appreciate its significance one must have some idea of the dollars involved.

The Mutual Mortgage Insurance Fund was created to insure mortgages which finance the purchase of small homes. Most of the FHA mortgages are insured under the MMIF. This fund has over $50 billion in insurance in force and insurance reserves to cover losses of some $1.75 billion. According to HUD's actuaries, the MMIF has over $200 million in surplus and is in sound financial condition.

But the situation is very different with regard to the General Insurance Fund, which insures mortgages to finance the purchase, construction, or improvement of some small homes, multifamily properties, nonresidential properties, and commercial structures. The General Insurance Fund has over $22 billion in insurance in force. However, it has a reserve deficiency of about $1 billion, and that deficiency is growing at the rate of several hundred million dollars a year. To put it bluntly, the General Insurance Fund is an actuarial catastrophe, and the situation appears to be deteriorating rather than improving.

To appreciate the magnitude of the problem, you must be aware that the General Insurance Fund does not insure any 235, 236, or special risk properties which are covered by the Special Risk Insurance Fund. The Congress never contemplated that the General Insurance Fund, which even insures luxury apartments, would operate on anything but a sound financial basis. But it is now in deep trouble.

As a member of the Appropriations Committee, I am concerned about the condition of the General Insurance Fund and the potential cost to the taxpayers to meet the mounting losses experienced by that fund. I intend to explore this matter further with HUD during appropriations hearings this spring.

I do not support the proposal that the Mutual Mortgage Insurance Fund and the General Insurance Fund be merged into one new General Insurance Fund. As I see it, the danger in such a move is that the surplus reserves of the Mutual Mortgage Insurance Fund are not likely to be sufficient to cover expected losses incurred by the General Insurance Fund. A new consolidated fund would then come to depend on appropriations to keep going, and any semblance of actuarial soundness in the operation of the FHA insurance funds will be lost. This, in my opinion, would lead to the weakening or even the demise of FHA as we have known it.

Over the last 35 years FHA has provided the basis for a massive expansion of homeownership opportunities for moderate-income families who could not afford to make a large downpayment on a house. This has been done without any cost to the Government. No private mortgage insurer has been able to match the FHA in making available low downpayment mortgages.

I am offering an amendment for myself and Senators CRANSTON and MONDALE to retain the Mutual Mortgage Insurance Fund and the General Insurance Fund as separate funds. The effect of our proposal will be to continue the use of the Mutual Mortgage Insurance Fund to insure those mortgages presently insured under section 203 of the National Housing Act as well as those mortgages to be insured under section 401 of the proposed bill.

Mr. SPARKMAN. Mr. President, the

Senator from Massachusetts has made the substance of his amendment known to me. As far as I am concerned, I am willing to accept it.

Mr. TOWER. Mr. President, I am willing to accept the amendment.

Mr. BROOKE. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

SECTION 23

Mr. ABOUREZK. Mr. President, the prevailing opinion seems to be that Indian housing authorities are just beginning to be proficient with the traditional public housing programs—turnkey and conventional.

They argue that to force a new program upon them now would be a setback.

Moreover, they make a valid argument that existing decent housing stock which is privately owned, in addition to the rather complicated financing mechanisms and willing financial institutions for that approach—both are just plain impossible to come by in Indian areas.

This point is buttressed by a recent study by the Rural Housing Alliance concerning the geography of section 23 leased housing. It turns out that the program is primarily an urban program, whereas Indian reservations are primarily rural.

The RHA study concludes that rural areas received only 18 percent of section 23 leased housing as compared to having 58 percent of the Nation's substandard housing.

Those figures—showing where section 23 has actually wound up—make a telling point about its applicability in rural areas in general and Indian reservations in particular, and I ask permission to have the study inserted at this point in the RECORD.

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

THE GEOGRAPHY OF LEASED PUBLIC HOUSING UNDER SECTION 23: MORE DISCRIMINATION AGAINST RURAL AND SMALL TOWN PEOPLE

(By George W. Rucker, Rural Housing Alliance, February 1974)

HIGHLIGHTS

From its inception in 1965 until mid-1973, the Section 23 program provided for the leasing of a total of 162,000 units. The program has accounted for 30% of all public housing units put under Annual Contributions Contract in the last five years.

Geographic distribution of the program has been uneven. California has accounted for 24% of all units leased under Section 23.

Though Section 23 was originally conceived of as a way to utilize existing housing for public housing, nearly half of the units under the program have been specifically constructed for it. This new construction aspect has been most characteristic of the South.

The total number of Section 23 units going into nonmetropolitan areas has been 29,300—only 18% of all Section 23 units. This means that the program has been only half as effective as other public housing approaches in reaching rural areas and small towns.

BACKGROUND NOTES

The U.S. Public Housing program started in 1937 and has run on one cylinder for nearly 40 years. In that period of time it has managed to get little better than 1 million units under management, contrasted to the total of 63 million dwelling units in the U.S. It was not lack of need for low income housing but the grim opposition of the vested interests—ideological, realtor and slumlandlord—which swept the program at such low levels.

In 1965 one of the many new approaches to try to solve the housing problems of the poor was a program to permit the Department of Housing and Urban Development (HUD) to finance leasing by Local Housing Authorities of privately owned housing, new and old, in clusters or individual units. The mix of ideas was to enable the agencies to cut costs by using existing stock, mix public housing among private units to get away from the "project" image, facilitate mixing of racial groups, and give private enterprise a cut in the program along with tax payments to local governments. In the eight years between its birth and mid-1973, this program had made 162,000 housing units available to public housing authorities, 30 percent of the total achieved in the last five years.

In the new Nixon budget for FY 1975 it is proposed to virtually eliminate the old public housing program and go all out on the leasing program. Under the proposals in the budget, over 400,000 units would be authorized for the next 18 months. Public management through housing authorities would also be all but eliminated and income levels served under the program substantially raised.

People in small towns and rural areas have reason to be concerned over and above the other conflicts over the program. They are being had, again, by this shift because the program does not seem to work as well in small towns and rural areas as other public housing approaches.

THE GEOGRAPHY OF LEASED PUBLIC HOUSING UNDER SECTION 23

Preliminary statistics just made available by HUD indicate that as of mid-1973 there were 162,000 leased public housing units under Annual Contributions Contract. The program began in the mid-1960's and 84% of those units have been put under AAC since 1967. During that 5½-year period, the leasing program has accounted for about 30% of all additions to the public housing supply.

Distribution of the leasing program has been extremely uneven. Five states account for 45% of those 162,000 units, and one state for 45% of those 162,000 units, and one state—California—accounts for 24% of the total! (California, where the leasing approach escapes the local referendum required for other public housing programs, has been the leading user of Section 23 both for new construction and for existing units; Massachusetts, New York, and New Jersey are the other biggest, users of the program for existing housing; Florida, Mississippi, Louisiana, and Ohio are the other biggest users of the program for new construction. Together, those eight states account for well over half the total program.)

Just over 46% of the Section 23 units had been especially constructed for the program. This aspect has been particularly favored in the South. (That region accounted for 45% of all the leased new construction units, but less than 10% of the leased existing units.) Conversely, application of Section 23 to already existing housing, either with or without rehabilitation, has been most favored on the Pacific Coast and in the Northeast. (These latter two areas together account for two-thirds of the existing units under lease, but only one-third of newly constructed Section 23 units. California alone accounts for 30% of the existing units put under lease, and together with Massachusetts and New York, accounts for 45% of the total.)

NONMETROPOLITAN USAGE

Of the 162,000 unit total, 29,300—or 18%—of the leased units are in nonmetropolitan areas. Again, the distribution pattern is uneven. Section 23 is most heavily used for nonmetro areas in the South. The five states with the most nonmetro Section 23 units were Mississippi, California, North Carolina, Louisiana, and South Carolina. Together, they accounted for 38% of the nonmetro total. (In Mississippi and South Carolina, more than three-fourths of all Section 23 units were in nonmetro areas, and in North Carolina and Louisiana, more than 40%.)

But it needs to be emphasized that use of the Section 23 program in nonmetropolitan areas rests overwehlmingly on new construction. Some 77% of the Section 23 units in such areas came under that category.

NONMETRO USE OF SEC. 23 COMPARED WITH NONMETRO USE OF OTHER PUBLIC HOUSING PROGRAMS

Taken as a whole, the Sec. 23 program has not served nonmetropolitan areas as well as other public housing programs. About 24% of all public housing units are in nonmetropolitan areas, but only 18% of Sec. 23 units are in such areas. The disparity is even more striking when one remembers that the leasing program is a recent development on the public housing scene. During the years in which Sec. 23 has been a major vehicle, more like 30%–35% of the units added to the public housing supply have been in nonmetropolitan areas. If Sec. 23 has accounted for 30% of all additions to the supply, with 18% of those going into nonmetro areas, then 35%–40% of the units under programs other than Sec. 23 have evidently been going into nonmetro areas. In short, other public housing programs have been twice as effective as Sec. 23 in reaching nonmetro areas.

We don't have the data necessary for a direct comparison, state-by-state, covering the late 1960's and early 1970's. However, we do have regional data on the metro-nonmetro distribution of all public housing units brought under contract during the three years 1970, 1971 and 1972. Based on those data, we have estimated the distribution pattern for the longer period 1968 through 1972 and for the component divisions of the regions as well.

Unless these estimates are extremely wide of the mark (and we have allowed a range of 5% in each case), they indicate that in every one of the nine Census Divisions of the country, the Sec. 23 program was less successful in reaching nonmetropolitan areas than the other public housing programs used during the same period.

In fact, looking only at new construction for leasing—that part of the program receiving the most usage in nonmetro areas—it would still appear that in most parts of the country, the other public housing programs are more successful in reaching nonmetro areas. Only the Northeast Region and the West North Central Division would seem to be exceptions to that generalization.

In short, the geography of the Sec. 23 program (at least as operated in the past) certainly supports the arguments of those who contend that nonmetropolitan areas have little existing housing stock suitable for assisted housing—particularly in the Southern states. It also gives little reason for optimism to those who might think that an expanded Sec. 23 program means an expanded nonmetro public housing program.

LOCATION OF SEC. 23 LEASED PUBLIC HOUSING UNITS UNDER ANNUAL CONTRIBUTIONS CONTRACT AS OF JUNE 30, 1973, BY PROGRAM CATEGORY, IN ALL AREAS AND IN NONMETROPOLITAN AREAS, BY STATE, DIVISION, AND REGION

States, divisions and regions	Number of sec. 23 units under ACC, June 30, 1973						Percent of sec. 23 in nonmetropolitan areas
	All areas			Nonmetropolitan areas			
	Program categories			Program categories			
	New construction	Existing units	All units	New construction	Existing units	All units	
Total United States	75,244	86,759	162,003	22,685	6,617	29,302	[1] 18.0
Maine	625	343	968	453	150	603	6.2
New Hampshire	406	771	1,177		69	69	5.9
Vermont	602	629	1,231	602	629	1,231	[1] 100.0
Massachusetts	3,111	7,196	10,307	110	488	598	5.8
Rhode Island	4	762	766				
Connecticut	1,662	1,126	2,788	100		100	3.6
New England	6,410	10,827	17,237	1,265	1,336	2,601	15.1
New York	3,575	5,295	8,870	2	249	251	2.8
New Jersey	459	4,753	5,212		65	65	1.2
Pennsylvania	1,721	3,498	5,219	955	53	1,008	19.3
Mid-Atlantic	5,755	13,546	19,301	957	367	1,324	6.9
Northeast	12,165	24,373	36,538	2,222	1,703	3,925	10.7
Delaware	200	46	246				
Maryland	190	1,143	1,333	140	67	207	15.5
Virginia	187	561	748				
West Virginia	142	125	267				
North Carolina	3,707	361	4,068	1,740	196	1,936	47.6
South Carolina	1,666	269	1,935	1,450	269	1,719	88.8
Georgia	2,503	927	3,430	958	38	996	29.0
Florida	6,762	1,027	7,789	1,170	115	1,285	16.5
South Atlantic [2]	15,563	5,003	20,566	5,458	685	6,143	31.0
Kentucky	550	6	556	225		225	40.5
Tennessee	2,502	220	2,722	897	28	925	34.0
Alabama	3,832	46	3,878	1,565		1,565	40.4
Mississippi	4,593	24	4,617	3,631	24	3,655	79.2
East South Central	11,477	296	11,773	6,318	52	6,370	54.1
Arkansas	497		497	211		211	42.5
Louisiana	3,956	311	4,267	1,661	175	1,836	43.0
Oklahoma	436	1,806	2,242	436	496	932	41.6
Texas	2,199	1,041	3,240	268	168	436	13.5
West South Central	7,088	3,158	10,246	2,576	839	3,415	33.3
South [2]	34,128	8,457	42,585	14,352	1,576	15,928	38.1
Ohio	3,917	3,269	7,186	324	41	365	5.1
Indiana	639	1,230	1,869	93	55	148	7.9
Illinois	2,099	3,551	5,650	692		692	12.2
Michigan	1,544	563	2,107				
Wisconsin	940	184	1,124	200	14	214	19.0
East North Central	9,139	8,797	17,936	1,309	110	1,419	7.9
Minnesota	309	2,816	3,125	210	25	235	7.5
Iowa	8	1,556	1,564	6	206	212	13.6
Missouri	912	1,567	2,479	557	2	559	22.5
North Dakota	956	118	1,074	956	118	1,074	100.0
South Dakota	129	155	284	129	155	284	100.0
Nebraska	169	1,684	1,853				
Kansas	584	672	1,256	380	187	567	45.1
West North Central	3,067	8,568	11,635	2,238	693	2,931	25.2
North Central	12,206	17,365	29,571	3,547	803	4,350	14.7
Montana							
Idaho	202	48	250				
Wyoming	120	380	500	120	380	500	[2] 100.0
Colorado	377	135	512	43	60	103	20.1
New Mexico	455	850	1,305	455	50	505	38.7
Arizona	1,033	71	1,104	42	44	86	7.8
Utah	462	75	537	234		234	43.6
Nevada	90	700	790				
Mountain	2,739	2,259	4,998	894	534	1,428	28.6
Washington	357	3,644	4,001				
Oregon	1,210	3,631	4,841	584	1,016	1,600	33.1
California	12,439	26,330	38,769	1,086	985	2,071	5.3
Alaska							
Hawaii		700	700				
Pacific	14,006	34,305	48,311	1,670	2,001	3,671	7.6
West	16,745	36,564	53,309	2,564	2,535	5,099	9.6

[1] State has no metropolitan area.
[2] Includes District of Columbia.

Source: Preliminary tabulation of Feb. 15 1974 made available by Statistical Operations Branch, Division of Research and Statistics, Department of Housing and Urban Development.

NONMETROPOLITAN SHARE OF PUBLIC HOUSING UNITS UNDER ALL PROGRAMS AND UNDER SEC. 23 LEASING PROGRAM, BY CENSUS DIVISION AND REGION, SELECTED PERIODS

Census divisions and regions	Percentage of all public housing units going to nonmetropolitan areas		Percentage of sec. 23 units going to nonmetropolitan areas, 1965–73		
	Cumulative total, 1937–71	Estimate for recent years 1968–73 [1]	New construction	Existing units	Total (both)
U.S. total	22.4	[38] 30–35	30.1	7.6	18.0
New England	9.8	16–21	19.7	12.3	15.1
Middle Atlantic	7.2	8–13	16.6	2.7	6.9
Northeast region	7.9	[16] 11–16	18.3	7.0	10.7
South Atlantic	29.9	36–41	35.1	13.7	31.0
East south-central	46.8	62–67	55.0	17.6	54.1
West south-central	36.7	42–47	36.3	26.6	33.3
South region	36.1	[52] 45–50	42.1	18.6	38.1
East north-central	14.9	21–26	14.3	1.3	7.9
West north-central	36.0	60–65	73.0	8.1	25.2
North-central region	20.4	[42] 35–40	29.1	4.6	14.7
Mountain	40.5	66–71	32.6	23.6	28.6
Pacific	11.0	18–23	11.9	5.8	7.6
West region	17.1	[33] 26–31	15.3	6.9	9.6

[1] Bracketed figures are actual percentages for the 3-year period, 1970–72, from data made available by Statistical Operations Branch, Division of Research and Statistics, Department of Housing and Urban Development.

Sources: Data in 1st column are from "Public Housing: Where It Is and Isn't" (Rural Housing Alliance and Housing Assistance Council, 1972); data in 2d column are estimated (largely on basis of indications from the regional data for 1970–72); and data in final 3 columns are from preceding table.

Mr. METCALF. Mr. President, I ask that the Senate reconsider the Montoya amendment that was just recently adopted and ask unanimous consent that it be reconsidered at this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. TOWER. Mr. President, reserving the right to object, I want to ask the Senator for what purpose he is asking reconsideration?

Mr. METCALF. Mr. President, I had intended to offer an additional modifying amendment to the Montoya amendment. I did not realize that it was going to come up so fast. I had my amendment at the desk. The only purpose is to add a statement that will take care of some of the Indian reservations in the request.

Mr. TOWER. Mr. President, if that could be specified in the request, that this is the only purpose for which the amendment will be reconsidered, I have no objection.

Mr. METCALF. I thank the Senator from Texas.

