SENATE—*Monday, March 11, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. WALTER D. HUDDLESTON, a Senator from the State of Kentucky.

PRAYER

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

Eternal Father, help us to work this day in the confidence that Thou art with us. Deliver us from all that would obstruct our serving the Nation in the spirit of a divine vocation. Keep us from sluggish thinking or ambiguous expression. Deliver us from coldness of heart or weakness of the will. Help us to say "yes" or "no" to the promptings of conscience. Deliver us from easy discouragement or abandonment of hard undertakings. Keep us congenial with our colleagues, cooperative with our fellow workmen. At the end of the day may we be nearer to Thee than when the day began.

Hear our prayer, in the Lord's name. 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:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 11, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. WALTER D. HUDDLESTON, a Senator from the State of Kentucky, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

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

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, March 8, 1974, be dispensed with.

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

WAIVER OF THE CALL OF THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the call of the Legislative Calendar under rules VII and VIII be dispensed with.

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

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. HUDDLESTON) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of Senate proceedings.)

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

ARTURO ROBLES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 704, H.R. 6119.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The second assistant legislative clerk read as follows:

H.R. 6119, for the relief of Arturo Robles.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

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

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the distinguished minority leader desire to be recognized at this time?

Mr. HUGH SCOTT. Mr. President, I yield back my time.

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 30 minutes, with statements therein limited to 5 minutes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

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

The second assistant legislative clerk proceeded to call the roll.

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

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

CUTTING SOCIAL SECURITY TAXES COULD DESTROY SOCIAL SECURITY BENEFITS

Mr. PROXMIRE. Mr. President, for the past several weeks I have chaired a series of meetings of the Joint Economic Committee and have noticed a persisting proposal to reduce the social security tax. The argument is that it would provide for stimulation of and a demand for more employment, that it would be a progressive action, inasmuch as the social security tax is paid mainly by people with low incomes, and that it would ease the inflationary pressure on low-income workers.

I vigorously disagree with this proposal. If social security taxes are reduced while benefits continue to increase, the whole social security system could be gutted. This could, in fact, be the end of what is probably the most popular program, and rightly so, that the Government has developed in the past 50 years.

The relationship between contribution and benefit as a matter of right is not only fundamental—it is probably essential if social security is to continue as the most successful program fighting poverty and need that this country has developed.

Those who would make the social security tax progressive are well-intentioned. They do indeed want to help the low-income worker, but in doing so they would destroy the basis not only for his sure and certain claim on a decent retirement income, but also the assurance of dignity and respect that a full contribution gives him.

Mr. President, Robert M. Ball, Commissioner of Social Security from 1962 until 1973, has written a superlative article saying why social security should be separated from the budget and from other Government income and expenditures, to prevent the kind of so-called progressive social security tax that I think is very likely to come if we do not take that sort of action.

Mr. Ball is another very distinguished Commissioner of the social security system. He was preceded by Arthur Altmeyer, of Wisconsin. These men understand the social security system well, the psychology on which it is based, the political philosophy on which it is based, and the importance of grounding it on a social insurance system which will enable people to contribute in a way that entitles them clearly, and will entitle them fully in the future, to receive their benefits.

The article could hardly be more timely, as proposals to kill the social insurance principle, under the guise of a progressive social security tax, hit Congress in the coming months. I commend the article to my colleagues, and I ask unanimous consent that it be printed at this point in the RECORD.

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

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

AGAINST "PROGRESSIVE" SOCIAL SECURITY TAXES

(By Robert M. Ball)

In the name of "tax reform" there is a movement afoot which would seriously undermine the contributory nature of the social security system.

One current proposal is to finance social security by a progressive tax, with complete exemption for low-wage earners. Under this proposal the present flat-rate social security deductions from earnings would be dropped, and the loss of income arising from the failure of low-wage earners to make contributions would be made up by higher payments from middle-level and higher-paid wage earners. As a consequence such earners would be called on to pay more for social security than their protection is worth to them.

Proposals to finance all or the major part of social security out of the general revenues of the United States are also being advanced.

I believe that such changes would be dangerous to the stability of the system and would threaten contributors' rights to future benefits.

A good argument can be made for direct government assistance to low-income workers, but this can be accomplished without making radical changes in the nature of our popular and successful social security system. Social security is a social insurance system similar to those found in major industrial countries throughout the world and is based on a long tradition of self-help. The fact that those who get protection for themselves and their families pay specifically toward the support of the system, together with the absence of a means test, are the main features of social insurance which sharply distinguish it from "welfare."

The proper financing principles for such a program—really a government-operated, contributory, retirement and group insurance plan—are by no means the same as the financing principles one would want to follow in raising money for the support of general government expenditures. Social security financing should not be considered separately from social security benefits or approached solely as a tax issue.

If the financing principles of social security are changed so that large numbers of people are paid benefits without contributing, while large numbers of other people are charged much more than they would have to pay for obtaining the protection elsewhere, fundamental changes in the benefit side of the program are almost bound to follow. Without a tie between benefit rights and previous contributions, questions would undoubtedly arise about the basis for paying benefits to those who can support themselves without the benefits. If financing were related to ability to pay, it is very likely that benefits would be related to need. Thus as a result of a change in financing, we could find that social security had been turned into a welfare or negative income tax program designed to help only the very poor and that it not longer was a self-help program serving as a base for all Americans to use in building family security.

The analysis of social security financing separately from social security benefits and solely in terms of taxation principles seems to me to be based on a misunderstanding of the nature of social security—a misunderstanding that grows in part out of the fact that social security today is lumped in with other government programs, both organizationally and in the presentation of the budget. I believe it would help make the nature of social security clear if it were operated by a separate government corporation or instrumentality and if social security transactions were kept separate from the rest of the federal budget.

Before considering this proposal, however, it would be well for the reader to have in mind the scope and nature of our social security system as it is today.

During 1974 the social security programs—cash benefits and Medicare—will pay out $75 billion in benefits.

Approximately 100 million working people will make social security contributions during 1974 and in return will receive credits toward benefits for themselves and their families designed to partly make up for the loss of earned income during retirement, during periods of extended and total disability before retirement age, or because of death. They also will receive credits toward paid-up hospital insurance during periods of extended and total disability and after age 65. Nearly 30 million people—one out of seven Americans—now receive a social security check each month, and practically all Americans are heavily dependent upon the system for future retirement, disability, survivors', and health insurance protection.

The social security system is a compact between the federal government and those who work in employment covered by the system. In return for paying social security contributions while earning, the worker and his family receive certain benefits under defined conditions when those earnings have ceased or may be presumed to have been reduced. As in all insurance, the covered individual exchanges the uncertainty of a relatively large potential loss for the certainty of a relatively small payment.

Social security involves very long-term commitments; not only are beneficiaries paid on the average over many years once they come on the rolls, but contributors today are being promised benefits which may not begin for 40 or more years in the future.

The system is almost entirely compulsory, and the employee contributions which are similar to employee contributions to private pension plans and group insurance are legally a tax—a benefit tax paid by the persons, who together with their families, are protected by the program. By law the income of the system can be used only for social security benefits and the administrative expenses of the social security system.

Unlike individual annuities under private insurance, social security does not, and indeed should not, build up reserves held to each worker's account sufficient to pay off accumulated rights. Social security is financed on a current-cost basis, with nearly all contributions in a given year ordinarily being used in that year to meet benefit payments and administrative expenses. The social security trust funds that do exist are contingency reserves designed to avoid the need for sudden and disruptive contribution rate increases that might otherwise be required by a sudden dislocation in the nation's economy which brought a cut in payrolls and consequently in social security income.

Precisely because the honoring of expectations now being built up is dependent on future contribution income, it is essential to establish the inviolability of benefit rights and to guard the financing source from other uses or erosion. To a very considerable extent this has been done. To help make certain that the obligations now being created are honored in the distant future, the management of the system by the Executive Branch and the Congress has been conservative. All costs have been carefully estimated over the long run (for 75 years in the case of cash benefits and for 25 years in the case of hospital insurance) and earmarked financing designed to meet the estimated cost has been provided for by law.

But the security of future benefit payments not only derives strength from there being *some* kind of long-range plan to fully meet cost, but is also greatly reinforced by the concept of a social security tax or contribution *paid by the people who will benefit under the system*. Putting it another way, the moral obligation of the government to honor future social security claims is made much stronger by the fact that the covered workers and their families who will benefit from the program made a specific sacrifice in anticipation of social security benefits in that they and their employers contributed to the cost of the social security system and thus they have a *right* to expect a return in the way of social security protection.

This is true in social security, railroad retirement, civil service, and state and local retirement systems, even though there is not ordinarily in any of these programs—nor, for that matter, in private group insurance—an exact relationship between the amount of protection provided and the contributions made by the individual. Very importantly, the contributory nature of the system helps to make clear that it would be unfair to introduce eligibility conditions to people who have paid toward their protection.

I believe it would add significantly to public understanding of the trustee character of social security as a retirement and group insurance plan if the program were administered by a separate government corporation or instrumentality and if its financial transactions were kept separate from other government income and expenditures.

Social security now, with 70,000 employees and some 1,300 district offices across the country, is one of the very largest direct-line operations of the federal government. It accounts for nearly 60 percent of the personnel of the Department of Health, Education, and Welfare and pays out $1 for every $3 spent by all the rest of the federal government.

It does not make sense administratively to have this huge program, which intimately touches the lives of just about every American family, operated as a subordinate part of another government agency. The management of social security could be made more responsive to the needs of its beneficiaries and contributors if it were freed from the frequent changes in the levels of service to the public which grow out of short-term decisions about employment ceilings and the varying management value systems which follow the frequent changes of HEW secretaries and their immediate staffs.

Until the fiscal year 1969 budget, the financial transactions of the social security system were kept entirely separate from general revenue income and expenditures, except for purposes of economic analysis. Today they are a part of a unified budget, which lumps together general revenue income and expenditures and the separately financed social security system. This is leading to confusion on just how separate from other government programs social security really is. In the interest of protecting social security's long-term commitments, the separateness of social security financing should be made unmistakably clear.

The purpose of the annual budget is, on the one hand, to make choices among expenditures, giving preference in the budget period to one expenditure over another and, on the other hand, to determine who pays what and how much for the expenditures. Social security promises—stretching into the distant future, resting on past earnings and con-

tributions, and with separate financing—are not a proper part of this essentially competitive process.

The inclusion of social security transactions in a unified budget is bad for other reasons as well. It leads to a distortion of the decision-making process on non-social security programs. Occasional excesses of income over outgo in social security operations in the short run tend to be used as an excuse for financing additional general revenue expenditures since social security income, though legally reserved for social security expenditures, is treated in the budget in the same way as general revenue income and shows up as if it were available money.

Just about every American has a major stake in protecting the long-term commitments of the social security program from fluctuations in politics and policy. The administration of social security by a separate government corporation or instrumentality and the separation of social security financial transactions from other government income and expenditures would strengthen public confidence in the security of the long-run commitments of the program and in the freedom of the administrative operations from short-run political influence. It would give emphasis to the fact that in this program the government is acting as trustee for those who have built up rights under the system. Such changes would not only help to preserve social security as our most effective anti-poverty program—keeping some 12 million people out of poverty and doing so under conditions that protect their dignity and self-respect—but would also help to preserve social security as a universal retirement and group insurance plan on which all Americans can rely.

QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

ORDER FOR ADJOURNMENT TO 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 11 a.m. tomorrow.

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized tomorrow, under the standing order there be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each.

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

ORDER FOR CONSIDERATION OF THREE BILLS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the transaction of routine morning business tomorrow, the Senate proceed to the consideration of Calendar No. 699, S. 872 a bill to facilitate prosecutions for certain crimes and offenses committed aboard aircraft, and for other purposes; that upon the disposition of that bill, the Senate proceed to the consideration of Calendar No. 700, S. 1835, a bill to amend title 38, United States Code, to increase the maximum amount of servicemen's group life insurance to $20,000, and so forth; that upon the disposition of that bill, the Senate proceed to the consideration of Calendar No. 698, S. 1401, a bill to establish rational criteria for the mandatory imposition of the sentence of death, and for other purposes.

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

Mr. ROBERT C. BYRD. Whether or not the Senate will complete action on all three of those bills tomorrow remains to be seen. It is doubtful. In any event, they would be taken up in the sequence ordered.

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

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

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

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

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. PROXMIRE. As far as I am concerned 1 o'clock is fine.

Mr. ROBERT C. BYRD. I thank the Senator.

RECESS UNTIL 1 P.M.

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess until 1 p.m. today.

The motion was agreed to; and at 12:23 p.m. the Senate took a recess until 1 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. ABOUREZK).

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

REPORT ON LOAN, GUARANTEE AND INSURANCE TRANSACTIONS SUPPORTED BY EXIMBANK

A letter from the First Vice President and Vice Chairman, Export-Import Bank of the United States, reporting, pursuant to law, on loan, guarantee and insurance transactions supported by that Bank to Yugoslavia, Romania, the Union of Soviet Socialist Republics, and Poland, during January 1974. Referred to the Committee on Banking, Housing and Urban Affairs.

PROPOSED LEGISLATION OF U.S. SMALL BUSINESS ADMINISTRATION

A letter from the Administrator, United States Small Business Administration, transmitting a draft of proposed legislation to amend the Small Business Act, with an accompanying paper). Referred to the Committee on Banking, Housing and Urban Affairs.

CIVIL AIR PATROL REPORT

A letter from the Vice Commander of the Civil Air Patrol submitting its report for the calendar year 1973 (with an accompanying report). Referred to the Committee on Commerce.

PROPOSED LEGISLATION OF THE SECRETARY OF TRANSPORTATION

A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize appropriations for bridge alternations, to authorize for the Coast Guard an end-year strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes (with an accompanying paper). Referred to the Committee on Commerce.

A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend section 2 of title 14, United States Code, to authorize icebreaking operations in foreign waters pursuant to international agreements, and for other purposes (with an accompanying paper). Referred to the Committee on Commerce.

REPORT ON STUDY OF THE CLARION RIVER, PA.

A letter from the Secretary of the Interior, reporting, pursuant to law, a study of the 90-mile segment of the Clarion River from the borough of Ridgway, Pa., to its confluence with the Allegheny River for potential addition to the National Wild and Scenic Rivers System. Referred to the Committee on Interior and Insular Affairs.

REPORT ON NEGOTIATED SALES CONTRACTS FOR DISPOSAL OF CERTAIN MATERIALS

A letter from the Director, Bureau of Land Management, Department of Interior, transmitting, pursuant to law, a report of negotiated sales contracts for disposal of materials, during the period July 1 through December 31, 1973 (with an accompanying report). Referred to the Committee on Interior and Insular Affairs.

REPORT OF CERTAIN CONTRACT ADJUSTMENTS

A letter from the Administrator, National Aeronautics and Space Administration, reporting, pursuant to law, on certain contract adjustments by that Administration, for the calendar year 1973. Referred to the Committee on the Judiciary.

REPORT OF NATIONAL ADVISORY COUNCIL ON EQUALITY OF EDUCATIONAL OPPORTUNITY

A letter from the Chairman, National Advisory Council on Equality of Educational Opportunity, transmitting, pursuant to law, a report of that Council, dated December 1973 (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

REVISED PROSPECTUS FOR FEDERAL OFFICE BUILDING, SAGINAW, MICH.

A letter from the Administrator, General Services Administration, transmitting, pursuant to law, a revised prospectus for the Federal office building previously approved for construction at Saginaw, Mich. (with accompanying papers). Referred to the Committee on Public Works.

PROSPECTUS RELATING TO PROPOSAL TO LEASE LABORATORY FACILITIES AT RESEARCH TRIANGLE PARK, NORTH CAROLINA

A letter from the Administrator, United States Environmental Protection Agency, transmitting, pursuant to law, a prospectus concerning EPA's proposal to lease laboratory facilities at Research Triangle Park, North Carolina (with accompanying papers). Referred to the Committee on Public Works.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

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

A joint resolution of the Legislature of the State of Colorado. Referred to the Committee on the Judiciary:

"SENATE JOINT MEMORIAL No. 5

(By Senators Minister, Allshouse, Anderson, Ball, Darby, DeBerard, Garnsay, Johnson, Kinnie, Locke, McCormick, MacManus, Noble, Parker, Plock, Ruland, Schieffelin, Stockton, Strickland, Taylor, and Wunsch; also Representatives Bryant, Baer, Bishop, Bledsoe, Boley, Burns, DeMoulin, Dittemore, Eaker, Eckelberry, Hamlin, Koster, McNeil, Massari, Miller, Moore, Munson, Pettie, Showalter, Sonnenberg, Strahle, Wells, and Younglund)

"Memorializing the Congress of the United States to enact legislation returning the observance of Veterns Day to November 11

"Whereas, November 11 is the anniversary of the armistice which ended hostilities in World War I; and

"Whereas, November 11 became known as Veterans Day in 1954 so that all former members of the armed forces of the United States might be remembered and honored; and

"Whereas, The celebration of Veterans Day on November 11 had become a time of reflection and prayer in the United States; and

"Whereas, This national holiday should not be sacrificed for the benefit of a three-day weekend; now, therefcre,

Be It Resolved by the Senate of the Forty-ninth General Assembly of the State of Colorado, the House of Representatives concurring herein:

That the Congress of the United States is hereby memorialized to enact legislation returning the observance of Veterans Day to November 11.

"Be It Further Resolved, That copies of this Memorial be sent to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States and to each member of Congress from the State of Colorado."

Resolutions of the Massachusetts State Senate. Referred to the Committee on Commerce:

"RESOLUTION MEMORIALIZING THE CONGRESS OF THE UNITED STATES AND THE CIVIL AERONAUTICS BOARD NOT TO ELIMINATE STUDENT FARES BY THE AIRLINES

"Whereas, The Airlines have a special student fare for youths which permits them to travel back and forth to school; and

"Whereas, The Airlines and the Civil Aeronautics Board have requested the elimination of this fare; and

"Whereas, Such an elimination will create an economical hardship on the youth; and

"Whereas, the United States faces an energy crisis and mass transportation should be encouraged by the provision of incentives for youth; and

"Whereas, The Youth Council of the City of Worcester recommended the adoption of a resolution by the City of Worcester; and

"Whereas, The City Council of Worcester, recommended adoption of a similar resolution by the City of Worcester; and

"Whereas, the City council of Worcester, Massachusetts adopted a similar resolution on the twentieth of November, nineteen hundred and seventy-three, by a vote of nine yeas and no nays; now, therefore, be it

"*Resolved,* That the Massachusetts Senate joins the Worcester City Council in its opposition to the elimination of the youth fare and respectfully memoralizes the Congress of the United States to adopt legislation prohibiting the Civil Aeronautics Board and the Airlines from ending it; and be it further

"*Resolved,* That copies of these resolutions be transmitted forthwith by the Clerk of the Senate to the presiding officer of each branch of Congress and to each member thereof from th Commonwealth."