Mr. President, my amendment is designed to clarify and specify the intent of the amendment by Mr. MONTOYA and others on a set-aside of public housing funds for use in meeting the needs of our native Americans for decent housing, water, and sanitary facilities.

Our Indian population has the worst housing in the Nation. The Bureau of Indian Affairs reports that two-thirds of the nearly 107,000 families within its jurisdiction either occupy housing which is substandard or else have no housing of their own at all. At the rate of improvement registered last year, that situation will not be solved for nearly 50 more years. In Montana alone, the Bureau estimates that nearly 1,900 homes are, in their words, "desperately needed."

It has been over 14 years since Phileo Nash—BIA—and Maggie McGuire—Public Housing—agreed to make a joint attack on the Indian housing problem. Since then, we have come a long, tortuous road. This zigzagging road has meant that about the time their leaders were adjusted to some program it would be reorganized, merged, reformed and something new set before them to try to work with. Let us presume that many of these changes may have made some sense in terms of the general economy, but programs which will work in the general society frequently work poorly, if at all, on reservations because of the combination of land trusts, unemployment, low income, the very strong aversion of the Indian people to being crowded into multiple-family dwellings, isolation, absence of private credit—the list is long but it is real and must be reckoned with in shaping housing programs which will work on reservations.

My amendment is specifically designed to see that no attempt is made to substitute private leasing arrangements for traditional public housing programs on reservations, not, in this instance, because of any philosophical or political differences but simply because the leased housing program cannot and will not function on Indian reservations. Indeed, as a recent research paper by the Rural Housing Alliance indicates, the leased housing program is overwhelmingly an urban, even metropolitan program and does not work well in small towns and rural areas anywhere in the country. RHA found that with nearly two-thirds of the substandard housing, the nonmetro areas of the country had gotten only 18 percent of the leased housing units since the inception of the program.

I urge your support for this amendment which will retain the traditional mutual help and other public housing programs for use on reservations. Any contentions on the superiority of leased housing are—insofar as the reservations are concerned—not erroneous so much as just irrelevant.

The PRESIDING OFFICER. Would the Senator from Montana also ask unanimous consent to offer his amendment to the Montoya amendment?

Mr. METCALF. Mr. President, I ask unanimous consent that my amendment, which is at the table, is being offered by the distinguished Presiding Officer, the Senator from South Dakota (Mr. ABOUREZK), the distinguished Senator from New Mexico (Mr. MONTOYA), and other Senators, be incorporated in the Montoya amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

On page 2, line 2, after "Affairs" insert the following: ", except that none of the funds made available under this sentence shall be available for housing in private accommodations under section 8".

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and the amendment is agreed to and incorporated in the Montoya amendment.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CRANSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk proceeded to state the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with and that the amendment be printed in the RECORD.

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

The text of the amendment is as follows:

On page 145, lines 2 and 3, strike the following: "in accordance with criteria established by the Secretary".

On page 145, lines 21 and 22, strike the following: "in accordance with criteria established by the Secretary".

On page 146, lines 10 and 11, strike the following: "in accordance with criteria established by the Secretary".

On page 147, lines 9 and 10, strike the following: "in accordance with criteria established by the Secretary".

On page 151, lines 7 and 8, strike the following: "in accordance with criteria approved by the Secretary".

On page 152, lines 1 and 2, strike the following: "in accordance with criteria approved by the Secretary".

On page 152, lines 19 and 20, strike the following: "in accordance with criteria established by the Secretary".

On page 153, lines 9 and 10, lines 13 and 14, and lines 24 and 25, strike the following: "in accordance with criteria established by the Secretary".

Mr. CRANSTON. Mr. President, this amendment strikes the phrase "in accordance with criteria established by the Secretary" everywhere that it appears in section 8. In two instances, the phrase is modified to read "in accordance with criteria approved by the Secretary." That phrase occurs on page 151, lines 7 and 8, and on page 152, lines 1 and 2. I propose that they be deleted as well.

The HUD Secretary has broad rulemaking authority. The phrase "in accordance with criteria established by the Secretary" inserted throughout the leased housing section implies that in addition to his rulemaking authority, the HUD Secretary has some additional—although undefined—power. It opens the door to regulations which have no statutory guidance.

The actual intent of section 8 is clear. The bill states as follows:

In carrying out this section it is intended to vest in public agencies the maximum amount of responsibility in the administration of this program.

Retaining the phrase "in accordance with criteria establishd by the Secretary" seems to suggest that deespite the express intent, Congress would tolerate a derogation of local agency responsibility. I believe it is essential to establish that such derogation of local responsibility is not intended either under the phrase "in accordance with criteria established by the Secretary" or under HUD's general rulemaking authority.

Unfettered local initiative is especially critical to my view in three areas: First, in the ability of the owner to subcontract with the public housing agency for management and other responsibilities, second, in the ability of the local housing agency to waive the limitation on the number of assisted units in projects of 50 or more units, and third, in the ability of the public housing agency to determine when newly constructed or substantially rehabilitated leased units should be provided.

Other committee members may believe that vesting the maximum amount of responsibility for program administration in public agencies is critical for different aspects of the leased housing program. The importance is that we have agreed upon the intent of the leasing program.

Through his general rulemaking power, the Secretary carries out the intent of the Congress. The intent of the section 8 leasing program is this: To give maximum opportunity for local initiative to fulfill the objective of "providing a form of low income housing which will aid in assuring a decent place to live for every citizen, which will take full advantage of vacancies in the private housing mar-

ket, and which will provide economically mixed housing."

Mr. President, I think that spells out the main intent of the amendment. I understand that the amendment is acceptable, and I trust that it is.

Mr. TOWER. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be equally divided.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. 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, to clarify the bill, I would like to ask a question of the manager of the bill.

In looking over chapter 3—the community development section of the proposed legislation—I noted that grants and loans would be available to agencies for neighborhood facilities.

A town in the State of Vermont with a population of about 12,000 is very much interested in constructing a civic center. This town has participated in HUD programs during the 1968–72 entitlement period outlined in this proposed legislation.

My question is, would this town be eligible for grant or loan funds for constructing its proposed facility under the terms of S. 3066?

Mr. SPARKMAN. Do I correctly understand that the facility the Senator is suggesting is a civic center?

Mr. AIKEN. A civic center. Not, however, a big auditorium.

Mr. SPARKMAN. A neighborhood center, we will call it.

Mr. AIKEN. A neighborhood center, with a skating rink, a basketball court, and things like that.

Mr. SPARKMAN. Well, now, do not put too much on it, and I would say it would be allowed.

Mr. AIKEN. I thank the manager of the bill. I just wanted to have that made clear for the RECORD.

The PRESIDING OFFICER. Who yields time?

Mr. CRANSTON. Mr. President, I yield to the distinguished Senator from Texas.

Mr. TOWER. Mr. President, I just want to make sure that, in removing the power of the Secretary to establish criteria, we are not removing the Secretary's power to provide guidelines and regulations. This would, I think, be chaotic, and I would like to engage the Senator from California in a little colloquy here, so that we can make legislative history, to make sure that HUD retains the ultimate authority to promulgate guidelines and regulations.

It is not a part of the Senator's intention, as I understand it, to eliminate that ultimate authority on the part of HUD.

Mr. CRANSTON. That is absolutely correct. That is not the intent of the amendment.

Mr. TOWER. I thank the Senator very much. In that case, I am willing to accept the amendment.

Mr. SPARKMAN. I likewise accept the amendment and yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

Mr. CRANSTON. I send to the desk another amendment, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CRANSTON'S amendment is as follows:

On page 164, between lines 16 and 17, insert the following:

LEASED HOUSING

SEC. 209. (a) Nothing in this chapter or any other provision of law authorizes the Secretary of Housing and Urban Development to apply any policy or procedure established by him with respect to a project which is subject to a contract for annual contributions under the provisions of the United States Housing Act of 1937 if such contract was entered into prior to the effective date of such policy or procedure.

Mr. CRANSTON. Mr. President, there is a great deal of confusion among housing authorities as to the status of existing section 23 contracts in light of the legislation pending before us and in light of the newly promulgated section 23 regulations.

The new regulations on existing and newly constructed units provide that—

With respect to projects for which agreements to lease have been entered into prior to the effective date of this part, HUD may apply these standards to the extent it determines it is practicable to do so.

I have been informed by the Office of the General Counsel of HUD that HUD did not mean by this language to prevent an owner from exercising his option to renew a contract up to the maximum renewal term under the same terms and conditions as the initial contract.

However, the language of the regulations does not preclude this possibility.

Therefore, I believe it is important to dispell this uncertainty and clarify that if owners exercise their option to renew contracts existing between themselves and local housing authorities, HUD cannot require the modification of the terms of those contracts to bring them into conformity with the new section 23 regulations or with regulations issued pursuant to this bill. My amendment assures the continuity of the terms of contractual agreement between the owner and the local housing authority as long as the contract is renewed up to the maximum term prescribed by law.

Since the information I received from the Office of General Counsel indicated that HUD could not waive the rights of owners and local housing authorities where the terms of the contract have not been breached and where the owner has exercised his option to renew, I cannot see why there would be objection to clarifying that fact in this bill, since the regulations seem to leave open the possibility.

That, in brief, states the purpose of this amendment.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CRANSTON. I am glad to yield to the manager of the bill.

Mr. SPARKMAN. Has the Senator finished making his presentation?

Mr. CRANSTON. On this amendment, yes.

Mr. TOWER. Mr. President, it is my understanding that this applies only to a project which is under an existing contract; is that correct?

Mr. CRANSTON. That is correct.

Mr. TOWER. Then I am prepared to accept it.

Mr. SPARKMAN. I am willing to accept the amendment, and yield back the time.

Mr. CRANSTON. I thank the Senator.

Mr. CHILES. Mr. President, will the Senator from California yield?

Mr. CRANSTON. I yield.

Mr. CHILES. What is the position of this legislation now as to the regulations and provisions heretofore promulgated by HUD. Are they a part of this housing bill?

Mr. CRANSTON. Yes, in some aspects, but not in all. There are provisions in the present law; the bill states some of those, and there are some changes in it.

Mr. CHILES. Perhaps my question really should be directed to the chairman. I will let the Senator finish with his amendment, and direct the question to the chairman.

Mr. CRANSTON. Does the Senator from Florida have a specific question to ask at some other time?

Mr. CHILES. Yes, I will ask the chairman.

Mr. CRANSTON. I thank the Senator. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

Mr. CRANSTON. I send to the desk another amendment, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 137, line 12, after the comma insert the following:

"(5) the need for maximizing the conservation of energy for heating, lighting, and other purposes,".

On page 137, lines 12 and 13, strike out "(5)" and "(6)" and renumber as "(6)" and "(7)".

Mr. CRANSTON. Mr. President, I suggest the absence of a quorum, for one moment.

The PRESIDING OFFICER. How is the time to be charged?

Mr. CRANSTON. To be charged to me.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CRANSTON. 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. CRANSTON. Mr. President, in establishing the prototype cost for FHA

insured single family and multifamily units, the Secretary is required in S. 3066 to take into account "the need for maximizing the conservation of energy for heating, lighting, and other purposes."

My amendment includes this identical language in the public housing section of the bill so that in establishing the prototype cost for conventional public housing units, the Secretary would also have to take into account "the need for maximizing the conservation of energy for heating, lighting, and other purposes."

The Department of Housing and Urban Development can play an extremely influential role in promoting the construction of housing units that use less energy in heating and cooling, in lighting, and running appliances, and in meeting other household energy needs.

One way that HUD can influence the development of energy saving units is to include the cost of design and materials that can reduce energy consumption in the calculation of prototype cost—the prototype cost is the total construction cost of a standard-sized new single family home or a standard-sized unit within a multifamily structure.

S. 3066 presently requires the Secretary to include energy conservation as a factor in estimating the cost of FHA insured housing. My amendment brings the public housing prototype cost section into conformity with FHA insured housing by requiring the Secretary to include energy conservation as a factor in calculating the cost of building a standardized public housing unit.

Mr. President, I understand that this amendment is acceptable to the chairman and to the Senator from Texas.

Mr. SPARKMAN. That is correct, Mr. President.

Mr. TOWER. I am prepared to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

Mr. CRANSTON. Mr. President, I send to the desk a final amendment, as far as I am concerned, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 357, add after line 10, the following:

"SEC. 823. Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following:

"ADDITIONAL RESEARCH AUTHORITY

"SEC. 509. (a) In carrying out activities under section 501, the Secretary may undertake special demonstrations to determine the housing design, the housing structure, the housing-related facilities, services, and amenities most effective or appropriate to meet the needs of groups with special housing needs including the elderly, the handicapped, the displaced, single individuals, broken families, and large households. For this purpose, the Secretary is authorized to enter into contracts with, to make grants to, and to provide other types of assistance to individuals and entities with special competence and knowledge to contribute to the planning, development, design, and management of such housing.

"(b) In carrying out his functions under this section the Secretary shall give preferential attention to demonstrations which in his judgment involve areas of housing user needs most neglected in past and current research and demonstration efforts.

(c) The Secretary is authorized to undertake demonstrations involving the actual planning, development, and occupancy of housing utilizing the contract and loan authority of any federally assisted housing program. He is also authorized to set aside any development, construction, design, and occupancy requirements, for purposes of these demonstrations, if in his judgment they inhibit the testing of housing designed to meet the special housing needs.

(d) In carrying out this section, the Secretary shall include, as part of any demonstration, an evaluation of the demonstration to cover the full experience involved in planning, development and occupancy.

(e) In addition to any other contract or loan authority which the Secretary may utilize under subsection (c), not more than $20,000,000 from amounts approved in appropriations Acts shall be available for research under this section.

Mr. CRANSTON. Mr. President, this amendment directs the Secretary of HUD to undertake research on the special housing needs of particular groups: the elderly, the handicapped, single nonelderly persons, large households, broken families, and displaced persons.

The purpose of this amendment is to spur HUD into research that will determine the housing design, housing structure, housing-related facilities, services and amenities most appropriate to the special housing needs of special groups. The amendment emphasizes that research and demonstrations should be undertaken for groups which have been neglected in past or current research and demonstration efforts.

A group which has been especially neglected has been single nonelderly persons, known as single-room occupants. Up to now the use of congregate housing—a type especially desired by single nonelderly persons—has been impeded because HUD could not waive the eligibility or design requirements of the HUD housing programs.

My amendment permits HUD to set aside any development, construction, design, and occupancy requirements if the Secretary determines they inhibit the testing of housing suitable to special user groups.

This amendment does not authorize additional money. It permits the Secretary to use the contract or loan authority for any federally assisted program. Out of title V appropriated research funds, the amendment limits the amount of money that can be spent on special housing needs research to $20 million.

Mr. President, that completes my case at this point for the amendment and I hope that it is acceptable.

Mr. TOWER. Actually, this is something that HUD intends to do. I wonder whether the Senator would consider that, since the budget for HUD is only $70 million, this could cripple their efforts. Would the Senator consider reducing the amount to $5 million?

Mr. CRANSTON. The amendment does not require that it be $20 million, $10 million, or $5 million. It just states "not more than." So is it really necessary to reduce the amount?

Mr. TOWER. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged equally to the Senator from Alabama and myself.

The PRESIDING OFFICER (Mr. DOMENICI). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. TOWER. 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. CRANSTON. Mr. President, I modify my amendment, to strike in next to the last line the figure $20 million and reduce it to $10 million.

The PRESIDING OFFICER. The amendment is so modified.

Mr. TOWER. Under those circumstances, I am prepared to accept the amendment.

Mr. SPARKMAN. I accept the amendment.

Mr. CRANSTON. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on this amendment has now been yielded back.

The question is on agreeing to the amendment, as modified, of the Senator from California (Mr. CRANSTON).

The amendment, as modified, was agreed to.

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 198, line 18: strike out "$300,000,000" and insert in lieu thereof "$600,000,000."

On page 198, lines 19 and 20: strike out "$300,000,000" and insert in lieu thereof "$600,000,000."

Mr. KENNEDY. Mr. President, I yield myself such time as I may require. First of all, I commend the distinguished Senator from Alabama (Mr. SPARKMAN) and the distinguished Senator from Texas (Mr. TOWER), as well as the members of the committee, for the development of this legislation.

Speaking as one Senator from Massachusetts, if this legislation were to become law and we were to gain full funding, it would have a significant impact on the quality of housing for millions of our citizens. I think that this approach is imaginative and is sensitive to the experience that has been gained in the housing and development field.

I join the other Members of this body in commending the committee and particularly its chairman and the ranking member for the development of the legislation.

The amendment is rather simple. It merely increases the amount of money for funds that will be available for ongoing urban renewal projects from $300 million to $600 million during the period of transition to full block grant assistance. The need for additional urban re-

newal funding has been substantiated by the National Committee for Renewal Funding, by the League of Cities, the Conference of Mayors, and the National Association on Housing and Redevelopment Organization, time and again.

I realize that many communities in the Commonwealth of Massachusetts and in other States throughout the Nation are in a critical period of development. Even with a transitional funding of $300 million there will be a number of communities that will be adversely affected. The doubling of that authorization in this period of transition will enable many cities to carry forward their objectives in the spirit of this legislation.

I hope the amendment will be accepted. I think there is complete justification for it. I think with this amendment, and with the amendment to be proposed by the majority leader which I am cosponsoring, cities and towns will be protected during the period of transition.

With regard to urban renewal, I believe we already have seen a sad decline from a high of 1,100 communities to the current 853. If we do not provide an adequate transitional cushion while the new law is being enacted, while regulations are issued, while guidelines are produced and while the allocation is being made, these projects may well suffer severe delays and perhaps fail.

It would be a tragedy if ongoing urban renewal projects were to die while the community development program contained within this legislation is being implemented.

I would add that I have been both a supporter and a critic of urban renewal programs. Initially, I felt that inadequate attention had been directed at assuring adequate housing for individuals displaced by urban renewal projects which seemed to concentrate on shopping centers and office buildings.

That situation has changed. Today the urban renewal program has become not only a key to the recovery of the center city but the key to the addition of vitally needed housing as well.

It should be emphasized that the housing now being planned for and being built by urban renewal projects is not limited to the low- and moderate-income category. While those opportunities must be available because they were the individuals whose homes may have been demolished, the housing has more and more been aimed at providing a socio-economic mixture that is vital to the future of the cities.

These projects are not only replacing the housing of those forced to leave but also to those who fled the city not too long ago because of their fear of the steady deterioration of their own neighborhoods.

I would recall for my colleagues the study prepared by the Congressional Research Service of the Library of Congress for the committee. That study, "The Central City Problem and Urban Renewal Policy" contained a wealth of material on urban renewal and on our other urban programs.

It found that urban renewal agencies—

. . . function with increased proficiency . . .

It found too that—

Local tax revenues from project sites after redevelopment have been several times as great as before redevelopment.

It found too that despite the early lag of housing construction, there was a steadily rising trend.

The report showed only 78,000 new housing units completed by 1968. But by 1971 it had risen to 243,000.

But even more important, in a recent private survey assisted by the U.S. Conference of Mayors, National League of Cities, National Housing Conference, and National Housing and Redevelopment officials nearly 400,000 housing units were reported as completed. Another 75,000 units were under construction and some 460,000 units were scheduled as part of the renewal total projects in 396 of 853 communities reporting.

These communities also reported that some $34.7 billion in new construction is being generated by urban renewal programs. That construction means vital jobs at a time when the unemployment rate is climbing because of the economic policies of this administration.

I also would emphasize to my colleagues that the current energy crisis has underlined the crucial role played in this Nation by our cities. It is in the cities where we can maximize the use of our energy resources through the joint use of public services, through mass transportation, through the sharing of facilities.

I believe that the past record of this adimnistration toward our cities has been one of neglect and indifference. The impoundment of mass transit funds, the impoundment of urban renewal, model cities and housing funds, the impoundment of community development funds—all speak to the conscious decision of this administration to turn its back on urban America.

That is an additional reason why it is of fundamental importance to have sufficient funds available for immediate obligation to continuing urban renewal projects so that any delay in the implementation of the community development block grants provided in this legislation will not do irreparable damage to the development programs already underway in communities throughout the Nation.

I hope the chairman of the committee will accept the amendment. I ask unanimous consent that the study by the National Committee for Renewal Funding be printed in full in the RECORD at this time.

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

SUMMARY OF URBAN RENEWAL OF NEEDS

Last year the Administration "terminated" Urban Renewal, requesting only $137.5 million for FY 1974 vs. $1.2 billion in FY 1973. No funds have been requested for FY 1975.

At the same time, HUD has promised an "orderly transition" into a new yet-to-be legislated program.

Instead, across the nation, communities with renewal programs are suffering from disruption.

To assess the damage, a nationwide survey was undertaken by the National Committee for Renewal Funding, assisted by the USCOM, NLC, NHC and NAHRO.

The survey covered every community known to have an active renewal program. 346 communities—large and small—responded, accounting for 62% of all program activity.

The survey shows:

COST OF FUNDING DELAYS

HUD funding delays have added over $822 million to renewal costs.

Many communities are shutting down their programs.

FUNDING NEEDS

90% of all communities with renewal programs need funds in FY 1974–75.

$1.1 billion for the balance of FY 1974.

$1.3 billion to continue existing projects through FY 1975.

$1.7 billion to begin long delayed new projects in FY 1975.

BENEFITS OF RENEWAL

In the 346 communities alone:

$34.7 billion in new construction is being generated—producing jobs when jobs are desperately needed.

593,000 new housing units are being constructed—64% for persons of low and moderate income.

340,000 housing units are being rehabilitated—to conserve neighborhoods.

Urban renewal cannot be "terminated" until there is a viable substitute. No substitute program can be legislated and properly implemented before July 1, 1975. Communities cannot wait for this. Urban renewal must be funded—not less than $1.5 billion to carry communities on a minimal basis through FY 1975.

THE RENEWAL IMPASSE

For the past two years the Administration has announced the termination of the Urban Renewal Program.

Last year the Administration requested only $137.5 million in renewal appropriations for FY 1974, to be used to "close out"—not complete—existing renewal projects. This year the Administration has requested no renewal funds for FY 1975.

During this time HUD has refused to accept applications for locally approved new projects, has severely limited activities and slowed progress of existing projects.

At the same time HUD has promised an "orderly transition" into a new-yet-to-be-legislated program.

Congress has not accepted the Administration's unilateral termination and underfunding of renewal and has continued to fund the program while pursuing legislative alternatives.

The Administration and Congress are engaged in legislative debate over possible new directions for consolidation of community development programs. It is not clear when legislation satisfactory to the Administration, Congress and communities can be enacted.

Certainly, it is quite clear that no legislation can be enacted and implemented prior to July 1, 1975. Formulation of administrative regulations, citizen participation and observance of the environmental protection act will preclude any consolidated program from being implemented for at least a year following enactment of legislation.

In the meantime, communities with renewal programs, and residents and small businessmen in renewal projects are caught in an impasse. The impasse is disruptive to communities across the nation.

Projects left uncompleted
New projects long delayed
Delays in construction
Escalating costs
Loss of local tax revenues
Housing sites left vacant
Loss of jobs
Promises unfulfilled

This report measures the extent of damage and the need to fund the renewal program to prevent further injury.

THE SURVEY

A nationwide survey was undertaken early in 1974 by the National Committee for Renewal Funding. The Committee was assisted by the United States Confernce of Mayors, the National League of Cities, the National Housing Conference and the National Association of Housing and Redevelopment Officials.

The survey covered every community known to have an active renewal program. Questionnaires were sent to over 850 communities. Responses were reecived from the 346 communities listed in Exhibit A, representing some 62% of program activity undertaken by the nation's communities since inception of the renewal program. The survey was directed at:

Cost of delays from insufficient funding.

Funding needs for the balance of FY 1974 and for FY 1975.

Renewal benefits to local communities.

The response to the survey shows:

COST OF DELAYS

Renewal programs have been substantially delayed and made more costly by inadequate funding. During the past four years the Administration has consistently requested insufficient funds from Congress. In addition, impoundment and other delays in releasing appropriated funds, restrictive administrative regulations and HUD reorganizations have materially disrupted the flow of funds into local programs. Project execution has also been delayed by the Administration's housing moratorium.

When projects are delayed, costs are increased by inflation and continuing administrative, interest and property management expenses. Delays are costly to the Federal Government, to the local communities, and most of all to the residents and small businessmen who live and work in renewal projects.

$822 million has been added to renewal costs by HUD funding delays during the past four years.

$3.8 billion in private construction has been delayed or lost.

963 questionnaires were mailed to communities known to have active renewal programs in 1973 survey. Only 853 communities could be identified and were mailed questionnaires this year. Thus, there is a continuing attrition of the 1,000 communities known to be in the program four years ago.

The remaining communities have reduced their staffs by over 3,200 employes needed to bring projects to an earlier and less costly conclusion if funding levels had permitted.

FUNDING NEEDS

Renewal appropriations for fiscal year 1970–73 were at an average level of approximately $1.2 billion annually. (See Urban Renewal Funding graph). During this period the communities were implementing a program that had been legislatively expanded and combating costs increased by inflation. While funding was still required at not less than the 1970–73 experience to fulfill program obligations, the FY 1974 appropriation plummeted to $600 million.

Immediate release of the $600 million appropriated in August, 1973 would have mitigated the injury of inadequate funding. Now, six months later there is only promise of the release of $322.5 million. OMB has impounded the remainder.

The Administration has requested no funds for renewal in FY 1975 but did request $2.3 billion for *all community development programs* if consolidated under its proposed Better Communities Act (BCA).

HUD officials have been reported willing to consider requesting funds to carry programs forward *if* BCA cannot be implemented by July 1, 1974. HUD has asked communities to report their funding needs to determine if such a request for funds should be made.

The survey of the 853 communities which are the subject of this report indicates a need for $4.1 billion renewal funds in fiscal years 1974–75:

$1.1 billion for the balance of FY 1974.

$1.3 billion to continue existing projects through FY 1975.

$1.7 billion to begin long-delayed new projects. If communities are to be able to undertake a consolidated community development program with effective organizations, new program money is essential.

RENEWAL BENEFITS

Renewal alone cannot solve the energy crisis, inflation or threatened recission but it has:

provided better quality communities—communities people prefer to live in rather than commute to.

stimulated private investment—generating jobs, tax revenues and housing.

The survey shows that in 346 communities alone *renewal has produced:*

$34.7 billion in new construction—producing jobs when jobs are desperately needed.

$15.2 billion completed or underway

$19.5 billion scheduled

593,000 new housing units—64% for residents of low and moderate income.

311,000 completed or under construction

282,000 scheduled

340,000 housing units rehabilitated—to preserve neighborhoods.

162,000 completed or underway

178,000 scheduled

In addition, the renewal program nationally is generating over $799 million in increased local property tax revenues *every year.*

CONCLUSIONS

Renewal is successful and attempts to terminate it are nationally disruptive.

Renewal must be maintained until a viable alternative is implemented.

New legislation cannot be implemented prior to July 1, 1975.

Communities cannot wait:

Communities need immediate release of all impounded renewal funds.

Communities need money in FY 1975—$1.3 billion—to continue existing renewal projects.

Communities need money in FY 1975—$1.7 billion—to start long-delayed new projects, projects that will be an essential part of any consolidated community development program.

TABLE I.—SURVEY RESULTS: FUNDING NEEDS

[In millions of dollars]

Type of renewal program	Existing projects: Balance, fiscal year 1974	Existing projects: Fiscal year— 1975	Existing projects: Fiscal year— 1976–80	New projects, fiscal year 1975
Conventional	360	328	736	[1] 964
NDP	305	415	2,475	
Section 115	13	19	97	29
Section 117	17	16	47	29
Total [2]	695	778	3,355	1,022
Adjusted total [3]	1,126	1,260	5,435	1,666
Section 312 loans [1]	71	36	239	337

[1] Conventional and NDP.
[2] 346 responding communities.
[3] Statistically adjusted to the universe of all communities participating in renewal program by a factor of 1.62 (100 percent/62 percent sample of total grant authorizations).

TABLE II.—SURVEY RESULTS—HOUSING [1]

A. PRODUCTION

Number of housing units in renewal areas	Sec. 235	Sec. 236	Public housing	Market rate	Total new construction	Rehabilitated	Total new construction and rehabilitation
Completed through 1973	7,005	71,726	74,179	96,608	249,518	147,426	396,944
Under construction	828	34,660	11,807	14,204	61,499	14,225	75,724
Scheduled	17,619	119,377	40,903	103,976	281,875	177,919	459,794
Total existing projects	25,452	225,763	126,889	214,788	592,892	339,571	932,463
Estimated for new renewal projects	11,548	62,085	28,789	86,839	189,261	95,701	284,962

B. FUNDING NEEDS

[Fiscal years]

Housing units needing funding in fiscal year 1974–75	Sec. 235 1974	Sec. 235 1975	Sec. 236 1974	Sec. 236 1975	Public housing 1974	Public housing 1975
Within renewal areas	7,527	10,197	54,484	54,480	16,984	16,616
Outside renewal areas	12,804	14,732	22,197	24,690	30,961	35,035
Total	20,331	24,929	76,681	77,170	47,945	51,651

[1] 346 communities responding.

TABLE III.—SURVEY RESULTS [1]—VALUE OF CONSTRUCTION IN RENEWAL PROJECTS

[In billions of dollars]

Construction	Public sector	Private sector	Total
Completed through 1973	4.1	6.5	10.6
In progress	1.6	2.9	4.6
Scheduled	5.4	14.1	19.5
Total for existing projects	11.1	23.5	34.7
Projected for new projects	2.1	9.7	11.8
Total for existing and new projects	13.2	33.2	46.5

[1] 346 communities reporting.

EXHIBIT A

COMMUNITIES RESPONDING TO NATIONAL RENEWAL FUNDING SURVEY

ALABAMA

*Birmingham
*Childersburg
*Huntsville
*Mobile
*Sheffield
*Sylacauga

ARIZONA

*Tempe
*Tuscon

ARKANSAS

*Hope
*Jonesboro
*Little Rock
*McGehee
*North Little Rock
*Pine Bluff
*Van Buren

CALIFORNIA

*Corona
*East Palo Alto
*Fresno
*Indio
*Inglewood
*Long Beach
*Los Angeles
*Napa
*National City
*Oakland
*Oxnard
*Pasadena
*Port Hueneme
Redding
*Redondo Beach
*Richmond
*Sacramento
Salinas
*San Bernardino
*San Diego
*San Francisco
*San Jose
*Santa Barbara
*Santa Fe Springs
*Santa Maria
*Santa Rosa
*Seaside
*Stockton
*Tulare
*Ventura
*Visalia

COLORADO

*Denver
*La Junta
*Longmont
*Pueblo

CONNECTICUT

*Ansonia
*Bridgeport
Bristol
*East Hartford
*Hartford
*New Britain
*New Haven
Norwich
*Stamford
Stratford

DISTRICT OF COLUMBIA

*Washington, D.C.

FLORIDA

*Dade County—Miami
Fort Lauderdale
*Jacksonville
*Tampa

GEORGIA

*Atlanta
*Athens
*Brunswick
*Columbus
*Cordele
*Decatur
Douglas
*Gainesville
Waycross

HAWAII

*Honolulu

IDAHO

*Lewiston

ILLINOIS

*Bloomington
*Carbondale
*Chicago
*Danville
*Decatur
Joliet
*Peoria
*Rockford
*Rock Island

INDIANA

Batesville
*Bloomington
*East Chicago
*Elkhart
*Evansville
*Gary
*Indianapolis

IOWA

*Burlington
*Cedar Rapids
Charles City
*Council Bluffs
*Davenport
*Des Moines
*Dubuque
*Evansdale
Fort Dodge
*Iowa City
*Keokuk
*Mason City
*Muscative
*Sioux City
*Waterloo

KANSAS

*Coffeyville
*Fort Scott
*Kansas City
*Lyons
*Merriam
*Newton
*Parsons
*Topeka
*Witchita

KENTUCKY

*Bowling Green
*Dayton
*Louisville
*Paducah

LOUISIANA

*New Orleans
*Shreveport

MAINE

*Auburn
*Bangor
*Caribou
*Lewiston
*Portland

MARYLAND

*Baltimore
Cambridge
*Colmar Manor
*Cumberland
*Glenarden
*Hyattsville
*Rockville

MASSACHUSETTS

*Boston
*Brookline
*Fitchburg
*Holyoke
*Lawrence
*Lowell
*Malden
*New Bedford
Newburypoint
*Newton Lower Falls
*Pittsfield
*Quincy
*Springfield

MICHIGAN

*Big Rapids
*Detroit
*Ferndale
*Flint
*Jackson
*Lansing
*Lincoln Park
Manistique
*Muskegon
*Muskegon Heights
Pontiac
*Saginaw

MINNESOTA

*Austin
Chisholm
Mankato
*Minneapolis
*Saint Paul
*Winona

MISSISSIPPI

*Batesville
*Holly Springs
*Jackson
*Oxford
*Picayune
Senatobia

MISSOURI

*Charleston
*Independence
*Jefferson City
*Kansas City
*Lees Summit
*Mexico
Saint Charles
*Saint Louis
*Smithville
*Springfield
*University City

MONTANA

*Anaconda
*Helena

NEVADA

*North Las Vegas

NEW HAMPSHIRE

*Laconia
*Manchester
*Portsmouth
*West Lebanon

NEW JERSEY

*Atlantic City
Bordentown
*Jersey City
*Morristown
*Newark
*Newton
*Plainfield
*Vineland
*Wayne
*West New York

NEW MEXICO

*Albuquerque
Carlsbad
*Santa Fe

NEW YORK

*Beacon
*Binghampton
*East Rochester
*Freeport
*Glen Cove
*Hudson
*Little Falls
*Middletown
*Monticello
*New Rochelle
*New York City
*Olean

Footnotes at end of article.