A resolution adopted by the Executive Council of the Episcopal Church, New York, N. Y., praying for the enactment of legislation for the enlarged development loan pool of the World Bank International Development Association. Referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HUDDLESTON, from the Committee on Agriculture and Forestry, without amendment:

S. 3075. A bill to amend the Agricultural Adjustment Act of 1938 (Rept. No. 93–729).

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. CHURCH (for himself, Mr. CLARK, Mr. HUMPHREY, Mr. WILLIAMS, and Mr. RIBICOFF):

S. 3143. A bill to amend titles II, VII, XI, XVI, XVIII, and XIX of the Social Security Act to provide for the administration of the old-age, survivors, and disability insurance program, the supplemental security income program, and the medicare program by a newly established independent Social Security Administration, to separate social security trust fund items from the general Federal budget, to prohibit the mailing of certain notices with social security and supplemental security income benefit checks, and for other purposes. Referred to the Committee on Finance.

By Mr. HUGHES:

S. 3144. A bill for the relief of Gregg Kenneth LeDuc. Referred to the Committee on the Judiciary.

By Mr. COOK:

S. 3145. A bill to conserve energy by establishing an Emergency Fuel Conservation Driving Limitation Plan. Referred to the Committee on Commerce.

By Mr. TOWER:

S. 3146. A bill to increase the corporate surtax exemption to $100,000. Referred to the Committee on Finance.

By Mr. CLARK:

S. 3147. A bill to amend the Occupational Safety and Health Act of 1970 to provide additional assistance to small employers. Referred to the Committee on Labor and Public Welfare.

By Mr. HATHAWAY:

S. 3148. A bill to extend and amend the Economic Stabilization Act of 1970. Referred to the Committee on Banking, Housing, and Urban Affairs.

By Mr. JACKSON (for himself and Mr. FANNIN) (by request):

S. 3149. A bill to authorize appropriations for the saline water program for fiscal year 1975, and for other purposes; and

By Mr. JACKSON (for himself and Mr. FANNIN) (by request):

S. 3150. A bill to authorize energy conservation programs and end use rationing of fuels, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. JACKSON (for himself, Mr. MAGNUSON, Mr. FANNIN, and Mr. COTTON) (by request):

S. 3151. A bill to authorize coordination of acquisitions and analysis of energy information, to provide for the acquisition of accurate, timely energy information necessary for the formulation of public policy, and for other purposes. Referred to the Committees on Commerce and Interior and Insular Affairs, jointly, by unanimous consent.

By Mr. KENNEDY:

S. 3152. A bill to amend title 10, United States Code, to remove the restriction on the use of certain private institutions under the dependents' medicare program, and for other purposes. Referred to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CHURCH (for himself, Mr. CLARK, Mr. HUMPHREY, Mr. WILLIAMS, and Mr. RIBICOFF):

S. 3143. A bill to amend titles II, VII, XI, XVI, XVIII, and XIX of the Social Security Act to provide for the administration of the old-age, survivors, and disability insurance program, the supplemental security income program, and the medicare program by a newly established independent Social Security Administration, to separate social security trust fund items from the general Federal budget, to prohibit the mailing of certain notices with social security and supplemental security income benefit checks, and for other purposes. Referred to the Committee on Finance.

SOCIAL SECURITY ADMINISTRATION ACT

Mr. CHURCH. Mr. President, on behalf of myself and the Senators from Connecticut (Mr. RIBICOFF), Iowa (Mr. CLARK), Minnesota (Mr. HUMPHREY), and New Jersey (Mr. WILLIAMS), I introduce for appropriate reference, the Social Security Administration Act.

One of this Nation's landmark legislative achievements is the social security program, which protects workers and their families from loss of earnings because of retirement, death, or disability. Moreover, it provides protection for a substantial part of the costs of medical care during periods of extended and total disability and after age 65.

All Americans have a vital stake in assuring that the integrity of this system is maintained. In one form or another, social security affects the lives of almost every American family.

Today 30 million persons—1 out of every 7 Americans—receive retirement, survivors' or disability benefits and 100 million workers will make social security contributions during 1974. In return, they will receive credits toward benefits for themselves and their families.

Over 90 percent of all people 65 or older are eligible for social security. Nearly 4 out of every 5 persons in the 21 to 64 age category qualify for disability coverage. And 95 percent of all mothers and children in the country would be

eligible for social security monthly benefits if the father in the family should die.

For the vast majority of older Americans, social security is the economic mainstay. It accounts for over half the income for two-thirds of aged single beneficiaries and one-half for elderly couple beneficiaries. These monthly payments are almost the entire source of support—90 percent or more of total income—for over 30 percent of single elderly social security beneficiaries and 15 percent of older couples.

These basic facts of life underscore the importance of maintaining the economic and social soundness of this vital program, as well as the objectivity of its administration.

Throughout its history the social security system has been a model of excellence—in large part because it has been well administered and free of scandals. These qualities, which have helped to make the social security system such an enormous success, should be given permanence and protection through further organizational safeguards.

INDEPENDENT NONPOLITICAL AGENCY

And this is a major reason that we have introduced the Social Security Administration Act, a bill which would establish an independent, nonpolitical Social Security Administration outside of the Department of Health, Education, and Welfare. This autonomous agency would be under the direction of a three-member governing board appointed by the President, with the advice and consent of the Senate. The President would also select one of the three members to be Chairman.

To help assure the nonpolitical nature of this independent agency, the three members would be appointed for staggered terms for 5 years. Initial appointments would be for 2 years, 4 years, and 5 years.

This new agency would be responsible for:

Administering the old age, survivors, and disability insurance program, medicare, supplemental security income, and that part of the black lung benefit program under the Coal Mine Health and Safety Act now administered by the Social Security Administration;

Making recommendations as to the most effective methods for providing economic security through social insurance; and

Submitting an annual report to the Congress concerning its activities.

PROHIBITION ON MAILING OF POLITICAL NOTICES

Our bill also contains a further safeguard to assure that the nonpolitical qualities of the social security and supplemental security income programs are strengthened.

This would be achieved by prohibiting the mailing of announcements with Social Security and SSI checks which make reference by name, title, or signature to any officer of the United States.

Our proposal would not—and I want to emphasize this point—prohibit the mailing of notices for legitimate informational purposes by the Social Security Administration.

It would, however, immunize the program from attempts to derive political benefit on the part of elected officials.

In recent years, it has become the custom of Republican and Democratic administrations alike to include announcements with social security increases. These notices generally suggest that a boost in benefits is the result of action taken by a particular President.

This practice, in my judgment, has the tendency to demean the social security system and politicize it.

No one benefits—least of all the elderly—when the social security or SSI mailing process can be used for a potentially partisan purpose. These programs are just simply too important to be exploited in this fashion.

EXISTING FEATURES UNCHANGED

Our proposal, of course, would not make any changes in the benefit or financing provisions of the social security system. And it would leave unchanged most of the interrelationships between the Social Security Administration and other units of Government.

The responsibility for investment of the trust funds would still reside with the Secretary of the Treasury.

Moreover, there would not be any lessening of Presidential control over important policy and legislative changes. The new agency would be subject to the usual clearances on legislative proposals and, in general, would operate under the broad supervision of the various control agencies of the Government. There would be no need to disturb existing relationships between the program and the Office of Management and Budget, the General Accounting Office, and the General Services Administration.

Authority to spend from the trust funds for administrative purposes would continue to be part of the regular budget process, just as it is today.

The statutory Advisory Council on Social Security would still remain, as well as other special purpose advisory councils. Their membership, though, would be appointed by the governing board of the Social Security Administration, thereby enhancing the nonpolitical character of the system.

REMOVE SOCIAL SECURITY TRUST FUNDS FROM UNIFIED BUDGET

Finally, our proposal would remove the transactions of the social security trust funds from the unified budget. As a result, the desirability of social security changes would be assessed on their own merits and in relation to financing provided for by the program, rather than, as has been true recently, in terms of their immediate impact upon the overall Federal budget.

However, this would in no way—and I want to underscore this important point—prevent policymakers from taking into account the fiscal and economic impact of recommended improvements for the social security program. These issues are, of course, proper considerations for any responsible Member of Congress to weigh in making his decision for proposals affecting social security.

Until the fiscal year 1969 budget, the financial transactions of the social security system were—except for purposes of economic analysis—kept entirely separate from general revenue income and expenditures.

Today social security transactions are a part of the unified budget which lumps together general revenue income and expenditures and the separately financed social security system. This is leading to confusion concerning, first, how well protected social security benefit rights are; and second, how separate this group insurance and retirement program is from other programs of the Government.

Social security obligations—based upon past earnings and contributions—are a commitment to pay by the Federal Government, with separate financing provided for that purpose. These obligations should not be lumped in with other programs, as if it were possible within the budgetary process to make choices between social security payments and other Government expenditures.

Public confidence in the security of the long-range commitments of the program calls for budgetary and accounting treatment that is entirely separate from other programs of the Government.

Moreover, the inclusion today of social security transactions in the unified budget leads to a distortion of the decisionmaking process as it relates to nonsocial security programs. Any excesses of income over outgo in social security operations in the short run tend to be used as an excuse for financing additional general revenue expenditures, since social security income is treated in the unified budget in the same way as general revenue income.

Equally important, the inclusion of both the trust fund outgo and, for example, the health and education programs in HEW expenditure ceilings leads to unrealistic and unnecessary short-run swings in education and health expenditures because of fluctuations in the separately financed social security program. Even a comparatively small change in social security estimates from those furnished at an early stage in the budget process can lead to a scramble to reduce expenditures in unrelated general revenue programs, regardless of the merit of those expenditures and solely to bring total outlays for HEW under a predetermined ceiling. Since social security is separately financed, this places an unnecessary burden on the operation and management of other programs.

Furthermore the public understanding of managing the budget, as a whole, would be improved if there would be general recognition that the social security trust funds are almost entirely self-financed through earmarked contributions. These trust funds result from obligations built up in the past and, therefore, not controllable by the decisions of any administration in office.

Although social security transactions would not be a part of unified budget, for purposes of economic analysis trust fund transactions would, of course, need to be taken into account, as they have always been. And any general revenue contributions to social security would be shown as expenditures in the general budget.

JUSTIFICATION FOR SEPARATE STATUS

Quite clearly, the social security system has evolved to a point where it is large enough and important enough to call for separate organizational status.

Social security today is one of the largest direct-line operations in the Federal Government. It employs some 70,000 persons across the country.

Over 1,200 offices are located throughout the country to provide valuable and helpful services for millions of families each year.

The Social Security Administration also has one of the largest recordkeeping jobs in the world. For this reason, it operates a huge computer installation.

In summary, social security employs considerably more persons than all of the other units of HEW put together. And, it is larger than all other independent departments and agencies, except the Department of Defense, Department of Agriculture, Department of the Treasury, the Postal Service, and Veterans' Administration.

The management of this major institution in American life should be indepent of essentially political heirarchies in the Department of Health, Education, and Welfare, which come and go with great frequency.

Establishing social security as an independent entity would also offer advantages from the standpoint of making the remainder of the Department of Health, Education, and Welfare more manageable. The sheer size of the HEW budget and the number of its employees, when social security is included, creates unwieldiness. With this huge operation established as an independent agency the smaller remaining units of HEW could receive the full-time attention of the Secretary and his staff. Instead of about 120,000 employees to manage, they would oversee 50,000.

WHY NOT CONTINUE PRESENT SYSTEM?

One question that will undoubtedly be raised during the consideration of this proposal is: Why not continue the present social security system in HEW under a single commissioner? A former Commissioner, Mr. William Mitchell, has provided a very sensible and powerful response for taking the course of action which our bill seeks to achieve. He said:

I think the very fact that outstanding single Commissioners, such as Arthur Altmeyer and Robert Ball, were removed from office for political reasons, and the Social Security Administration recently continued without a Commissioner for seven months provide compelling reasons to question the desirability of continuing the single Commissioner form of administration. Also, it appears that we are running short of people in this country who possess the outstanding qualifications for the technical, administrative, and other demands that are made upon a single administrator.

An independent agency would also underscore in the public mind the essential difference between contributory social insurance programs, such as social security, and other operations of the government.

Mr. President, all Americans—whether they are young, middle-aged, or old—have a real and direct interest in the integrity of the social security system. They also have a right to insist that the program will continue to be built upon sound acturial principles and equitable policy considerations. And they must be assured that the program will be administered fairly and impartially.

For these reasons, I urge early consideration of our Social Security Administration Act.

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

Additionally, I ask unanimous consent that some descriptive material about the social security program and the Social Security Administration be printed at this point in the RECORD.

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

S. 3143

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 "Social Security Administration Act".

DECLARATION OF PURPOSE

SEC. 2. (a) The purpose of this Act is to strengthen the fiscal and administrative structure of the contributory social security programs. These programs constitute a retirement and group-insurance plan that provides nearly all American workers and their families protection designed to partly make up for the loss of earned income during retirement, during periods of extended and total disability before retirement age, or because of death, and provides protection against the costs of medical care during periods of extended and total disability and after age 65. In conjunction with the program of Supplemental Security Income to the needy, designed to fill the gaps in insurance protection, these contributory social insurance programs form a universal structure of economic security. It is essential that we take every practical step to assure the long-range fiscal integrity of these programs and to provide for non-political, objective, and skilled program administration.

(b) In creating the contributory social security and health insurance programs the Congress has undertaken a fiscal obligation which differs in essential respects from its obligations under programs financed in other ways. The distinctive nature of this obligation results from (1) the contributory character of the programs which gives to nearly every American a personal financial stake in future benefit rights, (2) the concomitant obligation of Government to assure beyond peradventure that these rights earned by compulsory contributions and based on past earnings will in fact be honored when they fall due whether in the near or the distant future, (3) the dependence of the programs, if this assurance is to be fully credible, on adequate long-term sources of income dedicated exclusively to these programs, (4) the need that changes in these systems which may be required to meet changing economic and social conditions be developed on a long-range basis and in the context of their interrelated benefit and financial structures. In order to assure more completely the full recognition of the fiscal obligations inherent in these programs this Act separates the transactions of the self-financed social insurance programs from the transactions of the general budget.

(c) The magnitude of these social insurance programs and of the Supplemental Security Income program—in terms of the number of people affected by them, the volume of income and expenditures, the number of persons engaged in their operation, the nationwide network of local offices, and the complexity of these huge operations—demands the utmost in skillful, non-political administration. To help assure such administration and continuously high levels of service to the beneficiaries of and contributors to the programs, this Act constitutes the Social Security Administration as an independent agency in the Executive Branch, responsible directly to the President. The independence accorded by this change will also serve to emphasize to the public that the Government's role in the insurance programs is essentially that of trustee and manager for those who have worked in covered employment and contributed to the support of the programs, a role which is markedly different and carries different obligations from the Government's role in programs financed in other ways.

TITLE I—SOCIAL SECURITY ADMINISTRATION

SEC. 101. (a) Title VII of the Social Security Act is amended by inserting immediately before section 702 the following new section:

"SOCIAL SECURITY ADMINISTRATION

"SEC. 701. (a) (1) There is hereby established, as an independent agency of the Executive Branch of the Government, a Social Security Administration (hereinafter in this section referred to as the 'Administration'). The Administration shall be headed by a Board which shall consist of three Members who shall be appointed by the President, by and with the advice and consent of the Senate. The President shall, from time to time, designate one of the Members as Chairman of the Board.

"(2) No individual shall, during the time that he holds the office as a Member of the Board, engage in any business, vocation, or employment, other than the discharge of his duties and the exercise of his authority as a Member of the Board.

"(3) Not more than two of the Members of the Board shall be members of the same political party.

"(4) Each Member of the Board shall hold office for a term of five years, except that (A) a Member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term, and (B) the terms of office of the Members first taking office after the date of enactment of the Act to establish the Social Security Administration as an Independent Agency shall expire, as designated by the President at the time of appointment, one at the end of two years, one at the end of four years, and one at the end of five years, after the date of enactment of such Act.

"(5) Actions taken, and decisions made by, Members of the Board shall be by majority vote; and any action so taken, or decision so made, shall be the action or decision of the Administration.

"(b) (1) It shall be the duty of the Administration to administer the programs established by titles II, XVI, and XVIII of this Act, and to discharge the duties and responsibilities imposed on the Secretary of Health, Education, and Welfare in connection with the administration of the program established by title IV of the Federal Coal Mine Health and Safety Act of 1969.

"(2) The Administration shall also have the duty of studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matters of administrative policy concerning the programs referred to in paragraph (1), and to other programs having similar objectives.

"(3) The Administration shall prepare and submit to the Congress an annual report on its activities, which report shall include the recommendations of the Administration made pursuant to paragraph (2).

"(c)(1) There shall be in the Administration an Executive Director, who shall be appointed by and serve at the pleasure of the Administration, and who shall perform such functions concerning the programs administered by the Administration as the Administration may prescribe.

"(2) There shall be in the Administration a General Counsel, who shall be appointed by and serve at the pleasure of the Administration, and who shall be the principal legal counsel in the Administration. The Administration may obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code."

(b) Section 702 of such Act is amended by inserting, immediately before the period at the end thereof, the following: "; except that nothing in this section shall be construed to require the Secretary to make studies of or recommendations with respect to programs administered by the Social Security Administration".

(c) Section 706 of such Act is amended—

(1) by striking out "Secretary", wherever it appears therein, and inserting in lieu thereof "Social Security Administration",

(2) in subsection (c)(1) thereof, by striking out "Department of Health, Education, and Welfare" and inserting in lieu thereof "Social Security Administration", and

(3) in subsection (a) thereof, by striking out "the public assistance programs under this Act" and inserting in lieu thereof "the program established by title XVI of this Act".

(d) Section 201(c) of such Act is amended—

(1) in the first sentence thereof, by inserting "the Chairman of the Board of the Social Security Administration," immediately after "Secretary of Labor,", and

(2) in the third sentence thereof, by striking out "Commissioner of Social Security" and inserting in lieu thereof "Executive Director of the Social Security Administration".

(e) The last sentence of section 205(g) of such Act is amended by striking out "in the person occupying the office of Secretary or any vacancy in such office" and inserting in lieu thereof "in the membership of the Board of the Social Security Administration or any vacancy in the membership of such Board".

(f) Section 1817(b) of such Act is amended—

(1) in the first sentence thereof, by inserting "the Chairman of the Board of the Social Security Administration," immediately after "the Secretary of Labor,", and

(2) in the third sentence thereof, by striking out "Commissioner of Social Security" and inserting in lieu thereof "Executive Director of the Social Security Administration".

(g) Section 1841(b) of such Act is amended—

(1) in the first sentence thereof, by inserting ", the Chairman of the Board of the Social Security Administration," after "Secretary of Labor" and

(2) in the third sentence thereof, by striking out "Commissioner of Social Security" and inserting in lieu thereof "Executive Director of the Social Security Administration".

(h) Title II (other than the first sentence of section 201(c) thereof, and the last sentence of section 205(g) thereof), title XVI, (as enacted by section 301 of the Social Security Amendments of 1972), and title XVIII (other than the first sentence of section 1817(b) thereof, and the first sentence of section 1841(b) thereof), of the Social Security Act are each amended—

(1) by striking out, wherever it appears therein, "Secretary of Health, Education, and Welfare" and inserting in lieu thereof "Social Security Administration".