*Oneonta
*Peekskill
*Plattsburgh
*Poughkeepsie
*Roslyn Heights
*Salamanca
*Schenectady
*Syracuse
*Tuckahoe
*White Plains
*Woodbridge

NORTH CAROLINA

*Burlington
*Charlotte
*Clinton
*Greensboro
*Greenville
Hendersonville
*High Point
*Kings Mountain
*Monroe
*Winston-Salem

NORTH DAKOTA

*Bismarck
*Jamestown
*Williston

OHIO

*Akron
*Ashtabula
*Berea
*Canton
*Cincinnati
*Columbus
*Dayton
*Hamilton
*Ironton
*Massilon
*Middletown
*New Boston
*Norwood
*Painesville
*Saint Bernard
*Steubenville
*Youngstown

OKLAHOMA

*Edmond
*Hugo
*Lawton
*McAlester
Miami
*Muskogee
*Oklahoma City
*Pawhuska
*Stillwater
*Tulsa

OREGON

*Eugene
*Portland
*Salem

PENNSYLVANIA

*Allentown
*Altoona
*Chester
*Easton
*Erie
*Franklin
*Harrisburg
*Johnstown
*Kittanning
*Monessen
*Morristown
*Nanticoke
*New Castle
*New Kensington
*Oil City
*Philadelphia
*Pittsburgh
*Pottsville
*Sharon
*Steelton
*Titusville
*Washington
Wilkensburg
*Wilkes-Barre

RHODE ISLAND

*Central Falls
*Lincoln
*Newport
North Providence
*Pawtucket
Providence
*Woonsocket

SOUTH CAROLINA

*Greenville
*Rock Hill
*Spartanburg

SOUTH DAKOTA

*Fort Pierre
*Mitchell
*Rapid City
*Sioux Falls

TENNESSEE

*Chattanooga
*Greenville
*Jackson
*Johnson City
*Knoxville
*Memphis
Murfreesboro
*Nashville
*Shelbyville

TEXAS

*Alice
*Brenham
*Corpus Christi
*Crystal City
*Edinburg
*Georgetown
*Lubbock
*Marshall
*Mercedes
*Mission
Port Arthur
San Antonio
*San Marcos
Schertz

UTAH

*Ogden
*Provo
*Salt Lake City

VIRGINIA

*Alexandria
Bristol
*Charlottesville
*Chesapeake
Danville
*Franklin
*Hampton
*Hopewell
*Newport News
*Norfolk
*Norton
Portsmouth
*Richmond
Roanoke
Suffolk

WASHINGTON

*Pasco
*Seattle
Tacoma

WEST VIRGINIA

*Huntington

WISCONSIN

*Beloit
*La Crosse
*Monroe
*Stevens Point
*Wisconsin Rapids

WYOMING

*Cheyenne

Mr. SPARKMAN. Mr. President, for my part, I am willing to accept the amendment.

Mr. TOWER. On behalf of the minority, I am willing to accept the amendment.

Mr. SPARKMAN. I am prepared to yield back my time.

Mr. TOWER. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Massachusetts.

*Communities indicating funding needs for fiscal years 1974–75.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, on behalf of the distinguished Senator from California (Mr. TUNNEY), I submit an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. MANSFIELD. Mr. President, I ask that the further reading of the amendment be dispensed with and that the amendment be printed in the RECORD.

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

The amendment is as follows:

On page 131, line 9, strike out "$140,000,000" and insert in lieu thereof "$312,000,000".

On page 198, line 17, strike out "and" and insert in lieu thereof "by $300,000,000 on July 1, 1974, and".

At the end of the bill add the following:

TRANSITIONAL AUTHORIZATION FOR PUBLIC HOUSING

SEC. 823. Section 10 (e) of the United States Housing Act of 1937 is amended by striking out "$140,000,000" and inserting in lieu thereof "$312,000,000".

TRANSITIONAL AUTHORIZATION FOR MODEL CITIES

SEC. 824. (a) The first sentence of section 111 (b) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended by striking out "and not to exceed $200,000,000 for the fiscal year ending June 30, 1972" and inserting in lieu thereof "not to exceed $200,000,000 for the fiscal year ending June 30, 1972, and not to exceed $400,000,000 for the fiscal year ending June 30, 1975".

(b) Section 111(c) of such Act is amended by striking out "July 1, 1974" and inserting in lieu thereof "July 1, 1975".

TRANSITIONAL AUTHORIZATION FOR BASIC WATER AND SEWER FACILITIES GRANT AND NEIGHBORHOOD FACILITY GRANT

SEC. 825. Section 708(b) of the Housing and Urban Development Act of 1965 is amended by striking out "July 1, 1974" and inserting in lieu thereof "July 1, 1975".

TRANSITIONAL AUTHORIZATION FOR RENTAL HOUSING ASSISTANCE

SEC. 826. Section 236(i)(1) of the National Housing Act is amended by striking out "and by $200,000,000 on July 1, 1971" and inserting in lieu thereof "by $200,000,000 on July 1, 1971, and by $180,000,000 on July 1, 1974".

TRANSITIONAL AUTHORIZATION FOR RENT SUPPLEMENTS

SEC. 827. Section 101(a) of the Housing and Urban Development Act of 1965 is amended by striking out "and by $40,000,000 on July 1, 1971" and inserting in lieu thereof "by $40,000,000 on July 1, 1971, and by $50,000,000 on July 1, 1974".

On page 6, after

"Sec. 822. Mass transportation", insert

"Sec. 823. Transitional authorization for public housing
"Sec. 824. Transitional authorization for model cities
"Sec. 825. Transitional authorization for basic water and sewer facilities grant and neighborhood facility grant
"Sec. 826. Transitional authorization for rental housing assistance
"Sec. 827. Transitional authorization for rent supplements".

Mr. MANSFIELD. Mr. President, the purpose of the amendment is to tide over various programs with the funds necessary during the transitional period.

I hope the amendment will be acceptable to the distinguished manager of the bill (Mr. SPARKMAN) and the ranking Republican member of the committee (Mr. TOWER).

Mr. SPARKMAN. The amendment is acceptable to me. I had understood that some such language as this was needed in order to provide authorization. I am willing to accept it.

Mr. TOWER. I do not think any reasonable argument can be made against the amendment. I am ready to yield back my time and to accept the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that I be listed as a cosponsor of the amendment.

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

Mr. KENNEDY. Mr. President, I ask unanimous consent that I be added as a cosponsor of the amendment.

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

Mr. MANSFIELD. Mr. President, I ask that I be listed as a cosponsor, as long as I have offered the amendment.

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

The question is on agreeing to the amendment offered by the Senator from Montana.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, the Senator from California (Mr. TUNNEY) has prepared a statement explaining in detail the effect of this amendment. That statement explains most persuasively the great need for authorizing transitory statement explains most persuasively the amendment deals. I commend the statement to all Senators. It demonstrates Senator TUNNEY's enormous appreciation of the housing requirements of this Nation today.

I ask unanimous consent that the statement be printed at this point in the RECORD.

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

STATEMENT BY SENATOR TUNNEY

Our cities are like a wounded person waiting for an ambulance to arrive. They need help, and they need it now. They can't wait until July 1, 1975 for a proposed consolidated community development program to be legislated and properly implemented. They need an immediate transfusion of funds, yet the administration has impounded vital funds.

It's as if the ambulance has been locked in a garage, and the keys thrown away.

In California alone, 45 cities have active renewal programs, but their vital signs are weakening. They are releasing key personnel. They are delaying planning and deferring site acquisitions.

Meanwhile, the spiral of inflation continues. Experts estimate that funding delays by the Department of Housing and Urban development have added some $33 million to renewal just in California.

In cities across the nation, vital signs are weakening. Renewal programs, once the hope of converting blight into promise, are being drastically cut in city after city—shut down altogether in some. Many cities are releasing personnel. They are delaying planning and deferring construction.

Meanwhile, the administration has closed off funds, while inflation continues to take its drastic toll. So far, none of the $600 million appropriated for renewal in fiscal 1974 has been released by HUD or the Office of Management and Budget.

This delay in funding, some 362 cities recently reported, has added over $822 million to their renewal costs.

In these cities, renewal, in recent years, has generated $34 billion in new construction. Additionally, it has provided 593,000 new housing units, mostly for persons of low and moderate income, and rehabilitated an additional 340,000 units to conserve neighborhoods.

In 45 cities surveyed in California, some $4.7 billion in new construction has been generated—producing desperately needed jobs; and some 46,500 new housing units are being constructed and 23,000 are being rehabilitated.

But now these programs are in mortal danger. They can't be sure they can sustain what they already have under way or on the drawing boards.

Just to carry forward with renewal, some $1.5 billion will be needed nationally to carry California communities on a minimal basis through FY 1975.

In California, the needs are clear:

$62 million in HUD grants for the balance of FY 1974.

$74 million in HUD grants to continue existing projects through FY 1975.

$88 billion in HUD grants to begin long-delayed new projects in FY 1975.

No more than an injured person can wait until a hospital is built to care for him, the cities can't wait for funding until the community development act is law and fully effective. That, clearly, won't be until mid-1975. The Senate and the House have yet to agree on the act, and, of course, it will take additional months to work out regulation and application forms and all the other paraphernalia (?) of administration.

Interim funds must be provided, and Congress must act now to rescue our cities by authorizing adequate funding for the categorical community development programs. These interim funds will permit continuity of planning and development. If such authorization is adopted before enactment of the pending legislation, communities will be able to plan systematically, to budget prudently and to move ahead with confidence. Therefore, I am pleased that Senator Mansfield is proposing an amendment in my behalf to provide an assurance of authorization for interim funding.

The funds thus made available will be the crucial lifeline to sustain our cities through the transition while the Community Development Act goes through the various legislative and administrative stages.

Mr. CHILES. Mr. President, I wonder if the distinguished chairman of the committee will yield for some questions that I have concerning certain proposals in the bill.

Mr. SPARKMAN. Certainly. I yield to the Senator from Florida such time as he may require.

Mr. CHILES. What I wish to ask the distinguished chairman about are some of the provisions in the bill. Recently I had a meeting with some of our local housing authorities who came to the Capitol. They were concerned about some of the proposals as advanced by Secretary Lynn, and how they were going to be considerably changed from what had been the way the housing programs were financed in what had been the way leasing programs were financed or facilities were being financed in the past, as to the way Secretary Lynn was proposing they be financed in the new proposal.

What I want to find out is, how much are those proposals that are proposed by Secretary Lynn in the section 23 leasing?

Mr. SPARKMAN. I say to the Senator from Florida that we had a good deal of correspondence regarding the very things he has mentioned, and we had that in mind in connection with the preparation of this bill. The administration requested many changes in the bill that varied considerably from the old section 23 provisions. We tried to preserve the qualities of section 23 and at the same time to make modifications as consistent as possible with the administration's request. I believe we have improved considerably upon what the administration had asked for in their proposed section 8 amendments. We have made it more practical and more workable for the housing authority.

Mr. CHILES. In addition to the workability for the housing authority, my understanding is that if someone was going to construct and try to seek money for construction a facility under section 23, the procedure was going to be changed quite a bit, that 20 percent had to be in low-rent housing. So low-income people were going to be mixed with the other tenants, and the whole form as to how a developer would get the lease would be changed. Whereas before, the tenants would be under the control of the housing authority and he would be contracting with the housing authority, now, under the proposal of the Secretary, under section 23, the tenants would deal directly with the developer, and that would be a completely changed set of circumstances, also.

Mr. SPARKMAN. As I see it, the Senator's question really is in two parts.

First, with respect to the regulations regarding section 23, the Secretary, as I understand, is withholding the regulations he had issued for comments; and he is now in the process of preparing changes which we hope will take care of the complaints that have been made.

With reference to the last item the Senator mentioned, we have tried to correct that in this bill, and I think we have done so.

Mr. CHILES. I share the concern of the people in my local housing authorities. Their feeling is that under the Secretary's proposed regulations and his change to section 23, there just would not be any new lease housing; because they said no developer is going to want to borrow money so badly that he is going to agree to do these things and change so drastically the proposal by which now, as I understand, he gets approval on a site, and once he has the site approval and that goes through everyone, he can go forward. But they were requiring a number of different people to make contract proposals, all of which would be at great expense, and then there would be a selection of the winner. So what would be done about all the people who had nothing to guarantee for their expense?

Then there was the situation in which 20-percent low income had to be put into the other housing, which would make it very difficult to have the units rented.

Then the whole concept changed for the developer-manager, whereby he becomes the landlord, and he does not have

the public housing authority to stand between him and the tenant, to see that the tenant carries out the duties he should carry out.

They were unanimous in their conclusion that under the regulations I have set forth, no developer would seek funds; therefore, in effect, it would eliminate help to low-income people because there would be no housing starts with the lease provision, and we would be back where we have been all these months. We have terminated the present program. We just would not have a lease-housing program at all for low-income people.

Mr. SPARKMAN. We understand the problem as the Senator has outlined it. The committee was in sympathy with those problems that came up, and we have done our best in this bill to remove them. I believe we have done a very good job.

Of course, when it comes to the site being selected that choice is usually made by the local authority. I do not believe the Secretary has anything to do with that outside of laying down broad guidelines on how the sites are selected. There is no reason why there should be any conflict at all. It is not a matter of a contractor just picking out a site and saying that is where it is going to be. The application has to be made and it has to be passed upon.

Mr. CHILES. Does the proposed legislation require that in any lease housing program, you would have to have 20 percent or not greater than 20 percent of low income people? What are the requirements in that, by law?

Mr. SPARKMAN. It is not in existing law, but it is in our bill. It is 20 percent.

Mr. CHILES. Mr. President, I am having a hard time understanding the chairman. I hear other people in the Chamber, but I do not hear the chairman.

The PRESIDING OFFICER. The Senate will be in order.

Mr. SPARKMAN. The 20-percent provision is carried forward into section 8. The committee had placed it in as a requirement for regular public housing and carried it forward into the leasing program.

Mr. CHILES. There is no change in the legislation in that regard?

Mr. SPARKMAN. No change in the proposed legislation relative to the leasing program.

Mr. CHILES. The prime concern of the junior Senator from Florida is what authority we are giving the Secretary with respect to his program of lease housing, which looks to me as though it is going to be a disaster. I am concerned about whether I am going to vote him some statutory authority to put in a plan which, from what I can understand about the plan, will be a continuation of what we have had in the past—no low-income housing, especially in the lease field—because of the legislation and the proposals he is drafting.

Mr. SPARKMAN. I said to the Senator earlier that the Secretary is withholding those regulations and is now preparing to draft new changes, and we have every reason to believe that he will correct them. He knows the thinking of our committee, and I think he will draw them in accord with that thinking.

Mr. CHILES. I thank the distinguished chairman for his comments. I certainly hope that proves to be true, because it appeared to me that it would be a disaster, under the present regulations as they were being proposed.

The other item I wish to ask the distinguished chairman about is this: This has been mentioned on the floor by the distinguished ranking minority member of the committee, the Senator from Texas (Mr. TOWER).

But this is a provision I know the committee wrestled with at length, and that is what to do about changing the definition of who is going to get these funds, whether they had been in these urban renewal projects in the past, and whether it was going to be as needed. I think the definition was not on a need basis, but whether they had projects in the past.

This is a matter of great concern to me because we have a good many cities that would have complied under the old definition, but now they are not able to comply because they did not have existing projects in the past.

What does the committee see as a way to resolve this matter in the future?

Mr. SPARKMAN. The Senator has in mind, I am quite sure, the change of categorical grants to block grants.

Mr. CHILES. The better community program.

Mr. SPARKMAN. Yes. We had a great deal of discussion of that in committee. There is a problem involved in the transition, but the local community, if it wants to continue the program, may study it and work out arrangements for any transition that has to be made. It will be a local matter.

Mr. CHILES. But as I understand it, the bill now would allow the continuation of participation. Perhaps the distinguished ranking minority member of the committee could help me.

Mr. SPARKMAN. We do extend the present program for a period of time within which the local government has the opportunity to change over to the new program. In other words, it is not just a fixed date by which it must be done. We do not say, "You must do this by July 1, 1974." They will have a year to pass from one into the other. We think we have worked it out on a flexible basis that will take care of the situation.

Mr. CHILES. I wonder if the distinguished ranking minority Member of the committee would enter into the colloquy.

Mr. SPARKMAN. Let me complete this explanation.

Just a few minutes ago the amendment offered by the Senator from Montana on behalf of the Senator from California (Mr. TUNNEY) was taken up and one of the things that amendment was doing was providing funds for transition from one to the other.

Mr. CHILES. As I heard that amendment, he just raised the figure.

Mr. SPARKMAN. The Senator from Massachusetts raised the figure and then, if I understood correctly, the Tunney amendment, as proposed by the Senator from Montana, provided the flexibility to make the transition work.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. CHILES. I yield.

Mr. TOWER. It provided there would be no shortfall in funding between the current time and the time the new program came into effect.

Mr. SPARKMAN. That is correct.

Mr. CHILES. My concern has been in the change of definition, and this is following part of the discussion that the ranking minority member, the distinguished Senator from Texas (Mr. TOWER) had yesterday, that there would be certain cities in many States that would lose out because they would not have existing programs and would not be qualified.

Mr. TOWER. This is one of the foibles of the bill, I will have to concede. I do not know whether the Senator from Florida heard my opening statement, but there are many things that concern me in connection with the bill. I think it is essential that we act on the measure. I know the House will address itself to some of these problems and I know some of these problems will be solved satisfactorily in conference.

It does reward those cities that have been pretty good on grantsmanship. A number of cities in California and Texas will be ineligible, but we hope ultimately we can get this bill passed. The House is going to consider some of these problems and it is hoped that many of the issues in the bill which concern many of us, such as this one, will be cleared up in conference.

Mr. CHILES. We have a number of cities that did not have growth programs and really were not good at grantsmanship or have people on board then to do so, and they cannot get these funds now, yet some of them have had tremendous growth. I refer to West Palm Beach and Lakeland.