(2) by striking out, wherever it appears therein, "Department of Health, Education, and Welfare" and inserting in lieu thereof "Social Security Administration",

(3) by striking out, wherever it appears therein, "Department" (but only if it is not immediately succeeded by the words "of Health, Education, and Welfare", and only if it is used in reference to the Department of Health, Education, and Welfare) and inserting in lieu thereof "Social Security Administration", and

(4) by striking out, wherever it appears therein, each of the following words (but, in the case of any such word, only if such word refers to the Secretary of Health, Education, and Welfare): "Secretary", "Secretary's", "his", "him", and "he", and inserting (in the case of the word "Secretary") "Social Security Administration", (in the case of the word "Secretary's") "Social Security Administration's", (in the case of the word "his") "the Social Security Administration's", (in the case of the word "him") "the Social Security Administration", and (in the case of the word "he") "the Social Security Administration".

(i) Section 1868(b) of such Act is amended by adding at the end thereof the following new sentence: "Any advice or recommendations so provided by the Advisory Council with respect to title XIX shall be transmitted by the Social Security Administration to the Secretary."

(j) Title XIX of the Social Security Act is amended by striking out "Secretary", wherever it appears, and inserting in lieu thereof "Social Security Administration" in—

(1) section 1902(a)(9)(A) thereof, and

(2) section 1903(i)(2) thereof.

(k) Section 1122 of such Act is amended—

(1) in subsection (c) thereof, by striking out "The Secretary shall pay" and inserting in lieu thereof "The Social Security Administration shall (pursuant to and in accordance with directives from the Secretary) pay",

(2) in subsection (d)(1) thereof, by striking out all the matter that follows clause (ii) of the first sentence and inserting in lieu of the matter stricken the following: "then, for such period as he finds necessary in any case to effectuate the purposes of this section, he shall in determining the Federal payments to be made under titles V and XIX with respect to services furnished in the health care facility for which such capital expenditure is made, not include (and shall direct the Social Security Administration, in determining the Federal payments to be made under title XVIII with respect to services furnished in such health care facility, not to include) any amount which is attributable to depreciation, interest on borrowed funds, a return on equity capital (in the case of proprietary facilities), or other expenses related to such capital expenditures. With respect to any organization which is reimbursed on a per capita basis, the Secretary shall, in determining the Federal payments to be made under titles V and XIX, exclude (and shall direct the Social Security Administration, in determining the Federal payments to be made under title XVIII, to exclude) an amount which in his judgment is a reasonable equivalent to the amounts which would otherwise be excluded under this subsection if payment were to be made on other than a per capita basis.", and

(3) in subsection (e) thereof, by striking out "in determining the Federal payments" and inserting in lieu thereof "for the purpose of the determination of the Federal payments".

(l) Part B of title XI of such Act is amended—

(1) in section 1152(e) thereof, by—

(A) inserting "or title XVIII" immediately after "(other than this part", and

(B) inserting at the end thereof the following new sentence: "In order to avoid duplication of functions and unnecessary review and control activities, the Social Security Administration is authorized to waive any or all of the reveiw, certification, or similar activities otherwise required under or pursuant to title XVIII when it finds, on the basis of substantial evidence of the effective performance of review and control activities by Professional Standards Review Organizations, that the review, certification, and similar activities so required are not needed for the provision of adequate review and control.",

(2) in section 1155(f)(2) thereof, by inserting "(or cause to be made, in appropriate cases, by the Social Security Administration" immediately after "that the Secretary make",

(3) in section 1157 thereof, by striking out "The Secretary" and inserting in lieu thereof "The Social Security Administration",

(4) in section 1159(b) thereof, by—

(A) inserting "(or by the Social Security Administration, in case of a beneficiary or recipient under title XVIII)" immediately after "to a hearing thereon by the Secretary", and

(B) inserting "(or the Social Security Administration's final decision, in case of a beneficiary or recipient under title XVIII)" immediately after "review of the Secretary's final decision", and

(C) inserting "(or the Social Security Administration, as the case may be)" immediately after "The Secretary",

(5) in section 1165 thereof, by inserting "(promulgated in consultation with the Social Security Administration)" immediately after "The Secretary shall be regulations", and

(6) in section 1168 thereof, by adding at the end thereof the following: "In determining the amount to be payable from the Federal Hospital Insurance Trust Fund, the Secretary shall consult with the Social Security Administration; and any amount payable from such Fund shall be payable by the Social Security Administration, pursuant to and in accordance with directives of the Secretary.".

SEC. 102. (a) Except as provided in subsection (b), the term "Secretary of Health, Education, and Welfare" and the term "Secretary", when used to refer to the Secretary of Health, Education, and Welfare, shall be deemed to refer to the Social Security Administration when (and to the extent that) such term is employed in any provision of law which imposes any duty or responsibility on, confers any authority on, or imposes any limitation on the exercise of authority by, the Secretary of Health, Education, and Welfare with respect to the administration of the programs established by (1) title II, XVI (as enacted by section 301 of the Social Security Amendments of 1972), or XVIII, of the Social Security Act, or (2) part IV of the Federal Coal Mine Health and Safety Act of 1969.

(b) The provisions of subsection (a) shall not apply to any provision of law which is contained in (1) title II, XVI (as enacted by section 301 of the Social Security Amendments of 1972), or XVIII, of the Social Security Act, (2) title IV of the Federal Coal Mine Health and Safety Act, or (3) section 1122 of the Social Security Act, or part B of title XI of such Act.

SEC. 103. (a) There are transferred to the Social Security Administration (established by section 701 of the Social Security Act) all functions carried out by the Secretary of Health, Education, and Welfare, with respect to the administration of programs and activities the administration of which is vested in such Administration, by reason of this Act and the amendments made thereby.

(b) There are transferred to the Social Security Administration (as established by section 701 of the Social Security Act under the amendment made by section 101(a) of this Act) all personnel, assets, liabilities, contracts, property, and records, which the Director of the Office of Management and Budget determines to be employed, held, or used by the Secretary of Health, Education, and Welfare primarily in connection with the functions, activities, and programs which, by reason of this Act and the amendments made thereby, are vested in or become the responsibility of such Administration.

(c) The position of Commissioner of Social Security is abolished.

SEC. 104. (a) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, promulgated, granted, or allowed to become effective, in the exercise of functions (A) which were exercised by the Secretary of Health, Education, and Welfare (or his delegate), and (B) which relate to functions which, by reason of this Act and the amendments made thereby, are vested in the Social Security Administration (as established by section 701 of the Social Security Act under the amendment made by section 101(a) of this Act), and

(2) which are in effect at the time this Act takes effect,

shall (to the extent that they relate to functions described in paragraph (1)(B)) continue in effect according to their terms until modified, terminated, suspended, set aside, or repealed by the Social Security Administration (as established by section 701 of the Social Security Act).

(b) The provisions of this Act (including the amendments made thereby) shall not affect any proceeding pending at the time this Act takes effect before the Secretary of Health, Education, and Welfare with respect to functions vested (by reason of this Act and the amendments made thereby) in the Social Security Administration (as established by section 701 of the Social Security Act under the amendment made by section 101(a) of this Act), except that such proceedings, to the extent that they relate to such functions, shall continue before the Social Security Administration (as so established). Orders shall be issued under any such proceeding, appeals taken therefrom, and payments shall be made pursuant to such orders, in like manner as if this Act had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or repealed by the Social Security Administration (as so established), by a court of competent jurisdiction, or by operation of law.

(c) Except as provided in this subsection—

(1) the provisions of this Act shall not affect suits commenced prior to the date this Act takes effect; and

(2) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted.

No cause of action, and no suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of the Department of Health, Education, and Welfare, shall abate by reason of the enactment of this Act. Causes of actions, suits, or other proceedings may be asserted by or against the United States and the Social Security Administration (as established by section 701 of the Social Security Act under the amendment made by section 101(a) of this Act), or such official of such Administration as may be appropriate, and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of a party, enter an order which will give effect to the provisions of this subsection (including, where appropriate, an order for substitution of parties).

(d) This Act shall not have the effect of releasing or extinguishing any criminal prosecution, penalty, forfeiture, or liability incurred as a result of any function which (by reason of this Act) is vested in the Social Security Administration.

(e) Orders and actions of the Social Security Administration in the exercise of functions vested in such Administration under this Act (and the amendments made thereby) shall be subject to judicial review to the same extent and in the same manner as if such orders and actions had been taken by the Secretary of Health, Education, and Welfare in the exercise of such functions immediately preceding the effective date of this Act. Any statutory requirements relating to notice, hearings, action upon the record, or administrative review that apply to any function so vested in the Social Security Administration shall continue to apply to the exercise of such function by such Administration.

(f) In the exercise of the functions vested in it under this Act (and the amendments made thereby), the Social Security Administration shall have the same authority as that vested in the Secretary of Health, Education, and Welfare with respect to the exercise of such functions immediately preceding the vesting of the same in such Administration, and actions of such Administration shall have the same force and effect as when exercised by such Secretary.

TITLE II—MISCELLANEOUS AND CONFORMING AMENDMENTS

Sec. 201. * * *

* * * * *

"(1) is not related to the provisions of this title or title XVIII, or

"(2) contains the name, signature, or title of any officer of the Government of the United States."

* * * * *

"(6) The Social Security Administration shall not permit to be enclosed with any check for benefit payments under this title any material which—

"(A) is not related to the provisions of this title or title XVIII, or

"(B) contains the name, signature, or title of any officer of the United States."

SEC. 202. Title IV of the Federal Coal Mine Health and Safety Act of 1969 is amended—

(1) in section 402(c) thereof, by striking out "where used in part B means the Secretary of Health, Education, and Welfare, and", and

(2) in all the provisions thereof (other than section 402(c) and section 427) by—

(A) striking out, wherever it appears therein, "Secretary of Health, Education, and Welfare" and inserting in lieu thereof "Social Security Administration", and

(B) striking out, wherever it appears therein, each of the following words (but, in the case of any such word, only if such word refers to the Secretary of Health, Education, and Welfare): "Secretary", "Secretary's", "his", "him", and "he", and inserting (in the case of the word "Secretary") "Social Security Administration", (in the case of the word "Secretary's") "Social Security Administration's", (in the case of the word "his") "Social Security Administration's", (in the case of the word "him") "the Social Security Administration", and (in the case of the word "he") "the Social Security Administration".

SEC. 203. (a) Section 201 of the Budget and Accounting Act, 1921 (31 U.S.C. 11) is amended—

(1) in the second sentence of subsection (a) thereof, by striking out "The Budget" and inserting in lieu thereof "Except as provided in subsection (d), the Budget"; and

(2) by adding at the end of such section the following new subsection:

"(d) The Budget shall set forth the items referred to in paragraphs (4), (5), (6), (7), (8), (9), and (12) of subsection (a) which are attributable to receipts of and expenditures from the general fund of the Treasury (commonly referred to as the 'administrative budget'), and shall set forth separately such items which are attributable to receipts of and expenditures from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund.".

(b) The amendment made by subsection (a) shall apply with respect to the Budget for the fiscal year ending June 30, 1976, and for each fiscal year thereafter.

SEC. 204. (a) Section 5313 of title 5, United States Code (relating to level II of the Executive Schedule), is amended by adding at the end thereof the following new paragraph:

"(22) Chairman of the Board of the Social Security Administration."

(b) Section 5314 of such title (relating to level III of the Executive Schedule) is amended by adding at the end thereof the following new paragraphs:

"(60) Member of the Board of the Social Security Administration.

"(61) Executive Director, Social Security Administration."

(c) Section 5315 of such title (relating to level IV of the Executive Schedule) is amended by striking out—

"(97) Commissioner of Social Security, Department of Health, Education, and Welfare.",

and by inserting in lieu thereof—

"(97) General Counsel, Social Security Administration."

SEC. 205. (a) This Act, and the amendments made by this Act, shall take effect on the first day of the first calendar month which begins not less than 90 days after the date of enactment of this Act.

(b) Notwithstanding the provisions of subsection (a), the Members of the Board of the Social Security Administration may be appointed prior to the effective date of this Act, but after the date of enactment of this Act; and the Executive Director and the General Counsel of such Administration may be appointed by such Administration at any time after all Members of the Board of such Administration have been appointed. The officers referred to in the preceding sentence shall be compensated from the date they first take office, at the rates provided for in the amendments to title 5, United States Code, made by section 204 of this Act. Such compensation and related expenses of such officers shall be paid from funds available for the functions vested in the Social Security Administration by this Act and the amendments made thereby.

SOCIAL SECURITY BOARD

John G. Winant, Chairman, 1935–37.

Arthur J. Altmeyer, Member, 1935–37; Chairman, 1937–46.

Vincent M. Miles, Member, 1935–37.

George E. Bigge, Member, 1937–46.

Mary W. Dewson, Member, 1937–38.

Ellen S. Woodward, Member, 1938–46.

Frank Bane, Executive Director, 1935–38.

Oscar M. Powell, Executive Director, 1938–46.

COMMISSIONERS OF SOCIAL SECURITY

Arthur J. Altmeyer, Commissioner for Social Security, 1946–53.

John W. Tramburg, Commissioner of Social Security, 1953–54.

Charles I. Schottland, Commissioner of Social Security, 1954–58.

William L. Mitchell, Commissioner of Social curity, 4/3/62–3/17/73.

Robert M. Ball, Commissioner of Social Se-Security, 1959–62.

James B. Cardwell, Commissioner of Social Security, 10/24/73.

BUREAU DIRECTORS

Murray W. Latimer, Director, Bureau of Federal Old-Age Benefits, 1936.

Henry P. Seidemann, Director, Bureau of Federal Old-Age Benefits, 1936–37.

Leroy Hodges, Director, Bureau of Old-Age Insurance, 1937–38.

John J. Corson, Acting Director, Bureau of Old-Age Insurance, 1938. Director, Bureau of Old-Age Insurance, 1938–41. Director, Bureau of Old-Age and Survivors Insurance, 1943–44.

Oscar C. Pogge, Acting Director, Bureau of Old-Age and Survivors Insurance, 1941–42; Director, 1942–43; 1944–53.

Victor Christgau, Director, Bureau of Old-Age and Survivors Insurance, 1954–63.

FACT SHEET ON THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

	Number of beneficiaries	Monthly rate
A. Beneficiaries in current-payment status on Dec. 31, 1973:		
Total	29,872,000	$4,270,000,000
Retired workers and their dependents, total	18,793,000	2,833,000,000
Retired workers	15,364,000	2,557,000,000
Wives and husbands	2,808,000	238,000,000
Children	621,000	38,000,000
Survivors of deceased workers, total	7,160,000	968,000,000
Children	2,906,000	325,000,000
Widowed mothers with child beneficiaries in their care	572,000	68,000,000
Aged widows and widowers, and aged parents	3,603,000	566,000,000
Disabled widows and widowers	79,000	9,000,000
Disabled workers and their dependents, total	3,561,000	$449,000,000
Disabled workers	2,017,000	369,000,000
Wives and husbands	381,000	21,000,000
Children	1,162,000	59,000,000
Noninsured persons aged 72 and over (virtually the entire cost of these payments is borne by the general fund of the Treasury)	358,000	20,000,000
B. Selected categories of beneficiaries (included in A above) in current-payment status Dec. 31, 1973:		
Disabled beneficiaries (OASDI)—Workers, "disabled children", and disabled widows and widowers	2,416,000	410,000,000
Children (OASDI)	4,690,000	421,000,000
Student children aged 18–21	652,000	73,000,000
Disabled children aged 18 and over	320,000	32,000,000
Survivor children and widowed mothers	3,478,000	392,000,000
Beneficiaries aged 62 and over (OASDI)	22,301,000	3,435,000,000
Beneficiaries aged 65 and over (OASDI)	19,458,000	3,046,000,000

Note: Totals may not equal the sum of rounded components.

AVERAGE MONTHLY FAMILY BENEFITS

Beneficiary group and estimated average family benefits in current-payment status, Dec. 31, 1973

Retired worker alone (no dependents receiving benefits)	$162
Retired worker and wife, aged 62 and over, both receiving benefits	277
Disabled worker, wife (under age 65), and 1 or more children	364
Widowed mother and two children	392
Aged widow alone	157

AVERAGE BENEFITS FOR RETIRED OR DISABLED WORKERS

Type of benefit and average monthly benefit in current-payment status, Dec. 31, 1973

All OAIB's	$166
All DIB's	183

MEASURES OF PROTECTION

1. *Coverage:* About 100 million persons will work in covered employment or self-employment in 1974 and more than 9 out of 10 jobs in paid employment and self-employment are covered or eligible for coverage under the program.

2. *Retirement:* 91% of the people aged 65 and over at the beginning of 1974 were receiving benefits or would be able to receive benefits when they or their spouses retire, and 93% of the people reaching age 65 in calendar year 1974 are eligible for monthly cash benefits.

3. Survivor: Today, 95 out of 100 children under 18 and their mothers can count on monthly cash benefits if the family breadwinner dies.

4. Disability: Today, 4 out of 5 men and women aged 21–64 can count on monthly cash benefits in the event the breadwinner suffers a severe and prolonged disability.

BENEFIT PAYMENTS IN 12 MONTHS ENDING DECEMBER 31, 1973

[*In billions*]

OASI	$45.7
DI	5.7
Total	51.5

OPERATIONS OF OASI AND DI TRUST FUNDS, 12 MONTHS ENDING DECEMBER 31, 1973

[*In billions*]

Income	$54.8
Outgo	53.1
Assets, end of period	44.4

PROTECTION ON JANUARY 1, 1974

1. Hospital insurance (HI).

About 23.3 million persons in the U.S. population were eligible for hospital insurance protection. Of this number, 21.5 million were persons, aged 65 and over, representing nearly all of the aged population. The remaining 1.8 million persons were disabled beneficiaries under age 65.

Beneficiaries under age 65 who have hospital insurance protection on account of disability have been entitled to benefits for the required minimum of 24 months. Thus, the 1.8 million persons with such protection represent about 70% of the total number of disabled beneficiaries under age 65 who would have hospital insurance protection in the absence of the 24-month-of-entitlement requirement.

2. Supplementary medical insurance (SMI).

About 22.6 million persons in the U.S. had protection under the voluntary supplementary medical insurance plan. Of this number 21.0 million were persons, aged 65 and over, representing about 95% of the aged population. The remaining 1.6 million persons were disabled beneficiaries under age 65.

3. Chronic kidney disease.

About 95% of the population under age 65 in the United States have both hospital insurance and supplementary medical insurance protection in the event of the occurrence of chronic kidney disease requiring kidney transplantation or hemodialysis.

"BENEFICIARIES"

For calendar year 1973, payments for services covered under the hospital insurance program were made on behalf of an estimated 5.0 million persons, of which 4.8 million were aged 65 and over and 0.3 million were disabled beneficiaries under age 65.

For calendar year 1973, payments for services covered under the supplementary medical insurance program were made on behalf of an estimated 10.8 million persons, of which 10.2 million were aged 65 and over and 0.6 million were disabled beneficiaries under age 65.