Mr. TOWER. Yes, and Miami Beach, Pensacola, and some of these areas that have suffered disasters, like Hollywood and Boca Raton.

Mr. CHILES. Some of these areas probably have some of the highest growth in the country yet in dealing with a bill of this magnitude we are leaving out those places and they cannot share on the same basis, yet if they had had some start a year ago the situation would be different. That gives the Senator from Florida great concern. Leaving those areas out gives great concern to the Senator from Florida.

Mr. TOWER. They are not automatically left out of receiving anything because there are some discretionary funds. It does mean, however, that there will be a scramble for them. There is no doubt about that.

Mr. CHILES. Is there not some way we could have a provision in the bill to assure States that have cities in this category that they are going to be entitled to participate? It seems to me if we just take a definition, a definition that we just happen to take, those cities that had grants in the past are treated differently and there is no basis of fairness or equity in that system nor does it mean necessarily that the area with the greatest problem today will be helped. It does

not necessarily mean that where the greatest problem lies today it is the area where the problem was yesterday.

We are dealing with a bill of this magnitude, and I know of the great work the committee has done, but there should be some definition to place these cities on a fairer basis than to go back and for convenience sake say that we are going to take those that had these programs and say they can go forward, and we have a hold-harmless provision to see that there is no shortfall.

So some cities are going to be taken care of and some of the cities in my State are not going to be taken care of. For some cities we would say, "That is too bad about that. You can fight over the nibblings that are left but we do not make any provision for you in the bill."

Mr. SPARKMAN. I noticed the Senator used the term "nibble." Actually it is approximately $1 billion. I do not call that nibbling. I wonder if the Senator fully understands what we did. First of all, over 90 percent of the large cities have engaged in these programs. There is a total of approximately $2 billion in entitlement for such cities.

Mr. CHILES. Would that be 90 percent of the cities in my State?

Mr. SPARKMAN. I think Florida would be treated as a typical State. I find that Florida would always get its share.

But let me say to the Senator from Florida that we made $2.8 billion available for this program for the first year, of which $1.8 billion would be distributed in the manner the Senator has mentioned. But there will be about $1 billion left over to take care of the other places which the Senator feels may be left out. We felt we were providing adequate and equitable treatment for all of the cities. I believe the Senator will find that to be true.

Mr. CHILES. When we talk about cities that would not be eligible under this definition, the cities in Florida so covered would be Boca Raton, Clearwater, Cocoa, Gainesville, Hialeah, Winter Haven, Hollywood, Lakeland, Miami Beach, Pensacola, and West Palm Beach, and then the urban counties of Broward, Hillsborough, Pinellas, Orange, and Palm Beach. Excluding Dade County, which would be included, I guess those are the largest counties we have in Florida that would be excluded, so it would be virtually a majority of Florida that would be excluded under the definition in the bill of those that would not be eligible.

Mr. SPARKMAN. I may say to the Senator from Florida, I have a very interesting chart of Florida and Florida cities. I would like him to look at it sometime. I think it would give him the full story. Then we have the totals here for Florida. According to this chart, there is allocated for the State of Florida $45,696,000 in the "hold harmless" category. That is for the cities in metropolitan areas. Then there is a further sum of approximately $2 million available for cities outside metropolitan areas—the smaller places.

I would invite the Senator's attention to these figures. I would be glad to have a member of the staff go over it with the Senator. It is quite a document. I believe he will find that Florida is well taken care of.

Mr. CHILES. I again wish to say that I appreciate the work that the distinguished Senator has done, as well as the committee, on this bill, and I appreciate also his offer to look at that information. I will be delighted to look at it.

I would like, at this time, to make a further statement on this matter.

Mr. President, the main thrust of S. 3066 is to consolidate and simplify existing programs. But it does also contain authority for the development of several new programs, the most important of which is a new and far-reaching block grant community development program. This legislation is certainly a complex bill and I am aware that the Senate Banking, Housing and Urban Affairs Committee members and staff have spent long months deliberating over it.

I understand that in the administration's Better Communities Act, S. 1743, $2.3 billion in community development funds would have been distributed to cities and counties on the basis of a "needs" formula—determining factors being considerations of population, housing overcrowding, and poverty. This would have been entitlement funding not subject to the discretion of the Secretary of Housing and Urban Development.

In S. 3066, however, the formula for determining "needs" has been abandoned in favor of entitlements to communities which have had past program experience in certain community development activities—that is, communities that have had grants in the past.

Senator TOWER recently asked the Department of Housing and Urban Development to prepare a list of those metropolitan cities and urban counties which would have received a direct entitlement based on the "needs" formula of the better communities act, but which receive no direct entitlement under the provisions of S. 3066. In Florida these included: Boca Raton, Clearwater, Cocoa, Gainesville, Hialeah, Winter Haven, Hollywood, Lakeland, Miami Beach, Pensacola, and West Palm Beach and the urban counties of Broward, Hillsborough, Pinellas, Orange, and Palm Beach.

I personally find it difficult to argue in principle against the idea of distributing funds based upon a formula reflecting an "objective" indication of community needs. The "evils of grantsmanship" have been discussed quite a bit in recent years and it would seem that whatever funding distortions and inequities exist as a result of the present system would only be given new direction by placing such an unfair emphasis on the past successes of communities in obtaining grants.

Apparently no formula presented before the committee was suitable. However it seems inconceivable that, given more time, the committee would not be able to come up with a just and equitable formula to assure that whatever funds were made available would be distributed to those localities which were most in need.

I remain hopeful that the formula approach will again come under consideration in the near future. I believe that communities ought to receive funds according to their objectively determined needs in relation to those of other communities. And I do appreciate the difficulties surrounding the formulation of such "objectively determined" needs.

I quite agree with Senators TOWER, BROCK, and PACKWOOD in their supplemental views contained in the committee report:

> With the current bill . . . the committee has abandoned entirely the concept of an objective "needs" formula. Instead, there is one initial statutory factor or standard—what the community has received before. The Secretary may, it is true, make adjustments in this amount over time, but there is no objective cumulative limit on those adjustments, whether up or down. There is no needs floor, no formula, no adequate common standard. All depends upon grantsmanship and, over time, the Secretary's discretion.

This is, substantially, the system we have had in the past. And it ought to have been the system we should be trying to replace with something better, fairer, and more reasonable.

Mr. HATHAWAY. Mr. President, I call up my amendments No. 1002.

The PRESIDING OFFICER. The clerk will state the amendments.

The second assistant legislative clerk proceeded to read the amendments.

Amendments No. 1002 are as follows:

On page 230, line 21, strike out the quotation marks.

On page 230, between lines 21 and 22, insert the following new subsection:

"(3) (A) When necessary in order to enable a person of low income to provide adequate housing and related facilities for himself and his family, the Secretary may make or insure a loan under section 502 or 517 or under paragraph (1) of this subsection in terms which, with respect to a portion of the loan not to exceed 50 per centum, shall—

"(i) bear interest after but not before it becomes due under clause (ii) or is reamortized under clause (iii) of this paragraph;

"(ii) become due upon expiration of the amortization period or upon full payment of the balance of the loan or in the event that without the Secretary's written consent or approval, the mortgaged property or any interest therein is transferred to or ceases to be occupied by the borrower or default occurs with respect to any obligation under the loan or mortgage, whichever occurs earliest; and

"(iii) on becoming due, be amortized for payment of principal and interest in installments over a period not exceeding thirty-three years.

"(B) In carrying out his functions under this subsection, the Secretary shall—

"(i) limit the benefits of this subsection to mortgagors able to meet the responsibilities under the mortgage and to maintain the housing acquired thereunder;

"(ii) require reasonable inspections to assure that the expected remaining life of a property subject to a mortgage under this subsection is equal to or exceeds the expected maximum term of such mortgage;

"(iii) review at intervals of one year the income of each mortgagor subject to this subsection for the purpose of making adjustments in the amount of principal which is currently amortized and payable; and

"(iv) report to the Congress not later than six months from the date of enactment of this paragraph (3) regarding the implementation of this paragraph, and not later

than eighteen months from such date of enactment regarding the effectiveness of the program implemented under this paragraph, in meeting the housing needs of lower income rural families.

"(C) Not more than 15 per centum of the loans which are made in any fiscal year in accordance with paragraph (1) shall be available for the loan terms provided in this paragraph (3)."

On page 231, line 2, after the period, insert the following: "In addition, there shall be reimbursed to the fund by annual appropriations such sums as may be necessary to carry out the provisions of paragraph (3) of subsection (A).".

Mr. HATHAWAY. Mr. President, this amendment, sometimes called the deep subsidy or extended subsidy amendment, allows a deferral of up to 50 percent of a loan provided under Farmers Home Administration housing programs. It is designed to help lower income rural families.

According to fiscal year 1972 figures, under the Farmers Home subsidized interest program, the median family income of those aided is $6,400. This amendment would reach down lower and help those whose incomes are as low as $4,000. Almost two-thirds of the rural families living in substandard housing have annual incomes of less than $4,000.

No more than 15 percent of the subsidized housing loans made by the Farmers Home Administration in any fiscal year would be available for use under this program. It is a demonstration program only. It authorizes the Secretary to carry out this program to whatever extent he deems advisable. The deferral of up to 50 percent is just what it says. He can defer 1 percent of a mortgage if he wishes to, or he can go up to any amount, up to a ceiling of 50 percent.

We have computed that with an average deferral of 25 percent on the average mortgage of $16,000, using the full 15 percent of the estimated number of loans that would be available, the total cost to the Federal Government would be only $1.5 million. I think that is a small amount to pay to help very low-income people achieve homes of their own.

In addition to that, the Secretary is mandated to report back to the Congress within a 6-month period as to what extent he has implemented this program, and to submit another report within a year thereafter as to how successful the program has been.

This program has been utilized in Norway. Right after World War II it was used there for 20 years to allow Norwegians to get back on their feet. They had a subsidy program very similar to this, and it worked extremely well. I think the same type of subsidy program would work very well in this country also.

Mr. BIDEN. Mr. President, will the Senator yield?

Mr. HATHAWAY. Before I yield to the Senator from Delaware, I ask unanimous consent that the following Senators be added as cosponsors of the amendment: Senators ABOUREZK, MCGOVERN, KENNEDY, HUGHES, MCINTYRE, BIDEN, and HUMPHREY.

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

Mr. HATHAWAY. I yield to the Senator from Delaware.

Mr. BIDEN. Mr. President, I ask unanimous consent that two statements in support of the amendment of the Senator from Maine on behalf of the Senator from South Dakota (Mr. ABOUREZK) may be printed at this point in the RECORD.

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

STATEMENTS BY SENATOR ABOUREZK

Mr. ABOUREZK. Mr. President, I rise in support of the amendment proposed by the Senator from Maine, Mr. Hathaway.

Last year 25 members of this body cosponsored a bill, S. 2190 (later revised as S. 2583) to create a housing program to meet the needs of the people in small towns and rural areas as far as housing is concerned.

The bill contained two titles.

The first would have established the Emergency Rural Housing Administration as an independent agency to create a housing delivery system in rural America and to equip it with flexibility and subsidy mechanisms designed to assist every badly-housed rural American family, no mater how poor.

Title two of the bill was designed to expand and increase the authority and funds of the Farmers Home Administration to deal with the needs of part of the rural and small town population.

I am delighted that the Committee has reported most of those amendments in S. 3066. They will rectify many inequities between rural and urban housing programs. They will provide us with many tools we have long needed to get the job done right in rural America.

The Committee is to be commended for the hard work it has done on behalf of rural housing needs. They worked hard on the rural housing chapter, and the package they came up with must be praised.

The question is raised, then, as to why the Hathaway amendment is needed.

Mr. President, the answer is plain and simple.

There are 890,000 poorly-housed rural American families who right now have an average rent-paying ability of $14 per month. For the most part they are senior citizens.

In the Committee package there is a very significant amendment which will make rural rental housing a much more realistic prospect for many of those 890,000 households.

But more needs to be done.

We need to find new ways to make homeownership available to those who presently cannot afford it, even with the interest subsidy down to one per cent.

That is what the Hathaway amendment would do. It would authorize Farmers Home to test some practical new ways of making homeownership available to families with lower incomes than we are presently able to serve.

There is an argument for doing this on account of inflation. As every day of inflation continues, the minimum income level we are able to serve keeps rising.

Only a week or so ago I had a letter from a small builder in Valley Springs, South Dakota, who had to lay off six of his people. The reason: He was having a very hard time finding families who were able to qualify for Farmers Home financing. The practical income floor kept rising on account of inflation, while the maximum income ceiling was frozen by OMB. The range of people who were practically able to qualify kept getting narrower and narrower.

Farmers Home offered some relief to this problem just recently when it raised its maximum income ceilings a little bit. In South Dakota, they raised it only $400. I understand that in some places it was raised by 17 percent.

The Hathaway amendment would offer further relief to that problem. It would broaden the range of those we are able to serve, at least for purposes of the demonstration.

What I am saying is that with this amendment we could point to another example of positive, constructive action by the Congress to help the country cope with inflation. We would, with passage of the Hathaway amendment, begin the search for new ways to make homeownership available.

There is another distinct appeal to the approach we are taking here—and that is the fact that it is a demonstration. We are not rushing whole-hog into an untried idea. Instead, the amendment proposes giving the idea a modest test. With this demonstration, we would learn how low on the income scale it is practical to go in subsidizing homeownership. It would show us what it costs, and hopefully it will lead to even better ideas for the future.

My last point is that once again this amendment would seek to redress an inequity between the rural and the urban programs.

As you know, for the last several years HUD has spent tens of millions of dollars to demonstrate the housing allowance concept. I think any fair-minded person would agree that for the most part this is an urban approach. As I understand it, the housing allowance system is, for the most part, premised upon adequate private housing stock or a private housing industry. Most rural housing experts agree that that kind of stock is not available in rural America.

Moreover, the statistics of the housing allowance program argue that it is primarily urban-oriented.

I understand that the President's budget proposes a research cost of $17 million for the housing allowance program. I understand that the budget says that by the time the other forms of subsidy assistance are included, the housing allowance program will cost $200 million in fiscal 1975.

I understand that they propose to assist about 24,000 families in this experiment. I have reviewed the list of where they plan to find these families, and it turns out that most of them will be in big cities. The sole exception will be some 250 families in the state of North Dakota, where the primary purpose of the experiment will focus on the administrative agency used to implement such a program.

Now it may well turn out that there will be slightly more rural orientation than these figures suggest. I hope so. But I think the disparity is pretty clear.

If twice as many rural families will be included in the housing allowance experiment than the figures tend to indicate as possible, rural Americans will still constitute only 2% of that program. More likely they will constitute only about 1%

It should also be said that the amendment proposes to rectify the situation by launching a separate new rural demonstration program. That amendment is going to cost a lot less than $200 million a year.

If Farmers Home uses the full 15% of its units authorized for this demonstration, which is a pretty liberal assumption, and if you assume that what they do with them will pretty much reflect past experience regarding loan tenure, then the most this amendment could cost, over its entire life, would be about $20 million—which is 10% of the President's estimate for *one year* of the urban-oriented housing allowance demonstration.

Mr. President, the amendment is a careful, responsible approach. I think we should support it.

Mr. ABOUREZK. Mr. President, the rural housing provisions of S. 3066 enjoy the wide public support they deserve.

The same thing can honestly be said of the Hathaway amendment.

As you know, both the rural housing amendments and the idea on which the Hathaway amendment was based were contained in the Emergency Rural Housing Act, which was proposed last year by myself, by Senator McGovern, and which was cosponsored by 25 members of this body.

On the House side, 44 members have put their names on nearly identical legislation.

After word of the bill got out to the public, we had quite a bit of favorable reaction to it in our mail.

A couple in Williamson, New York, wrote:

"This proposal certainly needs serious consideration since the housing problem in our area of Wayne County has reached almost crisis proportions."

The Southmoreland, Pennsylvania Civic Association wrote:

"It is our experience that rural areas such as ours have an extremely difficult time in securing the necessary government assistance to provide adequately for low-income persons. We believe that the Emergency Rural Housing Act will provide a great deal of help now lacking.

A social worker from Clarksburg, West Virginia wrote:

"The inclusion of greater population areas into the Farmers Home program would be most helpful. We often encounter small city situations in which Farmers Home help is unavailable and in this area we have no other source of help."

The Housing Assistance Office in Butte, Montana wrote:

"We here in the state of Montana, as in South Dakota, desperately need a major step forward such as this to promote decent, safe and sanitary housing in our area."

The director of the migrant center at the state university in Geneseo, New York wrote:

"Your solution to the problem is most certainly a viable one . . . please know that those of us who serve migrant and seasonal farmworkers are deeply appreciative of this major move to resolution of rural housing problems."

A consulting engineer in Edwardsville, Illinois wrote:

"Recently I read a newspaper article about your bill that would create a national housing policy tailored to the needs of the elderly and the rural Americans. I agree with you 100 per cent. In this area, the young families, as well as the retired families, cannot afford to buy a home."

A housing director in Providence Forge, Virginia wrote:

"How happy I am to finally see some form of national legislation directed towards the rural housing dilemma . . . in Charles City County the total number of occupied homes is 750, out of these 722 lack one or more plumbing facility . . . The key to relieving the rural housing problem is to reach out with a humanly directed housing program helping those families who need housing the most . . . Only a drive through the backroads of any given rural county will point out to any Senator the housing problems; only a knock on any door will point out the need."