BENEFIT PAYMENTS IN 12 MONTHS ENDING DECEMBER 31, 1973

[*In billions*]

HI	$7.1
SMI	2.5
Total	9.6

TABLE 9.—ESTIMATED OPERATIONS OF THE SMI TRUST FUND, CALENDAR YEARS 1973-79

[In millions of dollars]

Calendar year	1973	1974	1975	1976	1977	1978	1979
Income:							
Premiums	$1,550	$1,764	$1,865	$1,903	$1,941	$1,979	$2,018
General revenue	1,705	2,168	2,633	3,245	3,864	4,529	5,251
Interest	57	68	79	98	118	140	164
Total income	3,311	4,000	4,577	5,246	5,923	6,648	7,433
Disbursements:							
Benefits	2,526	3,446	3,834	4,375	4,954	5,571	6,240
Administrative costs	318	442	461	528	612	686	769
Total disbursements	2,844	3,888	4,295	4,903	5,566	6,257	7,009
Trust fund at end of year	1,111	1,223	1,505	1,848	2,205	2,596	3,020

D. OPERATIONS OF TRUST FUNDS, 12 MONTHS ENDING DEC. 31, 1973

[In billions]

	HI	SMI	Tota
Income	$10.8	$3.3	$14.1
Outgo	7.3	2.8	10.1
Assets, end of period	6.5	1.1	7.6

Mr. CLARK. Mr. President, Senator CHURCH and I today are introducing the Social Security Administration Independent Agency Act. This legislation would initiate broad organizational reforms to insure that the social security system maintains its stability and reliability in the future and, it would bring the social security system to full maturity by recognizing it as an independent agency.

In the 39 years since its establishment social security has come a long way. It has progressed from limited protection for little over half of the work force to a continuing mainstay for virtually every family in this country.

The social security program helps millions of Americans in times of need by providing financial protection for retired workers and family survivors, for disability and for health costs to older citizens. Today, 30 million Americans are receiving benefits from the social security program, and over 100 million individuals are making contributions to the program.

From these years of experience, a great deal has been learned about the individual programs and about their administration. This experience has told us that social security programs like medicare or the cash benefit program need to be strengthened and, in some cases, expanded, and that the administration of these programs should be independent—free from any political control.

In past years, the Social Security Administration has been susceptible to widely diverse political pressures within the executive branch of Government because it falls under the jurisdiction of the Department of Health, Education, and Welfare. This legislation would place the Social Security Administration outside of HEW, taking away many of the political pressures that have been generated by the present relationship between the two agencies. This independent, nonpolitical administration would be governed by a three-member board, appointed by the President with the advice and consent of the Senate, and it would be responsible for administering the supplemental security income program, medicare, the old age, survivors, and disability insurance program as well as that part of the black lung benefit program now administered by the Social Security Administration. Additionally, the new agency would submit an annual report to the Congress detailing its activities and making recommendations to improve the entire system.

One of the most glaring examples of the political abuse was the mailing of "announcements" with benefit checks. In past years, both Republican and Democratic administrations have been guilty of this practice. This legislation specifically would prevent this from happening by forbidding the mailing of political announcements.

Senator CHURCH, chairman of the Senate Special Committee on the Aging, his staff, and a number of experts with a vast knowledge of the Social Security Administration have spent a great deal of time developing this vitally needed piece of legislation. I am happy to be a chief cosponsor of it, and I plan to include a similar measure later this year when I introduce a comprehensive social security reform bill.

By Mr. COOK:

S. 3145. A bill to conserve energy by establishing an Emergency Fuel Conservation Driving Limitation Plan. Referred to the Committee on Commerce.

Mr. COOK. Mr. President, on February 19, Senator WEICKER introduced a bill which would give the President the power to establish a rationing program. However, in his introductory remarks, Senator WEICKER mentioned several forms which the plan could take, other than the traditional coupon rationing plan for which regulations have already been proposed and made public.

I am glad that the Senator left this possibility, as I think it is important that we consider every possible alternative to rationing before adopting a rationing plan like the one mentioned above. A rationing system would not only be difficult to administer and enforce, but would undoubtedly lead to black marketing. I fear that rationing would create more problems than it would solve. As one article concerning rationing stated:

> The argument goes around in a circle, finding something wrong with every solution. It will be a choice among mounting evils, and the longer we postpone it and ultimately perhaps avoid it, the better.

I am opposed to rationing until I am thoroughly convinced that there is no other alternative.

In keeping with this view, I am today introducing the fuel conservation-driving limitation plan.

While my bill instructs the Secretary of Transportation to promulgate the regulations, I think that the plan will follow this basic outline:

Under the emergency fuel conservation-driving limitation plan, all persons owning a registered vehicle for personal use will be issued, for each vehicle, a decal on which a day of the week is printed, excluding Saturday and Sunday. Such decals will be color coded for easy identification and will be placed on the car or other vehicle so that it can be easily seen. That vehicle cannot be driven on the day listed on the decal. In order to eliminate any advantage which might accrue to multiple-car families, all vehicles in the same household would be issued the same decal day.

The decals would be randomly distributed so that an approximately equal number of vehicles will not be permitted to be driven on each such day in the week. The plan will provide for exceptions, such as driving to the hospital during an emergency, and for an appeals board which will have the authority to determine hardship cases, as well as change the prohibited driving day.

This plan is based on the Israeli plan, which has been used in Israel with very satisfactory results—almost a 20-percent savings in gasoline since the plan was adopted.

This plan would impose only a minimal administrative burden on the Federal Government, and could be implemented upon the printing of the decals. Rather than issue the decals four times a year, as is suggested for the rationing coupons, they can be issued once each year, possibly at the time that the new license tags are distributed. The plan would affect all people equally.

The adoption of this plan would mean that everyone would have to find an alternate means of transportation on the day when his or her car could not be driven. This would further encourage the use of car pools and mass transit systems, where available. As an example of the effect this plan could have if used even on a very modified scale, I would like to read a paragraph from the January, 1974 issue of "American Motorists:"

> Car and bus pooling are one of the most effective measures for reducing traffic congestion, air pollution, and fuel consumption in the Washington area. To illustrate—if the average car occupancy for work trips to downtown can be increased fro ı the current 1½ persons per vehicle to only 2 persons per vehicle, the number of commuting vehicles on our highways can be reduced by 25 percent. That—means—gasoline consumption can be reduced by almost half a million gallons a day, if the number of persons per car is increased from 1.2 to 2 areawide.

As you can see, this article describes the effect in the Washington area: Thus, it is obvious that this plan could have extremely good results if applied nationwide. Using recent figures supplied by the Department of Transportation for 1972–73, it can be shown that this plan will save 200 million gallons of gas per week: There are approximately 100 million passenger cars in the United States, with each car using an average of 14.5 gallons per week. If each car is not driven 1 day a week, then the amount saved for that car would be 2 gallons. If each car did this, the savings would amount to 200 million gallons per week. That would be a savings of almost 11 billion gallons per year.

This plan would allow everyone to drive as much as he wished, except for 1 day.

We cannot wait indefinitely before we act to ease the current problems brought on by the fuel shortages. I think we should give this proposal immediate attention.

By Mr. TOWER:

S. 3146. A bill to increase the corporate surtax exemption to $100,000. Referred to the Committee on Finance.

Mr. TOWER. Mr. President, it is in the public interest to maintain a strong, locally controlled small business sector in our economy. Toward this end, a healthy tax environment is essential. Today, I am introducing a bill which I submitted in the last Congress which is designed to provide some recognition of the tax problems faced by smaller businessmen over the past several decades as the dollar has depreciated in value.

The long-standing Federal income tax provision states that a corporation is

taxed at a rate of 22 percent on the first $25,000 of its taxable income and at a 48 percent rate thereafter. This provision, the corporate income surtax exemption, enacted in 1950 to provide benefits equivalent to those granted under the previous tax law is now hopelessly out of date. The small businessman is caught in a squeeze, not only by the rising cost of living, up almost 70 percent since 1950, but also by the rising cost for capital investments which has doubled, as measured by the implicit price deflator for prices of capital goods. Its purpose—to provide a beneficial rate reduction to cut the small businessman's tax liability and spur growth through internal capital formation—is no longer effective. The value of the dollar has diminished so greatly that those businessmen who rely heavily on retained earnings for capital are severely restricted from growth as soon as their taxable income reaches $25,000. My bill would raise the exemption to $100,000 to reflect these changed circumstances and thus to give small businessmen a decent chance at financial survival and success.

A principal advantage of raising the surtax exemption is that the effective rate reduction could be achieved without tampering with the normal rate structure through statutory reductions.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD at the conclusion of my remarks.

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

S. 3146

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 11(d) of the Internal Revenue Code of 1954 (relating to the surtax exemption) is amended by striking out "$25,000" and inserting in lieu thereof "$100,000".

SEC. 2. (a) The following provisions of the Internal Revenue Code of 1954 are amended by striking out "$25,000" and inserting in lieu thereof "$100,000" each place it appears therein:

(1) section 12(7),

(2) section 962(c),

(3) section 1561 (as in effect for taxable years beginning before 1975),

(4) section 1561(a)(1) (as in effect for taxable years beginning after 1974), and

(5) section 1564(a)(1)(A).

(b) The table contained in section 1564(a)(1) of such Code is amended by striking "4,167" in the column headed "Surtax exemption" and inserting in lieu thereof "16,667".

SEC. 3. The amendments made by this Act shall apply to taxable years beginning after the date of the enactment of this Act.

By Mr. CLARK:

S. 3147. A bill to amend the Occupational Safety and Health Act of 1970 to provide additional assistance to small employers. Referred to the Committee on Labor and Public Welfare.

OSHA—ONSITE CONSULTATIONS FOR SMALL EMPLOYERS

Mr. CLARK. Mr. President, 4 years ago, Congress enacted the Williams-Steiger Occupational Safety and Health Act. Since then, it has sparked considerable controversy, particularly in determining the law's application to small businessmen. Perhaps the greatest problem has been the dilemma of many small businessmen who want to comply with the act but who find it difficult to pierce the voluminous regulations and complex provisions to determine exactly what is expected of them. Since coming to the Senate, I have become increasingly aware of the problems of OSHA for small businessmen.

A recent letter from a lawyer representing one such small businessman in Iowa illustrates the problem. The businessman, who hires one full-time and one part-time employee, wanted to be sure that he was obeying the law and asked his lawyer what OSHA required of him. The lawyer himself was not certain, so he wrote away for further clarification. The response was a copy of the 11 page Iowa law and the 250 page Federal law and regulations. As his letter said:

Obviously, there is no way that my client is going to be able to go through all that material. Similarly, this client does not have the funds to hire me to make a thorough check of all these OSHA regulations.

My question is this: What safeguards are being made for the small businessman who faces either an astronomical lawyer's fee or the possibility that he might unconsciously and unknowingly violate the standards of OSHA?

The sad fact is that right now few such safeguards exist. It would be helpful to allow Federal personnel to visit the work site, advise employers of any possible violations and give them a chance to correct them before penalizing the employers. But the law as currently drafted and administered virtually prohibits any onsite consultation. Whenever an official from the Department of Labor visits a business under the act, the official is required to note any violations and issue appropriate citations which bring penalties. If the purpose of OSHA is to guarantee safe and healthy work establishments rather than to punish employers, then this blanket prohibition of onsite consultations would seem counterproductive.

A valid point has been raised on behalf of the proposition that the education and enforcement under OSHA should be separated. For example, the Justice Department has the responsibility of enforcing the law against drug abusers, while the Department of Health, Education, and Welfare has the educational responsibility of drug and health programs. Some people argue that Labor Department officials entrusted with the enforcement provisions of OSHA should not be "diverted" by being asked to perform an educational role any more than Justice Department officials should be diverted from criminal enforcement.

One answer to the problem is to provide for onsite consultations through an agency other than the Department of Labor—an agency with the expertise to implement the goals and standards of the act while simultaneously meeting the problems posed to small businessmen. That agency is the Small Business Administration.

For the past 20 years, SBA has actively carried out its congressional mandate to "aid, counsel, assist, and protect—the interests of small business concerns." It also was selected as the agency best suited to help assist the Nation's small businessmen adjust to wide ranging legislation in the areas of rural development, disaster relief, consumer products—and the OSHA Act itself. The experience and performance by SBA under OSHA, combined with its built-in accountability to the needs of small businessmen, uniquely qualify it to administer an on-site consultations program. That is why I am introducing legislation today to authorize SBA on-site consultations for the benefit of small employers.

This bill would provide for on-site consultations to all employers with 50 or fewer employees, but only if the employer requests the visit. It completely divorces this inspection role from the enforcement function which will continue under the Department of Labor. The result: inspections will not entail the issuance of citations or civil penalties. The only exception to this separation involves cases of "imminent danger" where the inspector would bring the matter to the immediate attention of both the employer and the Secretary of Labor. The bill also enables SBA personnel to make recommendations to the employers and the Secretary of Labor regarding the elimination of safety hazards noted during the course of an on-site inspection. The sole purpose of the bill is to provide for consultation visits to insure that the fundamental due process right of notice is accorded to those small businessmen attempting to comply with the law.

Mr. President, this legislation represents a compromise which both labor and business can support enthusiastically. Businessmen have been critical of the absence of any notice provision under the OSHA law since its very inception, and they have long urged that onsite consultations be adopted as the solution to that problem. The AFL–CIO passed a resolution at its national convention last October which stated in part that OSHA "should be amended to—accept any onsite consultative service program for small employers only if it is separately financed and administered by an agency other than the Labor Department." This bill meets that last objection to onsite consultations by leaving the Labor Department's compliance function intact. I urge the Senate to take prompt and affirmative action on the bill.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD at the conclusion of my remarks.

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

S. 3147

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Occupational Safety and Health Act of 1970 is amended by adding a new subsection as follows:

"(15) The term 'Administrator' means the Administrator of the Small Business Administration."

SEC. 2. Section 21 of the Occupational Safety and Health Act of 1970 is amended by adding a new subsection as follows:

"(d) In order to provide additional assistance to small employers any Administrator may conduct onsite consultations pursuant

to the provisions of subsections (b), (c), and (d) of section 28."

SEC. 3. (a) The heading of section 28 of the Occupational Safety and Health Act of 1970 is amended to read as follows:

"ASSISTANCE TO SMALL EMPLOYERS"

(b) Section 28(a) of such Act is amended by inserting "(1)" immediately after the subsection designation, by striking out "(1)" and inserting in lieu thereof "(A)" and by striking out "(2)" and inserting in lieu thereof "(B)".

(c) Subsections (b), (c), and (d) of section 28 of such Act are redesignated as paragraphs (2), (3), and (4), respectively.

SEC. 4. In order to carry out the responsibilities under subsection (d) of section 21 relating to additional assistance to small employers, upon a valid request by any employer with fifty or less employees for consultation and advice at the workplace of any such employer on the interpretation or applicability of standards, the Administrator may visit the workplace for the purpose of affording consultation and advice for such employer. Any such visit shall be limited to the matters specified in the request affecting conditions, structures, machines, apparatus, devices, equipment, or material in the workplace. The Administrator shall evaluate a request by an employer pursuant to this subsection and, if appropriate, may provide for an alternative means of affording consultation and advice other than onsite consultation.

* * * * *

"(2) The Administrator may make recommendations regarding the elimination of any hazards disclosed within the scope of the onsite consultation. No visit authorized by this subsection shall be regarded as an inspection or investigation under section 8 of the Act and no citations shall be issued nor shall any civil penalties be proposed by the Administrator upon such visit, except that nothing in this subsection shall affect in any manner any provision of this Act the purpose of which is to eliminate imminent dangers.

"(3) There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection.

"(c)(1) When, in the course of any visit carried on under subsection (b), there is discovered an apparant serious violation (as specified in section 17(k)) of the requirements of section 5, of any standard, rule, or order promulgated pursuant to this Act, the Administrator shall issue written notices to the employer and the Secretary describing with particularity the nature of the violation, and the action which must be taken within a reasonable period of time specified by the Administrator for the abatement of the violation. Within such reasonable period of time specified by the Administrator, the employer shall certify that he has complied with the abatement instructions. Where an employer fails to make the certification required by the preceding sentence within the prescribed period, the Secretary shall, without further notice, conduct an inspection under Section 8 of this Act.

"(2) In the event of a subsequent inspection, the Secretary shall take into consideration any information obtained during the consultation visit of that workplace in determining the nature of an alleged violation and the amount of the penalties to be proposed, if any. The failure of the Administrator to give consultation and advice regarding any specific matter during the consultation visit shall not preclude the issuance of appropriate citations and proposed penalties with respect to that matter."

SEC. 5. Nothing in the amendments made by this Act shall be construed to affect the rights established for the protection of employees in the Occupational Safety and Health Act of 1970.

SEC. 6. The amendments made by this Act shall take effect ninety days following the date of its enactment.

By Mr. JACKSON (for himself and Mr. FANNIN) (by request):

S. 3149. A bill to authorize appropriations for the saline water program for fiscal year 1975, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, by request, I send to the desk on behalf of myself and the Senator from Arizona (Mr. FANNIN) a bill to authorize appropriations for the saline water program for fiscal year 1975, and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the executive communication accompanying the proposal from the Secretary of the Interior be printed in the RECORD at this point in my remarks.

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

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 25, 1974.

Hon. GERALD R. FORD,
President, U.S. Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill, "To authorize appropriations for the saline water program for fiscal year 1975, and for other purposes."

We recommend that the bill be enacted.

FISCAL YEAR 1975 APPROPRIATION AUTHORIZATION

The legislation under which the saline water research program is conducted, the Saline Water Conversion Act of 1971 (Public Law 92-60; 85 Stat. 159), authorizes ". . . to be appropriated such sums, to remain available until expended, as may be specified in annual appropriation authorization acts." In order to meet fiscal year 1975 program requirements, we recommend that an appropriation of $3,029,000 be authorized, to be used in the program as set forth below:

Category	*Appropriations*	*Program*
Research	0	$1,600,000
Development	$500,000	566,000
Design, construction, acquisition, modification, operation and maintenance of saline water conversion test beds and test facilities	876,000	1,050,000
Design, construction, acquisition modification, operation and maintenance of saline water conversion modules	588,000	588,000
Administration and coordination	1,065,000	1,065,000
Total	3,029,000	4,869,000

BACKGROUND

Of amounts authorized and appropriated in fiscal year 1973, $1,840,020, remains as planned carryover to fiscal year 1975. Program funds required for fiscal year 1975 total $4,869,020, including the fiscal year 1973 carryover.

Research programs (category 1) will be allocated $1,600,000, which will provide for investigations on processes for desalting seawater (membranes, freezing and pretreatment) and on new processes, basic data and materials.

Development programs (category 2) are budgeted for $566,000, which will be used for membrane and component configuration selection and testing the integrity of high-volume assembly developments in desalting processes through limited pilot plan operations and modifications.

Category 3 programs for the design, construction, acquisition, modification, operation and maintenance of saline water conversion test beds and test facilities are allocated $1,050,000, which will provide the necessary support functions for the operation and maintenance of test facilities supporting development functions. The operating facilities are Wrightsville Beach, North Carolina, Fountain Valley, California, Yuma, Arizona, and Roswell, New Mexico. They will be used for testing in conjunction with the seawater membrane processes, freezing processes, and brackish water membrane processes.

Design, construction, acquisition, modification, and operation and maintenance of saline water conversion modules programs (category 4) totaling $588,000, provide for the remaining 6-months costs of management, operation and maintenance necessary to conduct the operational evaluation of the VTE/MSF modle (Orange County Project).

Administration and coordination (category 5) of the saline water program will total $1,065,000, for a staff of 26 persons to carry out the program's activities and to supervise the closing of facilities.

ENVIRONMENT EFFECTS

The environmental impact of the program that will be carried out under this Act during fiscal year 1975 is described in the enclosed environmental statement dated February 12, 1973. Should future actions under this program involve significant environment effects not previously covered by an environmental impact statement prepared under Section 102(2)(C) of the National Environmental Policy Act of 1969, such a statement will be prepared and circulated in accordance with the Act's requirements.

The Office of Management and Budget has advised that this proposed legislation is in accord with the program of the President.

JACK HORTON,
Assistant Secretary of the Interior.

By Mr. JACKSON (for himself and Mr FANNIN) (by request):

S. 3150. A bill to authorize energy conservation programs and end use rationing of fuels, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, by request, I send to the desk on behalf of myself and the Senator from Arizona (Mr. FANNIN) a bill to authorize energy conservation programs and end use rationing of fuels and for other purposes, which may be cited as the "Special Energy Act."

Mr. President, this draft legislation was submitted and recommended by the Federal Energy Office, and I ask unanimous consent that the executive communication and the factsheet accompanying the proposal from the Administrator of that office be printed in the RECORD at this point in my remarks.

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

FEDERAL ENERGY OFFICE,
Washington, D.C., March 11, 1974.
The Honorable GERALD FORD,
President, U.S. Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a proposed bill to authorize energy conservation programs and end use rationing of fuel.

We recommend that this bill, the "Special Energy Act" be referred to the appropriate committee for consideration and we recommend that it be enacted.

This bill is designed to authorize a program for rationing and ordering of priorities among classes of end-users of crude oil, residual fuel oil, and any refined petroleum product. The bill also authorizes the President to take appropriate energy conservation actions. In addition, the President may make grants to states to carry out the authorities of the act.

On March 6, 1974, the President returned to the Senate without his approval, the Energy Emergency Act. In his message to the Senate, the President noted the need for authority to require energy conservation measures and to establish a rationing program if, and only if, rationing would become a necessity.

This bill does not mandate rationing, but only gives the needed authority to implement rationing when all other practical measures prove inadequate. The bill requires that the President provide the end-user with procedures enabling the end-user to petition for a review or modification of any determination made under the program.

In addition, the President is granted the authority to take appropriate energy conservation actions that will result in reduction of energy use. These actions may include transportation controls and reasonable restriction on public and private use of energy.

The President stressed the importance of these authorities in his energy message to Congress on January 23, 1974.

The bill also recognizes the need for Federal, state and local cooperation in managing the energy problem. In addition to the grant authority mentioned above, the bill authorizes the delegation of authority to states and local officials or boards for exercising authorities and carrying out programs relative to the implementation and enforcement of the Petroleum Allocation Act of 1973 and this Act.

It is contemplated that the responsibility for administering the programs under this act would be delegated to the Federal Energy Office.

The Office of Management and Budget advises that enactment of this legislation would be in accord with the President's program.

Sincerely yours,
WILLIAM E. SIMON, *Administrator.*

Enclosure.

FACT SHEET—SPECIAL ENERGY ACT

BACKGROUND

On November 7, 1973, the President indicated that additional authority was needed for such measures as rationing and mandatory energy conservation programs to meet the energy emergency.

The Emergency Energy Act which was passed by the Congress on February 26 would have provided the necessary authority, but the bill was encumbered by a number of extraneous and undesirable provisions resulting in a necessity for the President to veto the bill.

During the President's veto message he announced that he would seek those authorities necessary to deal expeditiously with energy problems.

The President is now asking the Congress to enact a bill the "Special Energy Act."

THE PROBLEM TO BE SOLVED

Statutory authority available to the Executive Branch is not adequate to permit implementation of rationing should it be necessary.

Statutory authority is not sufficient to institute conservation actions.

Statutory authority is needed to provide grants to states and local governments to meet the energy challenge.

WHAT THE BILL WOULD DO

Amend the Emergency Petroleum Allocation Act to provide the authority for the establishment of a program for the rationing and ordering of priorities among classes of end-users if the President finds that all other methods to limit energy demand are inadequate.

Permit dissatisfied consumers to petition for review and reclassification or modification of any determination made under this Act.

Authorize the President to take appropriate actions designed to result in a reduction of energy consumption to a level consistent with available energy resources. Such actions may include:

Transportation controls (including reduction of speed limits)

Limitations on energy consumption

Authorize the President to make grants to the states to carry out any programs which they shall establish in managing the energy problem.

By Mr. JACKSON (for himself, Mr. MAGNUSON, Mr. FANNIN, and Mr. COTTON) (by request):

S. 3151. A bill to authorize coordination of acquisition and analysis of energy information, to provide for the acquisition of accurate, timely energy information necessary for the formulation of public policy, and for other purposes. Referred to the Committees on Commerce and Interior and Insular Affairs, jointly, by unanimous consent.

Mr. JACKSON. Mr. President, by request, I send to the desk on behalf of myself, the senior Senator from Washington (Mr. MAGNUSON), the Senator from Arizona (Mr. FANNIN), and the Senator from New Hampshire (Mr. COTTON) a bill to authorize coordination of acquisition and analysis of energy information, to provide for the acquisition of accurate, timely energy information for the formulation of public policy, and for other purposes, which may be cited as the "Energy Information Disclosure Act of 1974," and is referred jointly to the Committees on Commerce and Interior and Insular Affairs.

Mr. President, this draft legislation was submitted and recommended by the Federal Energy Office, and I ask unanimous consent that the executive communication accompanying the proposal from the Administrator of that office be printed in the RECORD at this point in my remarks.

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

FEDERAL ENERGY OFFICE,
Washington, D.C., February 22, 1974.
HON. GERALD R. FORD,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: In accordance with the President's Energy Messages of January 23, 1974, there is transmitted herewith a proposed bill "to authorize coordination of acquisition and analysis of energy information, to provide for the acquisition of accurate, timely energy information for the formulation of public policy, and for other purposes."

This proposed "Energy Information Disclosure Act of 1974" would provide Federal authority to acquire, on a mandatory basis, energy information from all relevant industries. The bill would authorize the collection, verification and reporting of data on energy resources, reserves, production, inventories and consumption. In addition, costs, prices, capital investment, industry structure, and other energy-related data could be obtained under this proposal.

In his message of January 23, the President directed that the Federal Energy Office establish an Energy Information Center, to serve as the focal point of energy data collection, coordination and dissemination. The energy information acquisition, analysis and dissemination functions of this proposed bill will be conducted by the Center, which will be transferred to the Federal Energy Administration when it becomes established by legislation. In the interim, the Center will be managed and staffed within the Federal Energy Office.

The bill would also provide a means where to the greatest practicable extent, energy information will be disseminated to the public. The exceptions to the general rule of public access to energy information are purposely narrow, recognizing that for personal privacy, national security and competitive purposes some energy information must remain confidential.

Two of the most significant facets of the energy information acquisition program to be authorized by this bill are public confidence in the integrity of the methods by which energy information is developed, and the effects upon competition that disclosure of certain energy information would present. To address these matters, under the authority provided by this legislation we intend to establish an interagency competition review board and an advisory committee on energy information.

The review board would be composed of representatives of the Attorney General, the Federal Trade Commission, and the Federal Energy Office. The board would provide advice upon the potential anticompetitive effects that disclosure of certain energy information might present.

In addition, we would also establish an advisory committee composed of qualified individuals who would assess the objectivity of the methodology by which energy information is acquired and tabulated. Reports made by the advisory committee on this subject would be available to the public.

Only by combining mandatory reporting authorities and a method for validation in a timely manner can the Federal government deal effectively with our energy problems in the months and years ahead.

The Office has been advised by the Office of Management and Budget that enactment of the proposed legislation would be in accord with the program of the President.

Sincerely,
WILLIAM E. SIMON, *Administrator.*

Mr. JACKSON. Mr. President, I ask unanimous consent that the bill be referred jointly to the Committee on Commerce and the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. The bill will be received and, without objection, in accordance with the request of the Senator from Washington, the bill will be referred to the Committee on Commerce and the Committee on Interior and Insular Affairs.

By Mr. KENNEDY:

S. 3152. A bill to amend title 10, United States Code, to remove the restriction on

the use of certain private institutions under the dependents' medical care program, and for other purposes. Referred to the Committee on Armed Services.

Mr. KENNEDY. Mr. President, the bill I am introducing today would permit proper medical care to be made available to mentally retarded or physically handicapped dependents of active duty members of the armed services, and it will remove unnecessary burdens which have affected all too many widows of Vietnam war-dead.

This measure, which is identical to H.R. 2703, introduced by Congressman LEGGETT of California, removes the existing restriction on the use of private facilities which are not nonprofit institutions.

Although the congressional intention to assure adequate medical care to handicapped dependents was evident in the passage of Public Law 89–614 in 1966, the lack of adequate numbers of nonprofit institutions has prevented the goal from being achieved.

Because of this situation, I joined Congressman LEGGETT in the past in introducing legislation similar to the measure being submitted today.

Since that time, there has been continuing documentation provided by the Department of Defense of the hardship that families with handicapped and retarded children are forced to bear because of the lack of adequate numbers of nonprofit institutions.

In the most recent comment on this matter, the Department of Defense, in a letter to House Armed Services Chairman F. EDWARD HÉBERT, stated:

We have concluded that the ban on the use of private profit institutions is unduly restrictive.

The letter cited three specific reasons, which I would like to quote at this time:

(1) the "advance approval" concept under which our program now operates affords us ample opportunity to exclude from participation those private profit institutions not offering quality care or which have unreasonable charges.

(2) The provisions of 10 U.S.C. 1079(f) already exclude the use of any private institutions when public facilities are adequate and available.

(3) If in a given area (or for a particular type of care) the only available institution is a private one operated for profit and such an institution provides care of an acceptable quality at a reasonable cost, there is no logical reason why such an institution should not be used.

I believe that this measure is thoroughly supported by the available evidence and is not expected to result in increased budgetary requirements, according to the Department of Defense.

There is a second provision to the measure which I would call to the attention of my colleagues.

Under current law, if a wife of a combat duty serviceman is pregnant, his death will result in a sharp increase in the share of medical expenses that she must pay. This provision, which also is supported by the Defense Department would permit those widows to continue to receive health care services at the costs they would have been entitled to had their husbands not been killed. This provision will be retroactive to January 1, 1967. Clearly, it is in the interest of the military and of the Nation for this measure to become law. I am only saddened that we have allowed this current law to remain unmodified to the present.

Mr. President, the House of Representatives, from the attached letter from Chairman HÉBERT to Congressman LEGGETT is willing to move on this measure at once if the Senate acts. I would hope that we could have expeditious consideration of this measure and see its early adoption.

I ask unanimous consent to have printed in the RECORD correspondence along with a copy of the legislation.

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

S. 3152

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 55 of title 10, United States Code, is amended as follows:

(1) by striking out the word "nonprofit" in section 1079(d)(4).

(2) by adding the following new section at the end thereof:

"§ 1089. Cost-sharing for certain dependents

"Notwithstanding any other provisions of this chapter, when a member dies while he is eligible for the receipt of hostile fire pay under section 310 of title 37, United States Code, or from illness or injury incurred while eligible for such pay, and it is determined under joint regulations to be prescribed by the Secretary of Defense and the Secretary of Health, Education, and Welfare that his wife is pregnant, she may be provided care for that pregnancy under this chapter on the same basis prescribed for the dependents of members who are on active duty."

(3) the analysis is amended by inserting the following item:

"1089. Cost-sharing for certain dependents".

SEC. 2. The amendments made by this Act shall be effective on the date of enactment, except that clause (2) of section 1, shall be effective as of January 1, 1967.

COMMITTEE ON ARMED SERVICES,
Washington, D.C., November 27, 1973.

Hon. ROBERT L. LEGGETT,
House of Representatives,
Washington, D.C.

DEAR MR. LEGGETT: I have reference to your recent letter in which you urged early Subcommittee hearings on your bill, H.R. 2703, to amend title 10, United States Code, to remove the restriction on the use of certain private institutions under the dependents' medical care program, and for other purposes. You point out that the Executive Branch has indicated its support of the proposal and, therefore, you urge its early passage by the House.

I am, as you are aware, most sympathetic to the need for expeditious action on legislation of this kind. However, as you are also aware, legislation almost identical in nature (H.R. 1409) was previously acted upon favorably by this Committee and passed the House on July 19, 1971, but failed to obtain a hearing in the Senate. This type of inaction by the Senate had, therefore, prompted me to establish a policy of not considering legislative proposals previously passed by the House but not acted upon by the Senate.

You may rest assured that if our Senate colleagues act on this legislative proposal, this Committee will expedite its passage in the House.

Sincerely,

F. EDW. HÉBERT,
Chairman.

COMMITTEE ON ARMED SERVICES,
Washington, D.C., November 26, 1973.

Hon. ROBERT L. LEGGETT,
House of Representatives,
Washington, D.C.

DEAR MR. LEGGETT: Enclosed is a copy of the report of the Department of Defense on your bill, H.R. 2703.

Sincerely,

F. EDW. HÉBERT,
Chairman.

GENERAL COUNSEL OF THE
DEPARTMENT OF DEFENSE,
Washington, D.C., November 8, 1973.

Hon. F. EDWARD HÉBERT,
Chairman, Committee on Armed Services,
Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense on H.R. 2703, 93d Congress, a bill "To amend title 10, United States Code, to remove the restriction on the use of certain private institutions under the dependents' medical care program, and for other purposes.'

The purpose of the bill is to permit, under certain circumstances, the mentally retarded or physically handicapped spouses and children of active duty members of the uniformed services to use "private institutions" operated for profit when obtaining benefits under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and to correct retroactively certain inequities involving medical care for pregnant wives of active members who die as a result of disease or injuries while in receipt of hostile fire pay.

If enacted, clause (1) of Section 1 of the bill would eliminate the general prohibition on institutional care for eligible dependents in profit-making private facilities. The Military Medical Benefits Amendments of 1971 (P.L. 89–614) authorized, effective January 1, 1967, the establishment of a special financial support program for the spouse or child of an active member of the uniformed services who is moderately or severely mentally retarded or who has a serious physical handicap. Among other benefits, such persons are eligible for the following:

"Institutional care in private nonprofit, public and State institutions and facilities and, when appropriate, transportation to and from such institutions and facilities."

The Department of Defense has considered the bill and the inequities which it seeks to overcome. We have concluded that the ban on the use of private profit institutions is unduly restrictive. Our conclusion rests primarily on the following three points:

1. The "advance approval" concept under which our program now operates affords us ample opportunity to exclude from participation those private profit institutions not offering quality care or which have unreasonable charges.

2. The provisions of 10 U.S.C. 1079(f) already exclude the use of any private institutions when public facilities are adequate and available.

3. If in a given area (or for a particular type of care) the only available institution is a private one operated for profit and such an institution provides care of an acceptable quality at a reasonable cost, there is no logical reason why such an institution should not be used.

Clause (2) of Section 1 of the bill would alleviate an undue burden on a specific class of dependents. Under existing law, a pregnant wife of an active member of the uniformed services may receive care on a space-available basis in a facility of a uniformed service at a cost of $1.75 per day or receive similar care from civilian sources under the aegis of CHAMPUS.

If the care is received under CHAMPUS, the dependent pays $1.75 per day of hospitalization or $25, whichever is greater. Upon

the death of the active duty serviceman, his dependent remains eligible for care at the Federal hospital subject to the availability of space, facilities and staff at the previously stated cost rate. However, as of midnight the date the sponsor dies, his dependent who is or will be receiving care under CHAMPUS does so under a different cost-sharing basis. As a result, the surviving dependent wife would pay 25% of the health care costs and the Government 75%. In the case of a complicated pregnancy, the unanticipated additional costs to the surviving wife can be significant. This burden falls on the surviving wife of a deceased member who dies while receiving hostile fire pay at a time that she is least prepared for the unexpected increase in cost.

Section 2 of H.R. 2703 contains a retroactive provision for the cost-sharing amendment dating back to January 1, 1967. Normally, the Department of Defense opposes retroactive measures involving pay. However, in the instant case we support the amendment as being mutually benefical to all concerned.

In view of the foregoing, the Department of Defense strongly supports the enactment of H.R. 2703.

As a matter of technical comment, it is recommended that page 2, line 2, of H.R. 2703 be amended by striking out "United States Code," to confrom to the style for amending title 10, United States Code.

COST AND BUDGET DATA

The enactment of H.R. 2703 is not expected to result in increased budgetary requirements to the Department of Defense.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there would be no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

L. NIEDERLEHNER,
Acting General Counsel.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 976

At the request of Mr. MCINTYRE, the Senator from Idaho (Mr. CHURCH) was added as a cosponsor of S. 976, to amend the Occupational Safety and Health Act of 1970 with respect to small businesses.

S. 1730

At the request of Mr. RIBICOFF, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 1730, the physicians community services program.

S. 2385

At the request of Mr. TALMADGE, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 2385, a bill to designate the Chattooga River in the States of North Carolina, South Carolina, and Georgia, as a component of the National Wild and Scenic Rivers System, and for other purposes.

S. 2510

Mr. CHILES. Mr. President, due to the rapid progress made by S. 2510, to create an Office of Federal Procurement Policy, in being passed by the Senate on March 1, several Senators who wished to support the legislation did not have the opportunity to be added as cosponsors.

I ask unanimous consent that the Senator from Washington (Mr. JACKSON), the Senator from California (Mr. TUNNEY), the Senator from Alaska (Mr. STEVENS), and the Senator from Wyoming (Mr. MCGEE) be added as cosponsors of S. 2510, to create an Office of Federal Procurement Policy in the Executive Office of the President, and for other purposes, and that the permanent record be corrected to add these names at the appropriate place.

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

S. 2658

At the request of Mr. Moss, the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 2658, a bill to provide for the early commercial demonstration of the technology of solar heating by the National Aeronautics and Space Administration and the Department of Housing and Urban Development, in cooperation with other Federal agencies, and for the early development and commercial demonstration of technology for combined solar heating and cooling.

S. 2801

At the request of Mr. PROXMIRE, the Senator from West Virginia (Mr. RANDOLPH) was added as a cosponsor of S. 2801, a bill to amend the Food, Drug, and Cosmetic Act and for other purposes.

S. 2880

At the request of Mr. MCGOVERN, the Senator from Wyoming (Mr. MCGEE) was added as a cosponsor of S. 2880, to amend the Agriculture and Consumer Protection Act of 1973 to provide additional incentives for farmers to produce wheat, feed grains, and cotton, and for other purposes.

S. 3006

At the request of Mr. PROXMIRE, the Senator from Vermont (Mr. STAFFORD) was added as a cosponsor to S. 3006, the Fiscal Note Act.

S. 3024

At the request of Mr. RIBICOFF, the Senator from Massachusetts (Mr. BROOKE) was added as a cosponsor of S. 3024, the Energy Crisis Unemployment Benefits Act.

S. 3069

At the request of Mr. RIBICOFF, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 3069, to extend benefits under the supplemental security income program.

S. 3079

At the request of Mr. THURMOND, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 3079, to reinstate November 11 as National Veterans Day.

S. 3098

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

SENATE JOINT RESOLUTION 189

At the request of Mr. HARRY F. BYRD, JR., the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of Senate Joint Resolution 189, to restore posthumously all citizen rights to Gen. R. E. Lee.