A minister from Willmar, Minnesota wrote:

For several years I have worked as a consultant to rural America in behalf of the American Lutheran Church. I am fully aware of the great needs that exist and am writing to give you encouragement in this step that you are taking."

The Oklahoma Housing Development Corporation wrote:

"Words cannot express our deep appreciation for the dedication of you and your committee to the housing needs of the rural poor . . . It is our feeling that S. 2583 is an excellent piece of legislation . . . It is the most comprehensive approach to solving the the rural housing needs that we have seen."

The director of the South Carolina State Housing Authority sent detailed comments on the bill, and added:

"In my opinion, implementation of this Act would make a sizable contribution to provide additional housing for the state's rural low income."

The Governor of South Dakota wrote:

"This legislation will not only provide housing assistance where it is desperately needed, but it will also begin the process of revitalizing rural America. It will begin to redress the imbalance which has existed between urban and rural areas in terms of federal assistance."

The Director of Elderly Housing in the Department of Health in the State of Maine wrote:

"Because of the predominantly rural nature of Maine, we have experienced little impact on our housing problems from the current HUD programs. Farmers Home does not provide the deep subsidy programs for which we here in Maine have a great need because of the low-income nature of Maine's population, especially the elderly. It is our opinion that the Stephens-Abourezk bills offer the best proposals, particularly the title two Farmers Home reforms."

The Alaska Housing Finance Corporation wrote to urge favorable consideration of the bill and said:

"The Alaska Housing Finance Corporation has sold tax-exempt bonds to obtain funds to purchase mortgages, however, bond buyers insist that we have insured loans and we are unable to obtain mortgage insurance in many of our rural areas . . . this has been a very feeble attempt at solving the deplorable housing conditions in our rural areas . . . we urge favorable consideration to this much-needed legislation."

A real estate and insurance agent in Summerville, Georgia wrote:

"Our county has a population of between 19 and 20 thousand people. The majority of these individuals are textile employes with incomes in the $6000 bracket. The need for inexpensive housing here is great. I hope you and other concerned Senators will vote to help rural communities like ours."

The director of the Massachusetts Housing Finance Agency wrote:

"I would be very happy to support your bill."

Another New Englander, the director of the Vermont State Housing Authority wrote:

"May I applaud you, Senator McGovern and all other Senators and Representatives who realize that the current housing programs are not reaching the low-income people of our rural communities and who are taking a stand in trying to alleviate the inequities that currently exist. Facing up to the fact that the delivery systems in providing housing in rural America is different and does present different problems than that of urban America . . . is long overdue. This fact comes to light almost every day as we try to develop our program in the rural communities of Vermont, and, try to overcome hurdles that would not be considered hurdles in urban areas."

The American Baptist Service Corporation in Valley Forge, Pennsylvania wrote:

"We are supportive of this stance and hope that you will initiate additional necessary housing legislation."

The director of the East Alabama Housing Cooperative wrote:

"You have our fullest support."

A contractor in Monte Vista, Colorado wrote:

"The rural poor are in desperate need of housing assistance. Over the years I have been convinced and proven right that the rural poor home owner takes greater pride in homeownership, upkeep, care and home improvement. They deserve our help and support in every way possible."

The Urban League in Little Rock, Arkansas wrote:

"We must all continue to work toward equality in housing and feel the passage of your bill is a step in the right directions."

The executive director of the Community Action Council in Omak, Washington wrote:

"I deeply appreciate the effort you and Senator McGovern are making to expand rural housing programs . . . I have long been concerned about the critical need for rural housing in Okanon County. There simply isn't a house or room to rent for people who need housing. Many persons with families who are above our poverty guidelines cannot afford decent housing for their families."

The Executive Director of the Kentucky Housing Corporation of the Executive Department for Finance and Administration in the Comomnwealth of Kentucky wrote:

"We encourage and are 100 per cent behind your efforts . . . the elderly population of Kentucky is expected to approach the half million mark by 1980, an increase of nearly 30% over the 1970 figures—a fourth of these elderly will reside in substandard housing."

A sanitarian in the State of Washington's health services division wrote:

The Emergency Rural Housing Act is long overdue. Action is needed now to reduce the serious deficit of adequate housing in areas where the majority of substandard housing exists.

This comment came from Vineland New Jersey:

In our dealings with farmworkers and the rural communities of south Jersey, we have found out that housing is the most vital need, and unfortunately the one we have not been able to tackle . . . passage of this legislation would be a dramatic step toward revitalization of rural America which is so desperately needed and so long overdue.

A social worker from Portsmouth, Ohio, wrote:

From a person involved in training welfare fathers to build 1,100-square-foot, low-cost housing under Farmers Home Administration, I can only say "right on" concerning your rural housing bill.

This comment came from the department of social services in Spotsylvania, Virginia:

A good deal of our service workers' time is spent in hunting for nonexistent housing. We have obtained a few houses through the Farmers Home Administration but this is very limited.

She also noted that lack of decent housing had forced many families—

to move into Federal housing in the city of Fredericksburg due to the fact that there are no houses available for them in the county.

A homebuilder from Des Moines, Iowa, wrote:

In our 21 years of experience we have never found a better program than the Farmers Home Administration for rural housing. This could be expanded into the areas you contemplate in your new act, and I am confident that the country would be vastly improved in the housing sector . . . I think it would be an excellent program for rural America and you may rest assured of the complete endorsement of our company in every effort to put this legislation into effect.

The following comment came from Kankakee, Illinois: "As homebuilders who have been active in rural housing, we want to express our appreciation and support for the legislation that you and Senator McGovern have been sponsoring. If there is anything we can do to give support to this much needed legislation, please contact us and we will be happy to cooperate in any way you deem necessary."

From the war on poverty in Hill County, Texas came the following comment:

"I believe that provisions are desperately needed for loans with substantially lower income and repayment restrictions than are currently required by the Farmers Home if rural housing conditions are to be improved."

A housing coordinator from Trenton, Missouri wrote:

"Over the past several years HUD has exercised their inability to operate a good housing program and have admitted it. Also, a very small amount of HUD money has been funnelled out to the rural communities. Farmers Home has done a little better but very limited. I want to commend you for your efforts toward some real legislation which will help the rural poor have adequate and decent housing."

A housing coordinator in Lewisville, Minnesota wrote:

"We are the orphans. HUD wants nothing to do with rural housing. We have had an open admission by HUD employes that they would never okay a program in our area and would never turn us down either. So for three years we, in our attempts to erect multiple housing units in our area, were led on by roadblocks and regulation changes. Most of the noise that we hear about inadequate housing has been in the South, but the thing that is happening in the midwest is just as serious. In the northern areas we are losing people to urban areas thus adding to the urban blight, and further causing a decline in effective development of rural assets. I just want to add one more voice to the cry for help in rural America."

Another housing worker, this one in San Luis Obispo, California, wrote:

"I would like to take his opportunity to express my full suport on the proposed rural housing legislation on which you are now working."

The Area Committee to Improve Opportunities Now, from Athens, Georgia wrote:

"I am confident that rural housing assistance is a major step in the direction of keeping people from moving into the urban areas and the drying up of local rural communities."

A housing specialist in the office of the governor of the Commonwealth of Virginia wrote:

"You may know that last year Virginia was number one in the nation in Farmers Home loans and is striving to maintain that role this year. Nonetheless, one of the problems is reaching the real low-income group. Very few of these houses are now as low as $18,000 and even with 1% interest this prices many people out of the program—the very people who need decent housing the most."

The Ohio Housing Development Board wrote:

"We would wholeheartedly support that portion of the bill that seeks to expand the Farmers Home Administration program."

Mr. President, I think the point is clear. When we proposed the Emergency Rural Housing Act, which included many of the Farmers Home amendments in this act, we heard quite a bit of support. I do not recall a single dissent to the Farmers Home amendments in all the mail that I have received on the bill. And, Mr. President, one of those amendments included the idea which Mr. Hathaway has before the Senate today. In fact, our bill proposed that we simply put that idea right into the law. Mr. Hathaway has come up with a much more responsible idea, that we give it a good test first. I agree with the wisdom of that. I believe we should support this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. HATHAWAY. Mr. President, I reserve the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield myself such time as I may require.

There was a good bit of talking and negotiating going on around here. May I ask the Senator from Maine whether this is the amendment that he discussed earlier?

Mr. HATHAWAY. Yes; this is the amendment I discussed with the chairman earlier today.

Mr. SPARKMAN. And did the Senator modify the percentage?

Mr. HATHAWAY. I have not made a modification as yet, but I would be receptive to it.

Mr. SPARKMAN. I believe we requested that.

Mr. HATHAWAY. I did indicate to the chairman that, to get his support, I would be willing to reduce it to 10 percent of the number of subsidized loans, and I shall so modify it if that would meet with the chairman's approval.

Mr. SPARKMAN. Let me say that if the Senator does modify it to that extent, I shall be very glad to accept it.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that on page 3 of my amendment, line 10, the figure "15" be changed to "10."

The PRESIDING OFFICER. The Senator has the right to modify his amendment. The amendment is so modified.

Mr. SPARKMAN. Mr. President, if the Senator is ready to yield back his time, I would be willing to accept the amendment.

Mr. HATHAWAY. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to the amendment, as modified, of the Senator from Maine.

The amendment (No. 1002), as modified, was agreed to.

Mr. BUCKLEY. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read the amendment, offered by Mr. BUCKLEY for himself and Mr. BROOKE, as follows:

On page 340, lines 4 and 5, strike out "single family dwelling" and insert in lieu thereof "one- to four-family residence".

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. BUCKLEY. I yield.

UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that final passage of the pending bill occur on Monday at no later than 5 p.m., paragraph 3 of rule XII being waived, and that if any yea-and-nay votes are ordered on amendments during the rest of this day, they be conducted back to back on Monday at no earlier than the hour of 2:30 p.m.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. ROBERT C. BYRD. Mr. President, I temporarily withdraw my request.

The PRESIDING OFFICER. The unanimous-consent request is withdrawn.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I renew the request I made earlier.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BUCKLEY. Mr. President, in a number of our cities there have been community programs to revitalize decayed and deserted urban areas by encouraging individuals and families to buy at nominal cost, neglected properties acquired by the city through in rem proceedings. Sometimes these efforts have been in the form of appointed commissions and sometimes as a result of private initiatives. A variety of methods are then devised to assist buyers to restore abandoned dwellings into sound, modern facilities. Although such programs have been scattered, there is enough evidence to indicate that success with this type of redevelopment can be achieved. To my mind, participation by the Federal Government in the urban homesteading will do much to popularize this innovative approach to saving deteriorating housing.

I would like to congratulate the junior Senator from Delaware for recognizing the possibility of encouraging the restoration of abandoned HUD-owned single-family dwellings by applying the philosophy of the Homestead Act of 1862 which offered 160 acres of virgin land to anyone who would live for 5 years on a tract and develop it. History substantiates the contribution that the original Homestead Act made to the development of this great Nation of ours, and I was happy to cosponsor S. 2676, the National Homestead Assistance Act, which the Senator from Delaware introduced. I was delighted that this proposal has been included in the Housing and Community Development Act of 1974, S. 3066.

But, Mr. President, I envision an even broader utilization of this concept. Our cities cry out for relief from the stench of decay. Why not include the HUD-owned dwellings that are more prevalent in cities such as New York, namely; two-, three-, and four-unit dwellings. An inventory of HUD-owned small homes—one to four-family residences—in New York/New Jersey Region II indicated that approximately 60 percent are two-, three-, or four-family residences. In support of this estimate, I ask unanimous consent that the inventory provided by George Puchall, Assistant Regional Administrator for Housing Management for Region II of HUD, be printed in the RECORD at the conclusion of my remarks.

If the Urban Homesteading is to be fully effective, it must include this substantial portion of abandoned family residences. The amendment which the Senator from Massachusetts and I are introducing will accomplish this by including up to four-family dwellings in the homestead provisions of S. 3066, instead of limiting their applicability to single-family dwellings. We believe our approach is wholly consistent with the philosophy of deeding vacant dwellings to individuals who are willing to live in and improve the dwellings according to the reasonable requirements stipulated. My amendment contemplates the new owners occupying one unit, and restoring and renting the remaining ones.

Mr. President, concern has been voiced

about the possibility that an owner of a multi-family dwelling could make some profits if he invested money, time and physical labor in restoring a multi-family dwelling. But the Homestead Act of 1862 was not apologetic about profits. It was the opportunity to earn a decent living that lured American settlers into the hostile lands of the West and our amendment would lure settlers into the deteriorating areas of the cities.

The incentives provided by profits contribute to the success of the endeavor and provide additional housing units as well as increasing property values within communities. This amendment does not encourage absentee landlords who milk the assets of property and then abandon it, as the owner is required to reside on the premises thereby preventing deterioration of the property through neglect, or vandalism.

I do not pretend that acceptance of this amendment will be a panacea for urban disintegration. This program is a modest one, but it could help to add new life to abandoned and vandalized dwellings at little cost to the Federal Government. Even more important is the encouragement this program will give to the cities, communities, and States who have initiated, or are anticipating homesteading programs.

Mr. President, I ask unanimous consent that a tabulation from the HUD Regional Office in New York be printed in the RECORD.

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

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
New York, N.Y., February 22, 1974.

Mr. JAMES MCGUIRE,
New York, N.Y.

DEAR JIM: Listed below is the information you asked for concerning the inventory of HUD-owned small homes in our Region. The figures are as of 1-31-74.

Area/insuring office	Total 1 to 4 family	Number of 1 family	Number of 2, 3, 4, family	Percent: Major repair required (approximate)	Percent: Minor repair required (approximate)
Albany	39	23	15	85	15
Buffalo	136	64	72	60	40
Hempstead	3,349	837	2,512	85	5
Camden	503	489	14	90	10
Newark	1,336	601	735	70	30
Puerto Rico	34	34			100
Total	5,396	2,048	3,348		

Sincerely,

GEORGE PUCHALL,
Assistant Regional Administrator for Housing Management.

Mr. BUCKLEY. Mr. President, my amendment is an amendment to the homestead provision introduced by the able Senator from Delaware (Mr. BIDEN). His proposal adopted the Homestead Act of 1862 philosophy of self-help and applied it to the situation where we have deteriorating housing. That is a philosophy that has been tested in his State, in the city of Wilmington and elsewhere. It is a philosophy which benefits under appropriate circumstances the housing units which have been abandoned but which are found to be inherently sound and capable of being taken over at low cost by someone who is willing to undertake the expense, using their own labor, to rehabilitate the housing.

The Federal Government has come into the ownership of a great deal of housing around the country. The department therefore has an inventory that is admirably suited to this highly imaginative approach.

My amendment was introduced on behalf of myself and the distinguished Senator from Massachusetts (Mr. BROOKE). It would expand the concept from the single-family dwelling to four-family unit dwellings.

I know that my own State, and I believe it is true in the State of Massachusetts also, has a great number of structures of the type we are talking about. They are not single-family units. Therefore, by allowing the Secretary and the local government the discretion to accept the units, we can multiply the effect of this provision.

I have discussed this matter with the distinguished chairman and also with the distinguished ranking minority member of the committee. They both indicate to me that my amendment will be accepted.

Mr. President, I yield to the distinguished Senator from Massachusetts.

Mr. BROOKE. Mr. President, I am pleased that the distinguished Senator from New York (Mr. BUCKLEY) has introduced his amendment. I discussed the substance of this amendment in the housing committee meeting with my able colleague, the Senator from Delaware (Mr. BIDEN). At the time I think Senator BIDEN was interested in accepting the amendment. Apparently, however, there was some misapprehension as to whether or not the owners of two-, three-, and four-unit dwellings were actually in the real estate business and whether they were entrepreneurs, so to speak.

I try to assure the Senator from my own personal experience, if the Senator will forgive my reference to my own personal experience, that I took over a four-dwelling building under the GI bill of rights. I lived in one unit and rented the other three. That was the only way that I could afford to own that home and keep it up. What we are trying to do now is to take care of some of the housing that needs rehabilitation.

It would be a necessity for a person who owned a four-family dwelling to live in one of the four apartments so that he would not be an absentee landlord. He would be able to rent out the other three and maintain the home and pay the mortgage and the bills.

I do not know about the dwellings in Delaware. Perhaps they do not have as many four deckers, as we call them, as there are in the States of Massachusetts and New York. However, the concept which the Senator from Delaware had in introducing his amendment is an excellent one. I supported him wholeheartedly.

I am very pleased that the Senator from New York introduced his amendment on the floor and that the distinguished chairman and the distinguished ranking minority members have accepted it.

I hope that Senator BIDEN would understand that we are not adversaries in this cause but are allies. We are striving to achieve the same goals that the Senator from Delaware desired.

Mr. BIDEN. Mr. President, I have no objection, obviously, to the intent of the legislation introduced by my friends, the Senator from New York and the Senator from Massachusetts. However, again to raise the questions which I raised in committee, I am concerned about three things.

First, it seems that the section 312 loans are necessary for a single-family homeowner to have access to in order to rehabilitate the housing he or she would be given. I do not know whether the 312 loan program would be available to multiple family residence. If it is, it seems as though we are leaving it open to people, who have a considerable amount of money, to rehabilitate for multifamily unit dwellings which, I suspect—would cost more money than to rehabilitate a single-family unit. I assume that we are talking about more square feet of housing at a higher cost to bring it up to snuff.