SENATE RESOLUTION 297—SUBMISSION OF A RESOLUTION RELATING TO CERTAIN ACTIVITIES OF THE EXPORT-IMPORT BANK

(Referred to the Committee on Banking, Housing and Urban Affairs.)

Mr. DOMINICK (for himself, Mr. JACKSON, Mr. BROCK, Mr. RIBICOFF, Mr. DOMENICI, Mr. WILLIAMS, Mr. BUCKLEY and Mr. HELMS) submitted the following resolution:

S. RES. 297

Resolved, That it is the sense of the Senate that, during the period pending consideration and action by the Senate upon the bill H.R. 10710, as introduced in the first session of this Congress, cited as the "Trade Reform Act of 1973", and as amended and passed by the House, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to any nonmarket economy country (other than any such country whose products are eligible for column 1 tariff treatment on the date of the enactment of this resolution), and no such country shall participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, directly or indirectly.

Mr. DOMINICK. Mr. President, today I am submitting a sense of the Senate resolution attempting to insure that the U.S. Export-Import Bank—Exim—not grant any further credit to the Soviet Union until the Senate has had the opportunity to consider and act on the Trade Reform Act of 1973.

By adopting the Mills-Vanik amendment to the Trade Reform Act, the House of Representatives voted to forbid Government-backed trade credits to any nation which denied its nationals the right to free emigration; the amendment was aimed primarily at the Soviet Union. Seventy-six Members of the Senate, including myself, cosponsored a similar amendment introduced by Senator JACKSON.

Despite this clear statement of congressional will, Exim has continued to process loans to the Soviet Union. Exim has approved $128.8 million in loans to the Soviet Union since the House passed the Mills-Vanik amendment on December 11, bring Exim's total loans to the U.S.S.R. to $248,256,000. Pending Soviet credit applications at Exim now total $221,085,000 for four projects. In addition, there are pending applications for preliminary commitments for $54 million, including an application for $49.5 million for the beginning of the exploration of gas reserves in eastern Siberia.

Thus, granted loans, promised loans, and requests by the Soviets now run over half a billion dollars in credit backed by the American taxpayer. The $128.8 million approved in the past 2 months suggests Exim is racing to approve as many loans as possible before the Senate can consider the Trade Reform Act and before the requirements of the Mills-Vanik-Jackson amendments become law.

We in the Senate are shortly to consider the Trade Reform Act. This resolution asks only that before processing additional loans to the Soviets, the Bank

await the final expression of congressional will on this issue.

This resolution will not have the binding force of law. At present, however, Exim appears to be ignoring congressional rights in its determination to lend as much money to the Soviets as it can regardless of the will of Congress. I hope this resolution will serve as a forceful reminder that the Congress of the United States controls the future and programs of the Eximbank and has a legitimate role to play in determining American trade policy. I think it is incumbent upon us to remind the Bank that it is an agency of the U.S. Government and as such is expected to carry out the policies made by the duly-elected legislative branch of our Government.

Mr. President, in addition to the issue of the flouting of congressional authority and stated intent, there are several other issues which need to be addressed at this time concerning loans to the Soviet Union. Restrictive and repressive Soviet emigration practices, the increasing evidence of Soviet persecution of scientists and intellectuals with the attendant denial of the most basic human rights, the Soviet role in the Middle East war and in the Arab oil embargo, and the effect our credit and technology in domestic fields will have on Soviet military strength and the balance of military power in the world all deserve careful attention.

In regard to the Soviet application for a $49.5 million loan for the exploration of gasfields in eastern Siberia, it seems to me we should ask to what extent we think we could ever rely upon the Soviet Union to fulfill its commitments without using oil and gas as a political weapon. I think we must also ask if we could not much more wisely spend such money for energy exploration and development at home.

Mr. President, this resolution is a temporary measure to stop the unilateral action of Exim in granting loans to the Soviet Union until the Congress has worked its will in the matter. Once the Senate has acted upon the Trade Reform Act of 1973, this resolution would no longer be in effect. A majority of the House has cosponsored an identical sense of the House resolution sponsored by Representatives ICHORD, ASPIN, and DENT.

I believe the resolution merits speedy consideration by the Senate.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974—AMENDMENTS

AMENDMENT NO. 1011

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

Mr. HATHAWAY submitted an amendment intended to be proposed by him to the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

AMENDMENT NO. 1012

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

Mr. FANNIN. Mr. President, the committee bill S. 3044 is described by its sponsors as a comprehensive Federal Election Campaign Act. Yet, the bill at no place seeks to provide any limitation upon the campaign contributions in either cash or services by organized labor unions. In subsequent speeches I shall document the charge that unions have become the largest and most influential force in politics today. Mr. George Meany has demanded that his political organization produce a "veto proof" Congress this November.

Mr. President, the essence of my amendment, which the Senator from Texas (Mr. TOWER) has joined me as a cosponsor, is "voluntarism." Labor unions and nonprofit corporations do not lose their tax-exempt status unless they use money, which they receive from compulsory dues, in political campaigns.

The amendment then proceeds to enumerate five things they cannot do without losing their tax-exempt statutes. Paragraphs numbered 1 and 2 are directed primarily at the so-called hard money contributions. Paragraphs numbered 3, 4, and 5 are directed primarily at the so-called soft money services contributed.

Mr. President, our amendment would not destroy COPE or any similar, activity or organization that presently exists or may be created by the Chamber of Commerce or the National Association of Manufacturers, or similar organizations. It is only where the activity is financed by compulsory produced money that their tax-exempt status would be endangered.

Mr. President, when I have sponsored similar bills or amendments in the past, I have called it the "untouchable tax loophole." If we are to have a comprehensive Election Campaign Act, the largest tax loophole cannot be left untouched.

Mr. TOWER. Mr. President, I commend Senator FANNIN for again bringing to the attention of the Senate one of the major abuses in our political system. Unless the power of organized labor to influence our political system is curbed, true campaign reform will never be achieved. Yet, the bill fails to directly deal with this major problem and the committee report which outlines the need for basic campaign reform is silent on the subject. I am pleased, therefore, to be in addition to Senator FANNIN, the major sponsor of this amendment.

The amendment would treat all section 501 tax exempt organizations and trusts equally. Any one of these organizations would be denied tax exempt status if they actively engaged in the listed activities, such as publicly supporting or opposing candidates or parties for election to office and carrying on voter registration drives, by using fees or dues that are received by the organization as a condition of employment.

Mr. President, I will find it difficult to support S. 3044 whether or not the public financing title is retained, deleted or modified, if the kind of reform envisioned by the Fannin-Tower amendment is not made part of the Senate bill. How can we truly say we have passed campaign reform legislation if we do not call a halt to organized labor's use of "soft money" which, in effect, in many campaigns is more influential than direct cash contributions.

It is, therefore, very important that the Senate consider this amendment. It serves to bring the attention of the American people whether the Senate will allow to be considered all of the campaign abuses recently witnessed, or just some of them.

Mr. President, the chairman of the Republican National Committee, recently delivered an address to the Young Republican Leadership Conference in which he very thoroughly described the kind of campaign abuse that this amendment attempts to redress. I ask unanimous consent that excerpts from this address be printed in the RECORD at this point.

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

EXCERPTS FROM A SPEECH BY REPUBLICAN NATIONAL COMMITTEE CHAIRMAN GEORGE BUSH BEFORE THE YOUNG REPUBLICAN LEADERSHIP CONFERENCE, FEBRUARY 28, 1974

Have you heard of "soft money"?

Most Americans haven't. But it's a well-known term to the leaders within organized labor who run the unions' political operations. Some of these leaders, not all, have intervened in recent elections with massive power that may not be legal.

Federal laws for decades have barred unions from using funds from their treasuries to contribute "anything of value" to candidates for federal office. Such direct contributions must come from voluntary donations coaxed from union members. I won't speculate today on how some of this coaxing is done.

But, the federal laws do permit a union to spend its dues money politicking for partisan candidates if that politicking is directed at the union's members and their families.

Money spent in this fashion is called "education money" or "soft money".

And, now, we're beginning to see evidence that some of this "soft money" may be being used for purposes the framers of the federal laws hadn't intended at all.

The Wall Street Journal on January 29 in a major front page story, reported in detail on a lawsuit brought by dissident members of the International Association of Machinists who wanted the court to bar use of dues money for any political activity. As a result of the suit, the union was forced to release thousands of documents which the Wall Street Journal said provided a "rare glimpse into the inner workings of one of the AFL-CIO's largest (800,000 members) and most politically active unions . . .".

The Journal story stated that "the documents indicate that direct gifts are often overshadowed by various services provided free of charge to favored candidates under the guise of 'political education' for union members". The Journal added that "the direct aid includes some of labor's most potent political weapons: assignment of paid staff members to candidates' campaigns, use of union computers, (and) mobilization of get-out-the-vote drives".

The story also states that "few, if any, campaign committees for machinist-backed candidates listed indirect aid from dues money as contributions".

Here are a couple of examples of this "indirect" help revealed in the internal union documents brought out in courts and reported by the Journal:

Ralph Yarborough, who ran unsuccessfully for the Democratic nomination for Senate in Texas in 1970, was listed in filed reports as having received $8,950 from the machinists union. An internal document brought out in court suggests he got other help worth at least $10,680 more.

Democrat John Gilligan received $15,200 from the League, official reports show, when he unsuccessfully ran for Senate from Ohio in 1968. The court-subpoenaed documents show the union indirectly provided help worth $15,500 more.

Maybe—as the Journal quoted one unnamed labor political strategist—"the problem is that the machinists put too much in writing".

We saw some of the same thing in the special election in Pennsylvania's 12th Congressional District on February 5. Certain labor unions sent in what observers said—and which the press reported—was unprecedented amounts of money and manpower to campaign for the Democratic candidates.

Some unions took a block of 15 rooms at the Sheraton Inn in Johnstown, Pennsylvania, from which an extensive campaign was conducted. In addition, we heard another eight rooms were rented through election day—all the rents prepaid—so anyone staying in these rooms didn't have to register.

As Jack W. Germond of the Washington Star News reported: "The corridors and watering spots of the Sheraton Inn here swarm with union professionals working to turn out the lobor vote . . . for Jack Murtha." Murtha was the Democrat candidate.

There is nothing illegal per se about that. But a couple of things have come to my attention which raises a question of how some of the unions' "soft money" was used in the Pennsylvania election.

At least two mailers—there may have been more—for Murtha went out by the Pennsylvania AFL–CIO COPE organization under its "non-profit organization" bulk postage permit. This meant each piece cost only 1.7 cents to mail, as against 4.6 cents if a regular bulk mailing permit had been used. We at the RNC by law must use the regular 4.6 cent rate.

My question: Who received these mailings from this "non-profit organization"? Was it a proper use of union money? And, who paid for the computer labels for the mailings?

Another example: The Pennsylvania Political Action Committee for Education sent a mailing to "active and retired educators". Included was a petition in which the recipient was asked to "write down the names (non educators) of 10 immediately family, relatives, neighbors, and personal friends". Then, the recipient was instructed to personally call them and ask them to vote for the Democratic candidate. The names were to be put on the petition form and returned to the union's office in Johnstown where—the form stated—"This information will be used on election day to get out all votes supporting Jack Murtha."

My question: What education union funds would be used to get out the vote of the "non educators"—those active or retired educators listed as members of his immediate family, relatives, neighbors or personal friends who planned to vote for Murtha? Was "soft money" used here? Will the reports finally filed show what money was used to get out this vote?

We must have an investigation of union practices in election campaigns. Certain labor unions from outside the district swarmed into Pennsylvania. They showed a lot of muscle. I am told they went en masse to the Michigan District—one reporter is said to have counted 300 phones in union halls, all actively manned, and now these same unions have swept into Cincinnati.

Fortunately, the working man doesn't play "follow the leader" as much now. Fortunately some unions don't go along with this blind one-party support. In Pennsylvania, though outregistered by 7000 votes, our candidate is said to have picked up a lot of votes from union members.

What is needed is an in-depth across-the-board investigation of the campaign spending practices of some of the big labor spenders. Alexander Barkan at COPE should be the lead-off witness. COPE is really a political arm of the Democratic Party.

We at the RNC do not have the resources to do all the investigation work necessary. We'll do our part, but a broad investigation by press or Senate Committee should be done.

We will watch the financial filings in these districts very carefully. The American people have a right to know how the out-of-district union activity works. Whether any union dues go into these elections. Whether union officials paid directly by dues spend their time on campaigns. How the candidates report these direct inputs of money. More important, how and whether they report the massive influx of "soft money".

How a union reports an expenditure on polls that relate directly to a campaign or to electing candidates of one party or defeating candidates of another. How the mail rates are used. Do "low rate" mailings urging the election or defeat of candidates go to others than the union members.

Surely with all the investigations going on someone can help get the facts out on what everyone who has been to these districts recognizes is a major over-use of out-of-district big labor muscle.

If no investigation is forthcoming maybe you here could form a public service election watch to monitor the elections now or in the fall—interviewing the canvassers, getting the facts on how many come from outside the district, inquiring about use of the mails and polling.

It is a project that could make a real contribution towards opening up the election process.

AMENDMENTS NOS. 1013 AND 1014

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

Mr. CLARK submitted two amendments intended to be proposed by him to the bill (S. 3044), supra.

MANDATORY IMPOSITION OF THE SENTENCE OF DEATH—AMENDMENTS

AMENDMENTS NOS. 1015 AND 1016

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

Mr. KENNEDY. Mr. President, tomorrow the death penalty bill, S. 1401, will come before the Senate. Although I plan to vote against S. 1401, because I am opposed to the death penalty, I plan to offer the following amendments in the hope of diminishing the possibility of error and, thereby, reducing the likelihood that an innocent person would be executed.

One of my amendments would require that the aggravating factors enumerated in sections (g) and (h) of the bill be proven beyond a reasonable doubt rather than by a preponderance of the evidence as the bill provides. Another would provide for a directive that the words used in section (f) to describe the mitigating factors be "liberally construed." I believe that both of these amendments would serve to diminish the possibility of error in view of the finality of the death penalty.

A third amendment would provide for an additional mitigating factor which, subject to the consent of the Attorney General, would preclude imposition of the death penalty if, after killing one or more individuals, the defendant released the remaining hostages being held by him. This provision would allow law enforcement officials in appropriate cases, to offer a guarantee to the defendant that he would not get the death penalty if he released his hostages. At a time when we are confronted almost daily with kidnapings, skyjackings, and other crimes involving hostages. I believe that this amendment would provide law enforcement officials with an indispensable tool with which to save lives.

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

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

S. 1401

AMENDMENT NO. 1015

On page 14, line 3, immediately after "(f)", insert "(1)".

On page 14, line 7, strike out "(1)" and insert "(A)".

On page 14, line 8, strike out "(2)" and insert "(B)".

On page 14, line 12, strike out "(3)" and insert "(C)".

On page 14, line 15, strike out "(4)" and insert "(D)".

On page 14, line 20, strike out "(5)" and insert "(E)".

On page 14, between lines 24 and 25, insert the following:

"(2)(A) The court shall not impose the sentence of death on the defendant if the jury or, if there is no jury, the court finds by a special verdict as provided in subsection (d) that the action resulting in the offense for which the defendant was convicted involved the holding or detaining by the defendant of one or more individuals as hostage or otherwise and that, on the basis of an assurance given to him by the Attorney General or his delegate to the effect that the release of any and all such individual or individuals then held or otherwise detained would be considered a mitigating factor for purposes of this subsection, the defendant thereafter released, any and all such individual or individuals on the basis of that assurance.

"(B) In any sentencing hearing involving a defendant who received an assurance in accordance with the provisions of subparagraph (A) of this paragraph and who, on the basis thereof, released any and all individual or individuals held or detained by him at the time such assurance was given, the Attorney General shall certify that information to the court conducting such hearing and such certification shall be deemed a mitigating factor for purposes of this subsection.".

AMENDMENT NO. 1016

On page 13, beginning with line 17, strike out all through line 2 on page 14 and insert in lieu thereof the following:

"(e) If the jury or, if there is no jury, the court finds, beyond a reasonable doubt, that one or more of the applicable aggravating factors set forth in subsection (g) or (h) exists, the court shall sentence the defendant to death, except that if such jury or court, as the case may be, finds by a preponderance of the information that one or more of the mitigating factors set forth in sub-

section (f) exists, the court shall not sentence the defendant to death but shall impose any other sentence provided for the offense for which the defendant was convicted.".

On page 14, line 3, immediately after "(f)", insert "(1)".

On page 14, line 7, strike out "(1)" and insert "(A)".

On page 14, line 8, strike out "(2)" and insert "(B)".

On page 14, line 12, strike out "(3)" and insert "(C)".

On page 14, line 15, strike out "(4)" and insert "(D)".

On page 14, line 20, strike out "(5)" and insert "(E)".

On page 14, between lines 24 and 25, insert the following:

"(2) For purposes of determining the existence of mitigating factors under this section, the provisions of this section relating thereto shall be liberally construed."

FEDERAL ACT TO CONTROL EXPENDITURES AND ESTABLISH NATIONAL PRIORITIES—AMENDMENT

AMENDMENT NO. 1017

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

Mr. CHILES. Mr. President, I introduced this open meetings amendment to S. 1541, the budget reform bill, over a week ago. It has, however, never appeared in the CONGRESSIONAL RECORD, so I am again introducing it today in order that it may be printed before the Senate considers this bill.

I ask unanimous consent that 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. 1017

On page 107, after line 19, insert the following:

(d) Each meeting of the Committee on the Budget of the Senate, or any subcommittee thereof, including meetings to conduct hearings, shall be open to the public, except that a portion or portions of any such meeting may be closed to the public if the committee or subcommittee, as the case may be, determines by record vote of a majority of the members of the committee or subcommittee present that the matters to be discussed or the testimony to be taken at such portion or portions—

(1) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(2) will relate solely to matters of committee staff personnel or internal staff management or procedure;

(3) will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt of obloquy, or will represent a clearly unwarranted invasion of the privacy of an individual;

(4) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement; or

(5) will disclose information relating to the trade secrets or financial or commercial information pertaining specifically to a given person if—

(A) an Act of Congress requires the information to be kept confidential by Government officers and employees, or

(B) the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person.

(e) Paragraph 7(b) of rule XXV of the Standing Rules of the Senate and section 133A(b) of the Legislative Reorganization Act of 1946 shall not apply to the Committee on the Budget of the Senate.

NOTICE OF HEARINGS ON S. 2871

Mr. ALLEN. Mr. President, the Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture and Forestry will hold hearings March 27 and 28 on S. 2871, to continue the commodity distribution program after June 30. The hearing March 27 will begin at 10 a.m. and the hearing March 28 at 9 a.m. Both hearings will be in room 324, Russell Office Building. Anyone wishing to testify should contact the committee clerk as soon as possible.

NOTICE OF HEARINGS ON THE CONVERSION OF SAVINGS AND LOAN ASSOCIATIONS TO STOCK FORM

Mr. McINTYRE. Mr. President, as chairman of the Subcommittee on Financial Institutions of the Senate Banking, Housing and Urban Affairs Committee, I would like to announce that hearings will commence on April 8, 1974, at 10 a.m., room 5302, Dirksen Senate Office Building, on the question of conversion of mutual savings and loan associations to stock form. A legislative moratorium on conversions expires on June 30 of this year.

S. 3132 has been introduced by Senators SPARKMAN and TOWER, by request, which would provide legislative authority for the Federal Home Loan Bank Board to allow conversions.

During the committee hearings, testimony will be received on the appropriateness of legislatively providing for conversions and also whether the present moratorium should be extended.

Anyone interested in testifying should contact Mr. T. J. Oden, room 5300, Dirksen Senate Office Building, telephone number 225–7391.

NOTICE OF OVERSIGHT HEARINGS ON LONG ISLAND SOUND

Mr. RIBICOFF. Mr. President, the Subcommittee on Reorganization, Research and International Organizations of the Committee on Government Operations will hold oversight hearings on the subject of the New England River Basins Commission's Long Island Sound study. The hearings will be held in the municipal office building in Stamford, Conn., at 10 a.m. on March 18.

HEARING ANNOUNCEMENT RELATING TO THE COLORADO RIVER

Mr. JACKSON. Mr. President, I wish to announce a hearing by the Public Lands Subcommittee of the Interior and Insular Affairs Committee on S. 449, a bill to amend the Wild and Scenic Rivers Act of 1968 (82 Stat. 906) by designating a portion of the Colorado River, Colo., for study as a potential addition to the National Wild and Scenic Rivers System; S. 30, a bill to amend the Wild and Scenic Rivers Act by designating a segment of the Colorado River in the State of Utah as a component of the National Wild and Scenic Rivers System; and S. 2319, a bill to amend the Wild and Scenic Rivers Act by designating segments of certain rivers in the State of Colorado for study as potential components of the National Wild and Scenic Rivers System.

The hearing will be held on April 13, 1974 at 12 noon, in room 253, Administration Building, Fort Lewis College, Durango, Colo. Those who wish to testify or submit a statement for inclusion in the hearing record should contact Steven P. Quarles, special counsel to the committee, at 225–2656.

HEARINGS ON CORPORATE DISCLOSURE TO BEGIN MARCH 21

Mr. METCALF. Mr. President, on behalf of the distinguished chairman of the Intergovernmental Relations Subcommittee (Mr. MUSKIE) and me, I wish to announce that on March 21 the Government Operations Subcommittee on Budgeting, Management, and Expenditures and Subcommittee on Intergovernmental Relations will begin joint oversight hearings regarding the collection and tabulation of corporate information by Federal agencies.

The first phase of these hearings will be conducted on Thursday, March 21; Tuesday, March 26 and Thursday, March, 28. The hearings will be conducted in room 3302, Dirksen Senate Office Building, beginning at 10 a.m. each day. Additional hearings will be scheduled later. Persons wishing to testify, submit statements or obtain additional information may get in touch with the Subcommittee on Budgeting, Management and Expenditures, 225–1474, 161 Russell Senate Office Building or the Subcommittee on Intergovernmental Relations, 225–4718, 357 Russell Senate Office Building.

These hearings follow the publication, in January, of the Government Operations Committee print, "Disclosure of Corporate Ownership." That report was prepared jointly by the two subcommittees, in cooperation with the Congressional Research Service of the Library of Congress, the General Accounting Office and consultants. Copies of this study will be available shortly from the Document Room as Senate Document No. 93–62.

This study showed that ownership of many large corporations is concentrated in a few large banks, which often are not even identified in ownership reports filed with regulatory agencies. One regulatory Commission did not know that banks were in gross violation of its regulations regarding concentration of ownership until the banks themselves told the Commission about it. The study showed that the concentration of stockholdings and voting powers of bank trust departments is increasing within a broad range of

companies, and that there is a strong correlation between bank stock holdings in companies and other levers of influence or potential influence over companies—interlocking directorates and control of credit. Senator MUSKIE and I stated in our conclusions:

Neither companies nor ordinary stockholders have information which they need, to protect their own interests, regarding stock ownership and the personnel and business relationships between portfolio companies and institutional investors, principally banks. The Federal Government does not have sufficient information in these areas upon which to base reasoned public policy. Much of the information collected by Federal agencies regarding stock ownership, displayed in public files and shared with State agencies and the public, is meaningless or misleading despite the clear policy stated in the Federal Reports Act of 1942 that information collected by Federal agencies should be tabulated so as to "maximize the usefulness of the information to other Federal agencies and the public" . . .

Congress and some Federal commissions have on occasion established limits on institutional levels of corporate control, principally regarding stockholders. But neither the Congress, nor the commissions, nor the executive branch can fully evaluate the total effect of concentration—the impact of the several levers of corporate control exercised by banks and other major investors throughout industry groups and the economy as a whole.

Meanwhile, the portfolio companies in which a few banks have substantial influence make many decisions affecting public policy. Oil companies deal with foreign nations regarding oil supply and cost. Pipeline companies deal with the Soviet Union for natural gas. Utilities exercise the right of eminent domain. Milling companies and the Soviet Union arrange grain sales which sharply affect domestic price, supply, transportation, and storage. These are momentous public issues in which Federal officials play a minor role, much of it after basic decisions have been agreed upon by American companies and foreign governments. . ."

Whatever solutions the Federal Government chooses to the mounting problems resulting from economic concentration, the prerequisite is the regular collection and disclosure of information from institutional investors on stock holdings and the personnel and business relationships between institutional investors and portfolio companies.

Equally important, the information must be centrally available to the Federal Government and the public, at one location, most appropriately the Library of Congress. Such information, insofar as it is now reported, is scattered among three Federal banking agencies, 50 State insurance commissions, the SEC (for investment companies), various other Federal and State regulatory commissions, and the files of hundreds of universities, foundations, and funds.

We emphasized that much can be done toward improving corporate reporting without new legislation. Congress long ago provided the independent, Federal regulatory commissions with strong, broad authority, including sanctions and subpena power, to enable them to collect information that they need. The Office of Management and Budget has been directed by Congress in various statutes to plan and promote the improvement, development, and coordination of Federal management informations systems, to help agency heads develop consistent accounting classifications and, with the Comptroller General and the Secretary of the Treasury, conduct a continuous program for the improvement of accounting and financial reporting in the Federal Government.

But Government's efforts to provide information have not been equal to others' efforts to hide it.

The Federal Reports Act of 1942 gave the Bureau of the Budget—now Office of Management and Budget—responsibility for coordinating the collection of information from business firms by Federal agencies. Since passage of that act there have been many hearings dealing with its provision for minimizing the burden upon business enterprises which are required to report to Federal agencies. These hearings have often dealt with the problems of small businessmen. They along with the public generally, have never been adequately represented in the process of reviewing forms proposed by Government agencies.

OMB, and its predecessor Bureau of the Budget, looked instead to the Business Advisory Council on Federal Reports. It consists primarily of officials of large firms and their trade associations. They used their favored position within BACFR to keep Government from asking questions that they did not want to answer. That is one of the reasons for the misleading and inaccurate data in Government files regarding corporate ownership, as shown in Senate Document 93–62.

Congress provided for greater public participation in BACFR and other advisory committees by enacting Public Law 92–463, the Federal Advisory Committee Act. Some advisory committees, including BACFR, have not as yet met the act's standards for broadened membership. Last month I discussed this matter with OMB Deputy Director Frederic V. Malek, during advisory committee oversight hearings conducted by the Subcommittee on Budgeting, Management, and Expenditures. I am hopeful that he will take steps to broaden the membership of advisory committees and otherwise increase public participation in Federal form review.

Already, as a result of this oversight hearing, OMB is publishing in the Federal Register the daily list of forms received from Federal agencies for clearance. That simple matter of notifying the public about proposed Federal forms and questionnaires may not appear to be a breakthrough in the field of disclosure. But it is. Until hearings on advisory committee legislation began this daily list of forms received for clearance was not generally available. It was distributed by OMB to the select members of the BACFR, with the admonition "not for publication."

In contrast to the constant concern over the burden on businesses which file Federal reports, little attention has been paid to another section of the Federal Reports Act of 1942. It provides that information collected from firms by agencies be tabulated so as to "maximize the usefulness of the information to other Federal agencies and the public." The act also speaks of reducing the cost to the Government of obtaining information. As we pointed out in Senate Document 93–62, a senior commission staff official had to spend weeks translating unintelligible ownership reports filed by broadcast companies with the Federal Communications Commission, translating nominee names into the names of banks, then aggregating accounts.

Before this translation and aggregation of bank holdings and voting rights in broadcast companies were available to the Commission, it had acted to permit greater concentration of bank holdings in broadcast companies. Thus the ownership reports, which the law says should be tabulated to provide maximum usefulness to other Federal agencies and the public, were not even of timely value to the Commission which collected them. And the burden in this instance was not upon business, but upon the Commission staff. It labored to transform unintelligible material, submitted by broadcast companies, into useful data.

There has been much concern recently regarding agency's collection of data from energy companies. This concern is sometimes expressed in administrative proceedings, such as those before the Federal Power Commission, which deal with the reporting and availability to the public of data on cost and quantities of fuel available to electric utilities. The concern has been expressed in proposed legislation which would require companies to report additional, specified information. It has been expressed by Senate approval, in at least three different bills in the 93d Congress, of legislation which would at long last provide the General Accounting Office with subpoena power to enable it to obtain data from energy companies if other methods failed. And it has been expressed by inclusion, in the Alaska pipeline law, of a proviso that the GAO, rather than OMB, coordinate and review the questionnaires proposed for submission to business firms by independent Federal regulatory agencies. The legislative history of that proviso, section 409 of Public Law 93–153, which was made during the 91st, 92d, and 93d Congresses, by the Government Operations and Interior Committees and in Senate and House floor debate, clearly established that the Congress was not satisfied with the collection of corporate information by independent regulatory commissions as supervised by the OMB. So Congress gave that responsibility to its own agency, the GAO. Congress thereby added to its own responsibility. We now must see to it that the job is done.

Mr. President, that is the background for the hearings which two subcommittees of the Government Operations Committee will initiate next week.

During the 3 days of hearings this month we will hear from institutions and individuals with records of accomplishment and concern in the matter of corporate disclosure. Witnesses from the business, academic, banking, regulatory and public interest communities will testify.

The witness on the opening day of the hearings will be Norton Simon, the California industrialist and financial authority and founder of the billion-dollar corporation which bears his name. Mr.

Simon is a director of many companies. He recently resigned as a director of the Burlington Northern, the Nation's largest coal and railroad conglomerate, after 22 years of service as a director. He is a trustee of the Princeton Institute of Advanced Studies, a member of the Carnegie Commission on Higher Education, and a regent of the University of California. He is also a long-time advocate of more ethical disclosure of information in publicly owned corporations.

The witnesses for the March 26 and March 28 hearings, and the dates for subsequent hearings, will be announced at a later date.

NOTICE OF HEARING ON 10-YEAR TERM FOR DIRECTOR OF FBI

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. EASTLAND, chairman of the FBI Oversight Subcommittee, of the Committee on the Judiciary, I wish to announce that a hearing will be held by the FBI Oversight Subcommittee on S. 2106—10-year term for Director of the FBI.

The hearing is scheduled for Monday, March 18, at 10:30 a.m., in room 2228 of the Dirksen Senate Office Building. Any person who wishes to testify or submit statements pertaining to this legislation should send the request or prepared statement to the subcommittee, room 2226, Dirksen Senate Office Building, telephone 225–5225.

ADDITIONAL STATEMENTS

DIVERSION OF LIBYA'S OIL TO COMMUNIST EASTERN EUROPE

Mr. BROCK. Mr. President, time and again, the interference of government into free market transactions causes distress or suffering to the American people. Jerry Landauer explains how the State Department, in attempting to modify the behavior of Libya, succeeded only in diverting oil from New England to Communist Eastern Europe. I ask unanimous consent that his article from the Wall Street Journal be printed in the RECORD

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

BEHAVIOR OF LIBYA

(By Jerry Landauer)

WASHINGTON.—Perhaps you've been wondering what your State Department has done for you lately.

Well, by working hand in glove with some major U.S. oil companies, it has all but assured higher electricity bills in New York City and has helped divert oil intended for fuel-short New England to the Communists of Eastern Europe.

Bizarre as it may seem, those are two results of a recent exercise in global diplomacy that backfired. The idea was to put pressure on the government of Libya. Just how it came about that the ultimate blow fell instead upon the beleaguered U.S. consumer is to be detailed next week by Democratic Sen. Frank Church of Idaho.

Sen. Church will release testimony before a Senate Foreign Relations subcommittee showing how the State Department and major concerns like Texaco and Standard Oil Co. of California worked to dissuade other U.S. concerns from importing "hot oil" from Libya—that is, oil pumped from fields formerly controlled by the majors but nationalized by Libya last September. The immediate goal was to demonstrate that "hot oil" couldn't be marketed profitably without U.S. acquiescence, and to compel Libya to pay the majors fair compensation. The long-range goal was to discourage the governments of other oil-producing states from following Libya's lead.

AN URGENT CALL

So it was that one Thursday afternoon in September a few days after the nationalization found Laurie W. Folmar, senior vice president of Texaco Inc., placing an urgent call to New England Petroleum Corp., a New York concern that is the single largest supplier of fuel oil for the electric generators of Consolidated Edison Co. Don't buy oil from Libya, Mr. Folmar sternly warned Richard Weinand, vice president for utility sales. (This was, of course, before the Arabs imposed their oil boycott in October.)

Five minutes later, according to New England Petroleum's records, this call was followed by one from H. A. Navis, a vice president of California Standard. Mr. Navis had a similar warning against buying Libyan oil. And about a half-hour after that, there was still another call, this one from State Department officer Frank A. Mau. He also wanted to talk about Libyan oil.

"They all said the same thing," says a spokesman for New England Petroleum Corp., which is called Nepco. "They even used the same words."

Besides supplying oil to Con Ed, Nepco also furnishes substantial quantities to such other utilities as Long Island Lighting Co. After Libya grabbed a 51% "participation" in the producing properties of California Standard, Texaco, Mobil and other U.S. companies last fall, Nepco signed a contract for 105,000 barrels of crude oil a day with the government-owned Libyan National Oil Co.

CANCELING A CONTRACT

The majors' pressure on Nepco didn't stop with phone calls. Despite an appeal to California Standard President Otto N. Miller from Con Edison Chairman Charles F. Luce, California Standard canceled a contract for tankers that had been carrying the Libyan crude to a refinery in the Bahamas that California Standard and Nepco jointly own.

This compelled Nepco to scramble for substitute tankers. But instead of paying 40 cents a barrel for transportation, as provided by the canceled contract, Nepco now had to pay as much as $1.90 a barrel. Nepco is passing on these higher quotes to Con Edison, and, partly as a result, Con Edison has petitioned the New York State Public Service Commission for sharply higher electricity rates. "These and other costs increases are heavy burdens on Consolidated Edison and on the economy of New York City," says Joseph C. Swidler, the commission chairman.

"This week a commission hearing examiner ruled that Con Edison should be permitted to increase rates immediately for $126.9 million in added annual revenue, pending determination of its request for a $422.6 million increase.)

A STRATEGIC FAILURE

In tactical terms, the campaign against Nepco was at best only partially successful. And in strategic terms, the effort to shut off the world-wide market for hot oil was a complete and embarrassing bust. Indeed, last week Libya nationalized the remaining operations of California Standard and Texaco and moved against other U.S. concerns as well.

As a gesture of gratitude for Nepco's willingness to defy the major oil companies, the Libyan government quietly kept supplying Nepco with crude oil despite the Arabs' embargo. In all likelihood, this leakage is continuing despite public vows by Libyan Premier Abdel Salem Jalloud to take unspecified "measures against those who may be breaking the embargo." And Nepco is still supplying Con Edison with fuel oil, although at less than contract quantities, Mr. Swidler says. The company resolutely refuses to identify its source of crude.

On a world-wide basis, the U.S. pressure campaign had next to no effect because panicky buyers from other nations were only too eager to buy Libyan oil, hot or cold. Meanwhile, Mr. Swidler of the Public Service Commission was calling the whole matter to the attention of Sen. Church. A Senate Foreign Relations subcommittee headed by the Senator looked into things behind closed doors.

There seems to have been at least one other instance where the State Department lent its support to big oil. Besides "advising" Nepco ("We didn't direct them to do anything," one official insists), a State Department man also rang up Harry G. Fair, president of Coastal States Gas Corp. in Corpus Christi, Texas. Coastal States also had purchased oil from the nationalized fields after getting opinions from three outside law firms that this practice was legal.

Mr. Fair says his caller took a quite different tack. "His tone wasn't intimidating, but he let me know that the State Department didn't like what we were doing," the Coastal States executive says. "Obviously he was getting a lot of pushing from somebody, and I can guess who it was."

Partly because the State Department disapproved but mostly because of "harrassment" by expropriated companies, Mr. Fair says Coastal States didn't have any choice except to resell Libyan oil to Eastern Europe, instead of bringing it as fuel oil to the needy Northeastern U.S., as originally intended.

Actually, the Communists have benefited more than once from the inadvertent results of collaboration between the State Department and the big oil companies.

Probably the biggest fiasco occurred in the late 1960s, after the government of Iraq had canceled a concession held by Iraq Petroleum Co., a consortium of Western firms that included Mobile and Standard Oil Co. (New Jersey), currently Exxon Corp. Iraq acted because it thought the consortium wasn't pumping enough oil.

According to government records that Sen. Church plans to release, the State Department leaned on 10 U.S. companies, asking each not to sign agreements with the Iraqui government pending settlement of the concession dispute. Moreover, top executives of Jersey Standard and Mobile asked Assistant Secretary Anthony Solomon to "threaten economic retaliation," even against friendly foreign governments, to stomp competitors from muscling in on the consortium area. ENI, the Italian government corporation, was thought to be the chief intruder.

The State Department complied. "After careful consideration of the dangers of alienating the government of Italy, we have gone to great lengths to support Iraq Petroleum Co. against depredations by ENI," a department document says.

Nevertheless, the affair ended unhappily. While the State Department was elbowing Westerners aside, Iraq invited the Russians in. With Soviet help, a government-owned company started exploiting the concession area and selling most of the oil to Eastern Europe.

SENATOR ABOUREZK'S FINANCIAL STATEMENT

Mr. ABOUREZK. Mr. President, in response to an inquiry from a television station in my State of South Dakota, I recently provided a full listing of speaking honoraria received by me during 1973 and a tabulation of the way in which I disposed of those funds. I ask unanimous consent that this list be

printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. ABOUREZK. The bulk of the $49,425.15 honoraria which I received was from Americans of Arabic heritage throughout the United States. As the first American of Lebanese extraction to be elected to the U.S. Senate, I have received numerous requests to attend testimonials on my behalf and to speak at these events. I accepted a number of these requests and most of my 1973 honoraria came from such events

I used $10,000 of my income from honoraria to retire past personal debts. Of the $49,425.15 which I earned in honoraria, I used a total of $30,404.41 to pay expenses of my Senate offices in South Dakota and in Washington which were not covered by Senate reimbursements. The balance of $9,020.74 was retained by me to use for paying taxes and for personal use.