This legislation under the homestead concept was initiated by a classmate of mine, Mayor Maloney of Wilmington. I took the idea and applied it to the national level. I do not know whether by this proposed action we would be turning this into a program in which speculators would be able to take advantage of the situation.

I have no objection to anyone making a tiny profit in rehabilitating these homes. However, my primary objective was not to find people homes, but to find homes for people.

I do not know what restrictions would exist under this proposal to prevent a developer from coming in and becoming a slum landlord in the area. I hope that would not happen.

I am also concerned, however, since my bill is in such an embryonic stage and we have had very little experience with it. We have had a little experience in Delaware and in some other cities on the east coast.

I was willing to start the program and watch it through additional trials so as to make sure that it would bear up and be workable.

I expressed my reluctance to support the multi-family concept. I am not here to make a great fight against the amendment. I still do not support it. I am not going to ask a rollcall vote or make strong objection.

I wanted the Senator from Massachusetts to understand why I am reluctant.

Mr. BROOKE. Mr. President, I certainly do understand. We did have that colloquy in the Housing Committee.

I would like to address myself to the first problem that my colleague finds with the Buckley-Brooke amendment.

I think the Senator raised a question as to how many of the homes rehabilitated under the 312 program are multiple-family dwellings. I think that was the question.

Of the 25,000 homes already rehabilitated under 312, 4,300 are two, three, or four family homes.

So that is a matter of record.

The second point was as that speculators may move in and make profit on this program. Of course, under the provisions of the bill, the owner must live in the house himself.

Mr. BIDEN. That is correct.

Mr. BROOKE. That would also apply to the two-, three-, and four-family dwellings, as well as the single-family home. Most speculators do not want to live in the neighborhoods where these properties are located. They just want to buy a property for speculation, but live on Park Avenue, perhaps, in New York. But by the requirement which is written into the bill that the owner live on the premises, which I think is a very sound one, because he is there and he is going to maintain it and look after it——

Mr. BUCKLEY. Mr. President, if the Senator will yield, I point out it is not merely jumping in and out, but must be for a minimum period of residence of 3 years.

Mr. BROOKE. Yes; I am glad the Senator made that point. The buyer has got to stay in the property continuously for 3 years. He is hardly going to be a speculator. I think that should satisfy the concerns of the Senator from Delaware as far as speculators are concerned. I do not believe I quite understood the third point the Senator raised. Perhaps the Senator from New York can respond unless the Senator wishes to restate it.

Mr. BIDEN. I think my colleague has responded sufficiently to show that our interest is identical. It would be better to specify that number of units that could be brought under the concept, rather than make any change within the concept, which is that there be a resident owner living there for a period of 3 years, meeting the housing code and other requirements of that city or municipality, and in fact having the intent to stay there. That is the reason why I put 3 years in there; I think the Senator has responded to my concern sufficiently. I have no further comment, and I shall not take issue with the amendment.

Mr. BROOKE. Mr. President, may I first commend the distinguished Senator's classmate, the mayor of Wilmington for the original concept which the Senator so generously and modestly attributes to him, and then commend my colleague from Delaware for introducing this amendment in the committee and making it a part of this omnibus housing bill. And I thank the Senator from New York (Mr. BUCKLEY) for presenting this amendment to the bill, because I think many more persons will be benefited now with the expansion to two, three, and four family dwellings, and I am very pleased and proud to have been a cosponsor of the amendment.

Mr. BUCKLEY. Mr. President, I also thank my distinguished colleagues from Delaware and Massachusetts. We are all seeking precisely the same objective, I believe, but by expanding the number of units that can be covered under the program, we do not erode the essential element of the concept of homesteading, namely, the requirement that some individual fill the requirements and responsibilities of ownership in bringing about the restoration of decaying but nevertheless salvageable housing, the extra effort that will save so many of our cities.

I know in the case of Massachusetts and in my own State of New York some of the areas that are about to go over the brink, that have been abandoned, tend to involve more than one unit. So I hope this amendment will be seen as merely an extension of the concept introduced by the Senator from Delaware, without in any way opening the doors to the misuse of that concept.

Mr. TOWER. Mr. President, I yield myself such time as I may require under the bill.

For my part, I think this is a meritorious amendment. I am prepared to accept it, and I believe my distinguished Chairman has also indicated his approval. Therefore, I think we can act on it.

Mr. BUCKLEY. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from New York (Mr. BUCKLEY).

The amendment was agreed to.

Mr. HATHAWAY. Mr. President, I have two unprinted amendments at the desk, which I believe will not take much time. I call up the first amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that the amendment be printed in the RECORD at this point.

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

Mr. HATHAWAY's amendment is as follows:

On page 240, between lines 8 and 9, insert the following:

STATE AND LOCAL AGENCIES

SEC. 522. Section 501(c) of the Housing Act of 1949 is amended by adding at the end thereof the following: "If an applicant is a State or local public agency—

"(A) the provisions of clause (3) shall not apply to his application; and

"(B) the applicant shall be eligible to participate in any program under this title if the persons or families to be served by the applicant with the assistance being sought would be eligible to participate in such program."

Amend the table of contents accordingly.

The PRESIDING OFFICER. Does the Senator wish his amendments considered en bloc?

Mr. HATHAWAY. I think we had better consider them separately.

This amendment would make State and local housing agencies eligible to apply for interest credit loans to provide housing for low- and moderate-income families, on the same basis as other eligible sponsors. Under current law, public bodies are unable to build housing for lower income families under Farmers Home programs because they cannot get loan money at a low enough interest rate. This amendment would accomplish by statute what Farmers Home is already planning to do administratively.

I reserve the remainder of my time. I understand there is no objection from either the chairman or the ranking minority member.

Mr. SPARKMAN. That is correct, Mr. President. I am prepared to accept the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. TOWER. I yield back my time.

Mr. HATHAWAY. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maine.

The amendment was agreed to.

Mr. HATHAWAY. Mr. President, I call up my second amendment.

The PRESIDING OFFICER. The amendment will be stated.

Mr. HATHAWAY. I ask unanimous consent that the reading of the amendment be dispensed with, and that it be printed in the RECORD at this point.

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

Mr. HATHAWAY's amendment is as follows:

On page 230, line 22, strike all through line 5 on page 231, and insert the following:

(b) Subsection (c) of such section is amended to read as follows:

"(c) There shall be reimbursed to the Rural Housing Insurance Fund by annual appropriations (1) the amounts by which nonprincipal payments made from the fund during each fiscal year to the holders of insured loans described in subsection (a)(1) exceed interest due from the borrowers during each year, and (2) the amount of assistance payments described in subsection (a)(2). The Secretary may from time to time issue notes to the Secretary of the Treasury under section 517(h) to obtain amounts equal to such unreimbursed payments, pending the annual reimbursement by appropriation."

Mr. HATHAWAY. Mr. President, this is merely a technical amendment to correct an inaccuracy which developed in the printing of the bill. The amendment has been gone over by both the minority and the majority, and I understand there is no objection to it.

I reserve the remainder of my time.

Mr. SPARKMAN. Mr. Presdent, the Senator from Texas is agreeable to the amendment, and I am agreeable also. I yield back the time.

Mr. HATHAWAY. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Maine.

The amendment was agreed to.

Mr. BAYH. Mr. President, I send to the desk an unprinted amendment, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. BAYH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that the amendment be considered as if read.

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

Mr. BAYH's amendment is as follows:

On page 184, between lines 9 and 10, insert the following:

(4) CITIZEN PARTICIPATION.—A description of the opportunities for citizen participation which were afforded in connection with the preparation of the application, a summary of any proposals or recommendations which were made pursuant to such opportunities and the extent to which such proposals or recommendations have been incorporated in the summary plan or activities program, and an outline of the community's plans for citizen participation during any further planning for, or during the execution of, its community development activities.

On page 184, line 15, before the period insert in lieu thereof "(5)".

On page 184, line 15, before the period insert a comma and the following: "and an assessment of the contribution of citizen participation to the planning and conduct of such activities".

On page 194, line 2, strike out "and".

On page 194, line 5, strike out the period and insert in lieu thereof "; and ".

On page 194, between lines 5 and 6, insert the following:

"(4) a description of the most effective uses of citizen participation in the planning and execution of community development activities, and an assessment of the general effectiveness of citizen participation in the planning and execution of community development activities."

Mr. BAYH. Mr. President, as I read chapter III of S. 3066 regarding community development, I was pleased to see that the committee had made some provision for citizen participation in the planning and execution of community development activities. Under the bill, local organizations involved in providing advisory services to governmental units planning and carrying out community development activities could receive financial assistance. Further, the governmental unit applying for funds for any type of development activity would have to hold a public hearing regarding the application at least 30 days before its submission to HUD, and then would be required to certify that there had been and would be adequate opportunity for citizen participation in the planning and execution of the activities.

I have fear, however, that these measures in their present form may not be sufficient to insure broad based and meaningful participation of the citizenry. I understand the committee's reluctance to define citizen participation, and I agree that participation in one or more of many forms could be appropriate and adequate for a given project. Nonetheless, I have visions that under the bill's present requirements many applicants will simply hold a hearing, to which they will be unresponsive, certify that there has been adequate participation, and submit the application. Unless HUD were to conduct extensive investigations in its review of applications, it certainly would have no way of knowing whether the citizen participation was real or token.

To insure sincere efforts by applicants to involve the citizens of a community in development activities, I offer an amendment to the bill. This amendment is mainly directed to section 308 of chapter III, covering application and review. As that section stands, an application would contain a summary plan, an activities program, certifications, and a performance report. My amendment would require that the application also contain a new portion containing a description of the opportunities for citizen participation which were afforded in connection with the preparation of the application, a summary of any proposals which were made pursuant to those opportunities and the extent to which such proposals had been incorporated in development plans, and an outline of the community's plans for citizen participation during any further planning for, or during the execution of, its community development activities.

By requiring this recitation in the application, I believe my amendment would encourage local governmental organizations to involve their citizens in the programs and then to pay close attention to what those citizens had to offer and to say. It would reduce the temptation to have a token hearing and then sign a one-sentence certification that there had been adequate citizen participation. Further, my amendment would provide officials in HUD with information—right in the application—to help them determine whether or not there had been adequate opportunity for citizen participation in formulation of the plan.

The amendment would further change the application by requiring the applicant to set out in its performance report an assessment of the contribution of citizen participation in the planning and conduct of its community development activities during the preceding contract period. Such an assessment would require the agency to review past citizen participation and make notes of the successes and failures. Hopefully, this would be a beneficial educational process which would lead to more effective involvement of the populace in the future programs. The assessment would also provide HUD with useful information regarding the effectiveness of techniques aimed at increased citizen participation.

Finally, the amendment would require the Secretary of Housing and Urban Development to include in his annual report a description of the most effective uses of citizen participation in the planning and execution of community development activities and an assessment of the general effectiveness of citizen participation in these activities. This information will be invaluable to us as legislators in planning and enacting legislation to utilize the vast resources our citizens can provide by participating in governmental programs in their communities.

Mr. President, we all know that the chances for success of development programs are greatly increased if the citizens affected by those programs are involved in their planning and execution at every step. We also know that it is essential that we involve our citizens in our Government wherever possible if we wish to maintain a responsive and viable system of democratic government. This amendment I offer today would increase that involvement in community development programs funded by the Federal Government. It would also provide us with information regarding the most productive uses of citizen participation. I urge my colleagues to consider it carefully and include its provisions in S. 3066.

Mr. SPARKMAN. Mr. President, I appreciate the remarks and the amendment by the Senator from Indiana.

We have tried to do something that would be really effective in providing for citizen participation. I believe the Senator started to say or to read subsection 183. It shows how we are trying to get citizen participation to become a real activity. It is our purpose to continue to try to achieve that goal.

I agree with him that it would be a good thing if a report should be made from time to time by the Secretary of Housing and Urban Development showing just what progress has been made and the degree to which the activity has been encouraged by HUD itself.

I would say, that for my part I would desire and expect HUD to make such a report. I shall certainly be glad to pass along, to the Secretary of Housing and Urban Development our desire to have a report from time to time with reference to what is done for meaningful citizen participation.

Mr. BAYH. I take it from the discussion of my distinguished friend, the chairman of the committee and the floor manager of the bill, that he would prefer not to have my amendment written in specific language in the bill, but that it should rather be included in the legislative history.

Mr. SPARKMAN. Yes, I think we can work it that way very well. I would be glad if the Senator would not insist upon his amendment but take this discussion as being our intent in the legislative history, to the effect that a report will be expected from HUD.

Mr. BAYH. I am not wed to the vehicle of the amendment as long as the intent is fulfilled, and having the very strong statement of the chairman helps.

I have no objection to withdrawing my amendment, but could I suggest that it might strengthen the legislative history if, after this colloquy, he would ask the staffs to put this in any conference report language so that, in addition to the colloquy in the CONGRESSIONAL RECORD, we would also have it written into the report accompanying this very fine piece of legislation.

Mr. SPARKMAN. It may well be that in the report that will be issued following the conference committee meeting, we could bring it out in that. I will be glad to ask the staffs to see that that is done.

Mr. BAYH. May I ask the distinguished chairman from Alabama if he would answer one question more clearly, in order to further define the congressional history.

On page 183 of the bill, it states:

(C) has afforded adequate opportunity for citizen participation in the development of the application and has provided for the meaningful involvement of the residents of areas in which community development

activities are to be concentrated in the planning and execution of these activities, including the provision of adequate information and resources;

Does the Senator from Alabama expect the applicant to provide—

. . . a description of the opportunities for citizen participation which were afforded in connection with the preparation of the application, a summary of any proposals or recommendations which were made pursuant to such opportunities and the extent to which such proposals or recommendations have been incorporated in the summary plan or activities program, and an outline of the community's plans for citizen participation during any further planning for, or during the execution of, its community development activities.

Mr. SPARKMAN. That is correct.

Mr. BAYH. I appreciate the patience of my friend from Alabama. Again I want to salute him. I would ask if it is correct that it is intended that the information required by other parts of my amendment which have already been described is required by the bill in its present form.

Mr. SPARKMAN. The Senator is correct.

Mr. BAYH. I thank my friend from Alabama.

Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. BIDEN. Mr. President, I send to the desk an amendment and ask it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 53, line 20, delete the period after the word "section", and insert after the word "section" "or which mortgages are assisted under a state or local program providing assistance through loans, loan insurance or tax abatement."

Mr. BIDEN. Mr. President, it is my understanding that the ranking minority member and the chairman of the committee have no objection to this amendment.

If I can take just a moment to explain it, this amendment would permit section 402 homeownership subsidy payments to be made in conjunction with mortgages assisted through loans, loan insurance or tax abatement from a State or local program even though the mortgage is not insured by FHA. This would bring section 402 into line with section 502 which permits rental subsidies to be paid in conjunction with State loans although not FHA insured. Under such an arrangement, it is the State or local agency not the Federal Government, that bears the risk of loss if a loan goes sour. Certainly if a State agency wishes to bear this responsibility, it should be allowed to do so pursuant to my amendment.

Under the predecessor program to section 502—the section 236 program State housing finance agencies have made loans for over 70,000 units, the majority of which have been subsidized but not insured. This has proven to be a very constructive State-Federal partnership and I am delighted that section 502 allows its continuance for multifamily units. My amendment simply extends this exercise in creative federalism to single family loans made by such State housing finance agencies.

Mr. President, that is short and simply what my amendment would do. I understand there is no objection to its being incorporated in the bill, and if there is no objection to it, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I am receptive to the amendment.

Mr. TOWER. Mr. President, I am also prepared to accept the amendment.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on this amendment has now been yielded back.

The question is on agreeing to the amendment of the Senator from Delaware (Mr. BIDEN).

The amendment was agreed to.

Mr. TOWER. Mr. President, I think we have disposed of all the amendments that Senators were prepared to bring up today. I do not know of any others. I understand that Senator WILLIAMS will have an amendment to be considered on Monday, as well as Senator BELLMON, and Senator TAFT, who will be here then. We can deal with his, which we are, for the most part, in sympathy with. Therefore I think at this point, I would suggest the absence of a quorum so that we can make a determination of whether——

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS AND RESUMPTION OF CONSIDERATION OF S. 3066 ON MONDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday next, after the two leaders or their designees have been recognized under the standing order, there be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes; at the conclusion of which the Senate resume the consideration of S. 3066, the housing bill.

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

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a resumption of routine morning business, with statements therein limited to 5 minutes each.

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

Mr. ROBERT C. BYRD. 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. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

LEWIS W. DOUGLAS

Mr. HARRY F. BYRD, JR. Mr. President, Lewis W. Douglas died yesterday at his home in Arizona. Mr. Douglas was a splendid American. He served his Nation with great ability and with great courage. He was a Member of the House of Representatives, he served as Ambassador to Great Britain,, and he was at one time Director of the Federal Budget.

Mr. Douglas came to Washington in his early thirties, as a Member of the House of Representatives, representing Arizona.

When Franklin D. Roosevelt became President, he selected Lewis Douglas, a young Congressman 39 years of age, to be his Director of the Budget.

Mr. Douglas had a brilliant future ahead of him in Government. He was a favorite of President Roosevelt. But a little more than a year later, he reached the conclusion that, as a matter of principle, he could not agree with the spending policies of the Roosevelt administration. So Lewis Douglas, at age 40, did something that is unheard of around Washington these days. He resigned from his top Government post as a matter of principle. He felt that the spending policies of the Roosevelt administration would be detrimental in the long run to the country he loved.

I might point out that the spending policies which President Roosevelt initiated and the deficits which were incurred during his administration were only a fraction of the deficits we see in the Federal budget today.

Mr. Douglas was a close friend of my father. That also endeared me to him. But as a student at the University of Virginia when Mr. Douglas resigned his important post in the Federal Government, I was intrigued by the fact that a high Government official, one with a great future, would leave his Government position and resign as a matter of principle because he disagreed with the policies of the administration he was serving. I think that what the Government needs today are more Lewis Douglases, more men who will take issue with whichever administration might be in power, and will not subordinate their own convictions to the wishes of the bureaucracy. Lewis Douglas would not do that.

He went on, after he left the position as Director of the Budget, and in World War II served his Government in important but lesser positions. Then he was named Ambassador to Great Britain.

Mr. President, I ask unanimous consent that the obituary of Lewis M. Douglas, published in today's Washington Post, be printed in the RECORD.

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

[The Washington Post, March 8, 1974]

AMBASSADOR LEWIS DOUGLAS, FDR AIDE, DIES

TUCSON, Ariz., March 7.—Lewis W. Douglas, former U.S. congressman and ambassador to Great Britain, died at his home here today. He was 79.

He had returned to Tucson last week after being hospitalized in New York City.

Mr. Douglas was elected to the House in 1927 and served six years before resigning during his fourth term to become President Franklin D. Roosevelt's federal budget director.

* * * * *

(By Ferdinand Kuhn)

Before Lewis W. Douglas was 40 he was being talked about as a future President.

The talk came first from Franklin D. Roosevelt soon after he moved into the White House, and it filtered down through the President's advisers. Roosevelt had watched Mr. Douglas as a Democratic congressman from Arizona. He had named Mr. Douglas director of the budget, and had given him a seat in the Cabinet as an unprecedented mark of liking and favor.

In April 1933, Roosevelt wrote to Col. Edward M. House that Mr. Douglas "is, in many ways, the greatest 'find' of the administration." Privately he gave him still higher praise. One morning as he was chatting with Raymond Moley, a member of his so-called brain trust, he said of Mr. Douglas:

"In 12-years he would be a good Democratic candidate for President." Twelve years in the future Mr. Douglas would have been almost 51, the same age as Roosevelt when he was elected.

Obviously Mr. Douglas had charmed the President, who was something of a charmer himself when he wanted to be. An alert mind, a facile tongue, a diffident manner, a disarming look of candor in his wide brown eyes—these were among the attributes Douglas brought to private meetings and public appearances in the early New Deal days.

"It is so easy to like Douglas that his biases tend to be forgotten," Rexford G. Tugwell, a Roosevelt adviser, wrote in his diary.

Mr. Douglas' chief bias was a passion for economy in government. He was a business-minded conservative. At the turn of the century he would have been called a sound-money man. When heard that Roosevelt had decided to take the dollar off gold in 1933, he spent an evening grieving with a few fellow-conservatives in the government. His final comment, as Moley remembered it many years later, was:

"Well, this is the end of Western civilization."

For more than a year Mr. Douglas fought rearguard skirmishes inside the government against New Deal spending. Finally, in August, 1934, after Roosevelt refused to reduce spending on public works, Mr. Douglas resigned.

Officials from the top down were amazed. It was not unusual to toss a public office overboard because of a private conscience. Roosevelt was shocked and hurt. Afterward, Mr. Douglas wrote him that the balancing of the budget would determine, "conceivably, the immediate fate of Western civilization."

He was not pretending. He genuinely believed that fiscal soundness of the old-fashioned kind was the mark of a nation's character, the test of its survival.

He returned to private life and wrote a book, "The Liberal Tradition" that attacked many New Deal measures as "roads leading away from free capitalism."

Mr. Douglas followed his convictions to the political limit. In 1938, he actively supported Alf M. Landon against Roosevelt; in 1940, he headed a national committee of "Democrats for Wilkie." He did not come back into the government until Britain was threatened with invasion and Western civilization faced a danger of a nonbudgetary kind.

The threat to Britain held a special meaning for Douglas. His ancestry as well as his common sense in those days made him pro-British. His grandfather was an eminent Scottish-Canadian geologist who helped set up the Phelps-Dodge copper company in Arizona. His father married an Arizona miner's daughter and became an American citizen. Their son Lewis was born July 2, 1894, in the mining town of Bisbee.

They brought him up in the great outdoors of the West, but sent him to Amherst in the East for his college education. World War I took him to France as a first lieutenant of field artillery; he won a citation from Gen. Pershing and a Croix de Guerre from Belgium.

Back home, he taught history at Amherst for a year, but decided that an instructor's life was not for him. In 1921, he married Peggy Zinsser, a niece of the famous bacteriologist and author, Dr. Hans Zinsser.

The young couple set up housekeeping in the West. Mr. Douglas began earning money in ranching and citrus growing in his native Arizona, and tried his hand at politics in the state legislature. He was elected to a two-year term in the state House of Representatives in 1923.

In 1926, he was known widely enough to be elected to Congress. There he served three terms and came to Franklin Roosevelt's attention as an economizer.

He never lost his attachment to Canada and Britain. After quitting the New Deal he served two years as chancellor (president) of McGill University in Montreal. He was the first United States citizen to attain this honor. As for Britain, Mr. Douglas was one who talked, as many Britons still do, of "the Anglo-Saxon race." He became a leader of the unofficial aid-to-Britain movement long before Pearl Harbor.

After Wilkie's defeat in 1940, Mr. Douglas asked for a job, any job, in what was coming to be the American war effort. He was already president of the big Mutual Life Insurance Company of New York, but this held little meaning for him in wartime. His brother-in-law John J. McCloy, who had married another Zinsser sister, was already making himself more than useful as assistant secretary of war. With the help of Harry Hopkins in the White House, Mr. Douglas was made deputy war shipping administrator.

In this work he had to allocate American merchant shipping among many American and foreign claimants. Thus he became a key figure in sending food and war supplies to Britain in the war's darkest hours.

Mr. Douglas and Roosevelt found no trouble in burying the hatchet. In 1943, for example, when Americans and Britons were squabbling at the first Quebec Conference, the President asked Mr. Douglas to hurry to Quebec to pour his charm on the ruffled Anglo-American waters. He also put Mr. Douglas on the delegation to the Cairo Conference. At these historic meetings, Mr. Douglas stood close to the center of power, but most of the time out of public view.

His finest hours in public began early in 1947 when President Truman appointed him ambassador to Britain. A trick of fate sent him there while Socialists rather than business-minded conservatives held government office. Still, Mr. Douglas managed to seem happy as well as effective in his new job.

Mr. Douglas told an interviewer that Britain's Socialist government was "none of my business. It is up to the English to select their own type of government. Nor does the fact that the Labor Party is in power make any difference in our relations."

He enjoyed friendly publicity, not so much for himself as for his golden-blonde daughter, Sharman. She filled so much space in the London gossip columns that to many thousands of newspaper readers, Lewis Douglas was better known as Sharman's father than as the American ambassador.

Sharman was dubbed "Charmin'" Sharman. She became fast friends with Princess Margaret and was a leading figure in the social whirl of London's Mayfair set.

Behind the scenes, Mr. Douglas was a more important figure. He presided over a sprawling embassy staff that, in its variety, was a United States government in miniature. He made himself a trusted channel of communication between Washington and British leaders.

President Truman, knowing his talents as a talker, brought him home temporarily to help get the Marshal Plan for European recovery approved by a conservative Congress. Mr. Douglas also served as the administration's chief civilian contact in Europe with Gen. Lucius D. Clay, the military governor of Germany.

He might have climbed still higher in public life if a grotesque accident in England had not interferred. One day in 1949 he was trout fishing on the River Test, near Southampton. As he cast a fly, a gust of wind blew the fish hook into his left eye. For two months the ambassador was laid up, much of the time in pain. Repeated operations were needed. He lost the eye, and from then on wore a dark patch over it.

Largely because of recurring ill health, he resigned as ambassador in 1950. When he resigned, his friend Walter Lippmann wrote that Mr. Douglas was "the youngest of the elder statesmen who, like Stimson and Marshall, have to come forward when wisdom, not merely competence or even brilliance, is needed."

After London, Mr. Douglas's public life was an anti-climax. Presidents Eisenhower and Johnson, whom he had supported for election, appointed him to largely honorary sinecures. At his 50,000-acre ranch at Sonoita, near the Mexican border, he entertained a stream of visitors, including Princess Margaret and others from London.

Well into old age, he kept his business interests and business viewpoint. As honorary chairman of the Southern Arizona Bank and Trust Company, he maintained an office in Tucson. He served as a director of mining companies and made himself helpful in Anglo-American and charitable causes.

One of his few public statements of his old age appeared in the Arizona Daily Star of Tucson at the end of 1971. The state board of health had ordered the Phelps Dodge copper company to clean up the smoke from its smelter at Douglas or have the smelter shut as a menace to public health.

Mr. Douglas, pained, wrote a column conceding that the copper companies had been late in acting to control pollution. But, he pleaded, closing the smelter would end many jobs and hurt the Arizona economy; in any event private cars, not copper companies, were to blame for pollution. He was a spokesman for business to the end.

He is survived by his wife, Peggy; two sons, James Stuart and Lewis W., and his daughter, Sharman Hay.

BATTLE OF GREAT IMPORTANCE IN POCATELLO, IDAHO, ON SATURDAY NIGHT

Mr. McCLURE. Mr. President, since some Members of this august body have seen fit, from time to time, to express their deep concern over the probable outcome of various unimportant sporting events, I must point out that a battle of great importance will open tomorrow night in Pocatello, Idaho—a battle between Idaho State University and the University of New Mexico.

Both teams are top-ranked NCAA contenders: Idaho State University as the Big Sky Conference winner, with a 21–7 overall record; and the University of New Mexico, winner in the Western Athletic Conference, with a 20–6 record.

Since the honor of the State of Idaho is at stake, I would challenge the good Senator from New Mexico to a small wager. For our ante, we would offer 10 100-pound bags of the world's finest potatoes—produced, of course, in Idaho. I would hope that the Senator from New Mexico might accept this challenge.

Mr. DOMENICI. I am delighted to rise and accept the challenge. I will tell the Senator from Idaho what I intend to do with 10, 100-pound bags of potatoes. I do not intend to give them to the 10 athletes on the squad, but rather to the 10 members of my family.

But first, I want to tell the Senator

from Idaho that the cattle raisers of New Mexico have decided that they would offer to the Senator from Idaho half a beef as a part of this challenge. I say that with some reluctance, because it seems to me that I am getting the worse end of the bargain. I hope we get the potatoes. I had hoped I would get the beef. But since I am not getting it, I am telling the Senator that our cattle growers will give the Senator from Idaho half a beef.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. McCLURE. I yield.

Mr. ROBERT C. BYRD. With all the acrimony that seems to be developing in this heated discussion, I hope that the Chair will insist that the rules be followed and that the Senators address each other in the third person—not in the second person.

Mr. DOMENICI. We thank the Senator.

Mr. McCLURE. I thank the Senator for interjecting that comment because the comments of the Senator from New Mexico really did raise my blood pressure for just a minute when he suggested that New Mexico beef was worthy of comparison with Idaho potatoes. We have been resisting the impulse of a number of people in New Mexico to export Idaho beef to them. We had to adopt an antibusing provision to prevent that a few years ago.

While the challenge is equal, the wager is not equal. The J. R. Simplot of Boise, Idaho, agreed to provide the potatoes in the unlikely event that Idaho State should lose, and I do regard that as an unlikely event. We will accept the unequal offer the Senator has made, but I want to make one other suggestion. In spite of the fact that New Mexico cattle are thought by most people in Idaho to be inferior, not only to Idaho potatoes but also to our Idaho cattle, the other half of the beef might be sent to the State of Texas. I hear the Senator from Texas (Mr. TOWER) is in desperate need of some Hamburger Helper to hold up that so-called Texas chili he is bragging about, but maybe that would give Senator GOLDWATER too much of an advantage in that contest that is brewing.

Mr. DOMENICI. The Senator from New Mexico wants to tell the Senator from Idaho that there is only one reason that New Mexicans would consider eating Idaho potatoes, and that came about because the price of pinto beans has gone to $60 to $70 a hundredweight.

I would like to share the dilemma in which I find myself which would make the potatoes so welcome. It will be remembered that the Senator from Colorado (Mr. DOMINICK) led the fight for Senators not to get a pay raise. I am reporting today to the Senator from Idaho that I may deal with him. I told him I would support his measure, but if he prevailed I would give him six of my children to support. He prevailed and he then showed the sense of a good lawyer and found our deal was unenforceable.

I am met now with a very serious problem that I share with the Senator from Idaho because even though we are not accustomed to eating Idaho potatoes in New Mexico, the potatoes will be welcomed by Nancy and PETE DOMENICI.

Mr. McCLURE. I look forward to accepting the substandard beef of New Mexico that may come my way. I am sure the Senator will find the hospitality of the people of Idaho is unmatched, except when your team will submit to Idaho State University tomorrow night in Pocatello, Idaho.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. McCLURE. I yield.

Mr. ROBERT C. BYRD. What will happen in cases of a tie?

Mr. McCLURE. I would say to the Senator from West Virginia I think it is very unlikely that it will be even close to a tie.

Mr. ROBERT C. BYRD. In the event of a tie I would invite the two Senators to participate in one of West Virginia's ramp festivals. The delicacy is most delectable—as well as memorable.

Mr. DOMENICI. In the event of a tie I will keep the beef.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene on Monday at 12 o'clock noon. After the two leaders or their designees have been recognized under the standing order there will be a period for the transaction of routine morning business for not to exceed 30 minutes, with statements limited therein to 5 minutes each.

At the conclusion of routine morning business the Senate will resume consideration of the bill (S. 3066), the Housing and Community Development Act of 1974. Any record votes on amendments to that bill will occur no earlier than 2:30 p.m., with a vote on final passage to occur at not later than 5 p.m. on Monday.

ADJOURNMENT TO MONDAY, MARCH 11, 1974

Mr. ROBERT C. BYRD. Mr. President, if the distinguished assistant Republican leader has no further business, I move, in accordance with the previous order, that the Senate stand in adjournment until 12 o'clock noon on Monday next.

The motion was agreed to; and at 3:25 p.m., the Senate adjourned until Monday, March 11, 1974, at 12 o'clock noon.

NOMINATIONS

Executive nominations received by the Senate March 8, 1974:

INTER-AMERICAN FOUNDATION

The following-named persons to be Members of the Board of Directors of the Inter-American Foundation for the terms indicated:

For the remainder of the term expiring September 20, 1976

Jack B. Kubisch, of Michigan, vice Charles A. Meyer.

For a term expiring September 20, 1978

John Michael Hennessy, of Massachusetts, vice John A. Hannah.

For a term expiring October 6, 1978

Charles A. Meyer, of Illinois, vice Luis A. Ferre, term expired.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 8, 1974:

DEPARTMENT OF DEFENSE

Martin R. Hoffmann, of Virginia, to be General Counsel of the Department of Defense.

M. David Lowe, of Texas, to be an Assistant Secretary of the Army.

DEPARTMENT OF THE TREASURY

Jack Franklin Bennett, of Connecticut, to be Under Secretary of the Treasury.

Allan Stephen Ryan, of New York, to be assayer of the U.S. Assay Office at New York, N.Y.

(The above nominations were approved subject to the nominees's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXTENSIONS OF REMARKS

LETTER TO SOVIET LEADERS

HON. J. W. FULBRIGHT

OF ARKANSAS

IN THE SENATE OF THE UNITED STATES

Friday, March 8, 1947

Mr. FULBRIGHT. Mr. President, there was published in the March 3 issue of the London Sunday Times an interesting letter addressed to the men who rule Russia written by Alexander Solzhenitsyn.

In view of the considerable interest in the writer of this letter by several Members of this body I believe it is appropriate to have it inserted in the appendix of the RECORD.

I ask unanimous consent to have it printed in the Appendix of the RECORD.

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

LETTER TO THE SOVIET LEADERS—SOLZHENITSYN SPEAKS: WORLD EXCLUSIVE

Today we print one of the most remarkable and eloquent documents of our time: an impassioned letter from Alexander Solzhenitsyn to the men who rule Russia. It was dispatched six months ago and still awaits an answer. It is published now in full with the writer's complete approval and for the first time. It is his first public statement since his exile: a testament of astonishing power, with uncanny relevance to our own problems in the West. In it Solzhenitsyn denounces the cardinal folly of pursuing an expansionist foreign policy when there is nothing to fear from Europe and America. He calls for an accommodation with China. He deplores the mindless policy of economic growth which has despoiled the beauty of Russia's cities and ruined the tranquility of her countryside. He reiterates that the real wealth of Russia lies in her own soil. He pours scorn on the dead creed of Marxism. He claims that the Russians drink far too much vodka. He advocates the end of national service, and says promotion should not depend on party membership. He pleads for kindness from Russia's rulers and peace for its citizen.