EXHIBIT 1

Senator James Abourezk 1973 statement of income from honoraria and expenditure of income from honoraria

INCOME

Total income from honoraria (itemization attached)	$49,425.15

EXPENDITURES

Total expenses of operating Senate offices in Washington and South Dakota less amount provided by Senate for this purpose (includes telephone bill for U.S. House of Representatives incurred in 1972 but paid in 1973)	30,404.41
Personal debt retirement	10,000.00
Personal use including funds for payment of income tax	9,020.74
Total expenditures	49,425.15

HONORARIUMS—1973

DATE AND PLACE, PAYEE, AMOUNT

January 27, 1973, Minneapolis; Don Risk, Dinner Chairman, $3555.00.

February 10, 1973, Detroit; Woodrow Woody, Chairman, $10,000.00.

February 23, 1973, Rochester, N.Y.; Housing Council of Monroe County, $500.00.

March 4, 1973, Cleveland; George Maloof, Chairman, $3666.05.

March 23, 1973, Los Angeles; Fred Mickel, Chairman, $2864.47.

March 24, 1973, Los Angeles; Wally Karabian, Chairman, $800.00.

April 7, 1973, Pittsburgh; Ed Ayoub, Chairman, $3150.50.

April 8, 1973, Washington, D.C.; Dick Shadyac, Chairman, $3653.66.

May 20, 1973, Worcester, Mass.; George Hayeck, Chairman, $5000.00.

June 10, 1973, Pittsburgh; Monsour Medical Found., $6000.00.

September 28, 1973, Boston; Emile Hajar, Chairman, $8335.47.

December 11, 1973, Washington, D.C.; National Executive Conference, $1000.00.

April 17, 1973, Washington, D.C.; International Association of Bridge, Structural and Ornamental Ironworkers, $500.00.

April 14, 1973, Rapid City, S.D.; American Federation of Government Employees, $400.00.

Total, $49,425.15.

RESTORATION OF CITIZENSHIP TO ROBERT E. LEE

Mr. HARRY F. BYRD, JR. Mr. President, on February 21, 1974, I introduced Senate Joint Resolution 189, a resolution to restore posthumously full rights of citizenship to Gen. Robert E. Lee. On that day, I indicated that the Virginia ered related legislation.

I have recently received a copy of Virginia Senate Joint Resolution No. 38. Its principal sponsor is Senator Paul W. Manns. His district, the 28th Senatorial District, includes the counties of Caroline, Essex, King George, Lancaster, Northumberland, Stafford and Westmoreland, and the city of Fredericksburg.

As students of Virginia history and admirers of General Lee know, Westmoreland County is General Lee's birthplace and the location of the Lee family home, Stratford Hall. The residents of that county in Virginia's historic "Northern Neck" take a special pride in having in close proximity this stately home of one of Amerca's most distinguished families.

Virginia Senate Joint Resolution No. 38 was cosponsored by practically every Senator in that 40 member body. It passed by acclamation on February 7, 1974, the same date as its introduction.

Action in the Virginia House of Delegates was completed on February 20, 1974, when the 100 member House passed the measure unanimously.

Clearly, both by the explicit language of the resolution and the affirmative acts of both of Virginia's legislative bodies it is the sense of the General Assembly of the Commonwealth of Virginia that the Congress of the United States restore to General Lee all the rights which he, as a beloved Virginian and a great American, so rightly deserves. It is important to note that General Lee himself requested in writing the restoration of his rights.

Mr. President, I am also pleased to announce that the distinguished Senator from North Carolina (Mr. HELMS) has asked to be included as a cosponsor of Senate Joint Resolution 189, and I ask unanimous consent that his name be added to those other cosponsors of this legislation: the Senator from Virginia (Mr. SCOTT); the Senator from South Carolina (Mr. THURMOND); the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Alaska (Mr. GRAVEL).

I ask unanimous consent that the text of Senate Joint Resolution 38 of the Virginia Senate be printed in the RECORD.

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

SENATE JOINT RESOLUTION NO. 38

Whereas, this entire Nation has long recognized the outstanding virtues of courage, patriotism, and selfless devotion to duty of General R. E. Lee, and has recognized the contribution of General Lee in healing the wounds of the War Between the States; and

Whereas, in order to further the goal of reunion of this country, General Lee, on June thirteen, eighteen hundred sixty-five, applied to the President for amnesty and pardon and restoration of his rights as a citizen; and

Whereas, this request was favorably endorsed by General Ulysses S. Grant on June sixteen, eighteen hundred sixty-five; and

Whereas, General Lee's full citizenship was not restored to him subsequent to his request of June thirteen, eighteen hundred sixty-five, for the reason that no accompanying oath of allegiance was submitted; and

Whereas, on October twelve, eighteen hundred seventy, General Lee died, still denied the right to hold any office and other rights of citizenship; and

Whereas, a recent discovery has revealed that General Lee did in fact on October two, eighteen hundred and sixty-five, swear allegiance to the Constitution of the United States and to the Union; and

Whereas, it appears that General Lee *thus* fulfilled all of the legal as well as moral requirements incumbent upon him for restoration of his citizenship; now, therefore, be it

Resolved by the Senate, the House of Delegates concurring, That the legal disabilities placed upon General Lee as a result of his service as General of the Army of Northern Virginia should be removed, and that General R. E. Lee should be posthumously restored to the full rights of citizenship, effective June thirteen, eighteen hundred sixty-five, by the Congress of the United States.

Resolved, further, That the clerk of the Senate is directed to send copies of this Resolution to the members of the delegation to the Congress of the United States of this Commonwealth in order that they may be apprised of the sense of this Body.

PORTSMOUTH THEATER-BY-THE-SEA REACHES A MILESTONE

Mr. McINTYRE. Mr. President, one of New Hampshire's many seacoast towns, is distinguished both on a State and a national level by being the smallest community to support a professional theater. This organization is the Theater By The Sea, and as it celebrates its 10th anniversary, I believe we should pause and reflect on its achievement. The Theater By The Sea offers high quality entertainment to Portsmouth and surrounding communities under circumstances which few could overcome. Their theater is tiny, their budget equally as small, yet they preserve and continue to provide eager and appreciative audiences with excellent and professional theater.

In light of these admirable accomplishments, I ask unanimous consent that the article entitled, "Theater By The Sea Reaches a Milestone" appearing in the March issue of New Hampshire Profiles be printed in the RECORD.

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

THEATRE BY THE SEA REACHES A MILESTONE

(By Jim Bolquerin)

When the final blackout shrouds performers on stage during this season's closing production at Theatre-By-The-Sea in Portsmouth, it will mark the end of a decade of quality theater that was only a dream ten years ago—a mere hope and a prayer that has since been made real and tangible by a remarkable procession of determined and dedicated people.

In all probability there will be no more than four or five actors on stage for the curtain call; for, due to physical limitations of the building itself. Theatre-By-The-Sea rarely mounts productions with large casts. But in the mind's eye of many veteran supporters, the tiny stage is certain to be crowded with memories of past performances and the hundreds of people who have worked thousands of hours as volunteers; local busi-

nessmen and women have donated time, money, supplies and even furnishings. Members of the Board of Trustees have guided TBS through its most trying crises and faculty members and students from the University of New Hampshire and members of the Theater's Guild have played important on- and off-stage roles too.

It has taken many hands to earn for Portsmouth the distinction of being the smallest community in the United States to support a professional theater and its achievements to date have more than justified the faith and early efforts of its founders.

Stan and Patricia Flower started Theatre-By-The-Sea as a repertory theater in a 200-year-old building which had been a grain elevator. Located on Portsmouth's waterfront only a stone's throw from the bank of the Piscataqua, TBS is unlike conventional theaters, having a forty-foot wide stage with no proscenium, wings or fly space. The backstage facilities are even more limited, serving in some cases quadruple functions.

Still, despite the handicap of inadequate funding and the physical limitations of the building itself, TBS has mounted an impressive number of outstanding productions in Portsmouth, and has a record of one-night stands in school gymnasiums and civic auditoriums throughout neighboring areas that would do credit to the most stalwart and dedicated of touring companies.

To date, more than 100 adult theater performances have been staged, ranging from Shakespeare to Pinter and Albee, from Moliere to Neil Simon. At least three children's shows a year have been performed and in one season three shows were performed 67 times in schools throughout New Hampshire and Maine.

The out-of-town performances have been discontinued for a variety of reasons. They were financially unfeasible and physically too demanding. Aside from the problems posed by having to mount the productions in makeshift quarters without adequate time for restaging and reblocking, there was the awful drain on the energy and resources of the actors themselves, all professionals recruited generally in the New York City area.

In the past, many supporters of TBA have erroneously assumed that the theater is primarily a training ground for would-be actors and amateur back-up men, behind the scenes and on the boards. They couldn't be more wrong. It is a highly structured *professional* organization with opportunities available for amateurs only at the lowest levels, and like most professional dance, drama or music entities, its most outstanding achievements to date have been shaped by one dynamic personality during each of its successive stages of development.

The man currently at the helm is Artistic Director Bernard Hiatt. There have been many others since its founding, but none has dramatized more effectively than Hiatt the importance of dedication and concern for professionalism.

"It's not the easiest thing in the world to persuade New York actors to come to New Hampshire to work, especially when we are not able to pay them the kind of salaries they are accustomed to receiving," Hiatt explains. "They can't leave us in the middle of a show to return home to do a television commercial or audition for a Broadway show."

"But those who have worked with us know that Theatre-By-The-Sea offers an actor an excellent opportunity to work at his craft and hone his talent," Hiatt adds. "And it is this—more than anything else—that has made it possible to recruit talent in the city."

Artistic considerations aside, however, there remains the harsh reality of economic survival and the myriad financial problems that have to be solved daily before the curtain can go up or the lights turned on; and it is in this area that Managing Director Steven Mendelson comes into his own.

"With only 92 seats, Theatre-By-The-Sea cannot satisfy demand or maintain its operating deficit within reasonable limits," Mendelson has noted. "The building and finance committees realize that the present size is not economically feasible and are seeking larger quarters."

Because of its high professional standards, additional support for the theater has come from other sources including Maine and New Hampshire Commissions on the Arts; the Sears Roebuck Foundation; Project TRY (Theatre Resources for Youth—a Federally granted project under the Elementary and Secondary Education Act of 1965); and Project Arise, another such project for northern New Hampshire. Many individuals and businesses have also encouraged and supported the Theater.

Still, the deficit persists, a fact of life recognized by the National Council on the Arts, which noted in one of its Annual Reports that "There has been an increasing recognition on the part of national foundations, state arts agencies, municipal governments, as well as local private sources of support, that the professional, resident theatre . . . cannot operate without a deficit and therefore must be permanently supported."

"While we cannot operate without a deficit, as the National Council on the Arts has clearly stated, we can hope to reduce the deficit through grants from trusts, the banking and industrial community, and from individuals," Mendelson pointed out. "Theatre-By-The-Sea is incorporated as a non-profit cultural and educational institution. As such, contributions to it are tax deductible and most welcome."

"Their tenth anniversary season erupted like a volcano with a stunning go at The Effect of Gamma Rays on Man-In-The-Moon Marigolds" by Zindel, raved Fritzie Cohn, drama critic for WCSH-TV in Portland, Maine. "Follow your nose to the salt air on your right and the spice of The Blue Strawberry on your left to Portsmouth for quality, professional theater at Theatre-By-The-Sea."

It is advice well worth taking.

FEO AND THE GAS LINES

Mr. BROCK. Mr. President, Prof. Milton Friedman is one of the most creative thinkers of our time, and a recent column by him in Newsweek demonstrates once again his innovative approach to urgent problems.

His argument with regard to the gasoline lines cries out for greater attention than we, in the Congress, have given it in our politics-as-usual-blame-the-free-enterprise-system method of operation.

Friedman calls for the abolition of the Federal Energy Office, but it is important for us to remember that in doing so he is not placing any personal blame on Mr. Simon and his associates. His argument, while it might be summarized in the same words, is not at all like that of those persons who carp at the administration for mismanaging the crisis.

Those critics call for more restrictions. Friedman calls for more freedom. Since we value freedom, we would do well to listen closely to his arguments.

I ask unanimous consent that his comments be printed in the RECORD.

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

FEO AND THE GAS LINES

(By Milton Friedman)

As I write this in Chicago, lines are forming at those gas stations that are open. The exasperated motorists are cursing; the service-station attendants are fuming; the politicians are promising. The one thing few people seem to be doing is thinking.

How is it that for years past, you and I have been able to find gas stations open at almost any hour of the day or night, and have been able to drive up to them with complete confidence that the request to "fill up" would be honored with alacrity and even with a cleaning of the windshield? To judge from the rhetoric that pollutes the air these days, it must have been because there was a powerful Federal Energy Office hidden somewhere in the underground dungeons in Washington, in which an invisible William Simon was efficiently allocating petroleum products throughout the land, riding herd on greedy oil tycoons lusting for an opportunity to mess things up and create long lines at their gas stations.

Of course, we know very well that the situation is precisely the reverse. The lines date from the creation of a real Federal Energy Office run by a very visible, able and articulate William Simon. Which is the cause and which the effect? Did the lines produce the FEO or the FEO the lines?

CONSIDER WEST GERMANY

After the Arabs cut output, Germany imposed no price controls on petroleum products. It did initially restrict Sunday driving but soon removed that restraint. The price of petroleum products jumped some 20 or 30 per cent, but there were no long lines, no disorganization. The greedy consumers found it in their own interest to conserve oil in the most painless way. The greedy oil tycoons found it in their own interest to see to it that petroleum products were available for those able and willing to pay the price.

Other European countries, like the U.S., imposed price controls. And, like us, they had chaos.

The Arab cut in output can be blamed for higher prices, but it cannot be blamed for the long lines. Their creation required the cooperation of shortsighted governments.

The world crisis is now past its peak. The initial quadrupling of the price of crude oil after the Arabs cut output was a temporary response that has been working its own cure. Higher prices induced consumers to economize and other producers to step up output. It takes time to adjust, so these reactions will snowball. In order to keep prices up, the Arabs would have to curtail their output by ever larger amounts. But even if they cut their output to zero, they could not for long keep the world price of crude at $10 a barrel. Well before that point, the cartel would collapse.

The effects of consumer and producer relations are already showing up. The European countries that introduced rationing and restrictions on driving have eliminated them. World oil prices are weakening. They will soon tumble. When that occurs, it will reveal how superficial are the hysterical cries that we have come to the end of an era and must revolutionize our energy-wasting way of life. What we have been witnessing is not the end of an era but simply shortsightedness.

At home, unfortunately, our problems will not be over so soon. The panicky FEO forced oil companies to shift so much production to heating oil that we face a glut of heating oil but a paucity of gasoline. The FEO's allocations among states have starved some, amply supplied others. Its order that refineries operating at high levels must sell oil to those operating at low levels sounds fine. In practice, however, it reduces the in-

centive for the recipients to buy oil abroad and produces a wasteful use of oil at home.

We have the worst of both worlds: long lines and sharply higher prices—indeed, higher than I believe they would have been without the waste resulting from FEO controls.

Is rationing the solution? Far from it. It is the problem. We already have rationing of producers and distributors. Coupon rationing of final consumers would simply be the hair of the dog that bit you.

ABOLISH FEO

The way to end long lines at gas stations is to abolish FEO and end all controls on the prices and allocation of petroleum products. Within a few weeks, your friendly dealer would again be cleaning your windshield with a smile.

How can thinking people believe that a government that cannot deliver the mail can deliver gas better than Exxon, Mobil, Texaco, Gulf and the rest?

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, the Senate has had the Genocide Convention before it now for 25 years—a full quarter-century.

For some that lengthy delay may seem but a brief moment in the span of history, but for those who have suffered the terror of persecution that delay has been intolerable. As I mentioned during our debate on the treaty this year, we owe a debt of gratitude to Anne Frank. Through her diary, the nightmare of religious and racial prejudice was brought home in terms that we all could understand. For that courageous girl, struggling day by day to escape murder in Nazi concentration camps, each hour brought a growing fear of betrayal and capture. Each minute was filled with mounting terror.

Mr. President, Anne Frank was an amazing individual. Her death came as one of 6 million, but her story has been immortalized. It served to highlight our apparent callousness in delaying ratification of the Genocide Convention.

Former Chief Justice Earl Warren has decried the fact that the United States may well be the last signatory of this human rights treaty—a treaty which we should have been the first to ratify.

Mr. President, the story of Anne Frank has lived on to remind us of the tragic inhumanity that still exists. The setting may have changed but the stark reality remains. I urge the Senate to act now and end this blight on our national honor by ratifying this convention.

CLASSIFICATION OF VITAMINS AND MINERALS AS DRUGS

Mr. STEVENS. Mr. President, I wish to add my name to the list of cosponsors of Senator WILLIAM PROXMIRE'S bill, S. 2801, to prevent the Food and Drug Administration from classifying safe vitamins and minerals as drugs.

Higher prices, synthetic additives, and increasing awareness that chemicals are used to induce animal reproduction are prompting people to eat less meat. Therefore, we need more vitamins and minerals to help us maintain our health. I might add that although fresh moose and caribou are available to the Alaskan who is lucky enough to bag an animal during hunting season, many Alaskans do not get fresh vegetables at their best. Alaskans know what shipping does to produce—and there is a definite difference in the fruits and vegetables before and after they have been shipped to Alaska. Alaskans need and frequently use vitamin and food supplements. Out in the bush where Alaskans rarely receive fresh produce and often cannot go into town to buy these products, much less go to a doctor to get a prescription for the use of them, vitamins are a real necessity.

In our history of glamorizing the use of white "enriched" flour, sugar, bread, and rice, the average American consumer uses these products and is not getting the vitamins required to insure and maintain proper nutrition.

While I do agree with the Food and Drug Administration on nutrition labeling for the purpose of supplying consumers with more information on what they are actually getting in the foods they are buying at the market today, I believe that there are vitamins and food supplements that are safe and need not be taken off the market for prescription use only. I support continued study on this matter.

As you know, 15 percent of the U.S. population are elderly Americans, many of them suffering from mental and physical illnesses which, in many cases, can be greatly reduced by a proper diet and food supplements. It is wrong to require these aged citizens to go to more expense and time to go to a doctor just to get these safe vitamins in the form of prescriptions that they could normally purchase in a local store.

Thus, I cosponsor Senator PROXMIRE'S bill on behalf of my Alaskan constituents and the many others who have contacted me in this regard.

PROPOSED SALARY INCREASES

Mr. McGEE. Mr. President, rents, interest, prices, in fact the cost of just about anything you want to name down to and including, as of 6 days ago, postage, has risen lately. Since 1969, prices have risen generally 30 percent, in fact, although the top officials of this Government, in all of its branches, have not seen any raise whatsoever in that span of time.

By our recent action, the Senate has, at least for the time being, voted to continue this situation. It is, by my lights, inequitable. It will, if permitted to continue as the policy of this Government, cost us much in the way of services by competent, experienced, even distinguished, individuals.

Mr. President, I invite my colleagues' attention to a letter from a senior career employee, a GS–18, on this subject. I ask unanimous consent that his letter be printed in the RECORD. I do not ask the same for the Business Week article to which he refers, since that already has appeared in the RECORD and is available to the Members of the Senate.

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

FEBRUARY 5, 1974.

Hon. GALE W. MCGEE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MCGEE: I was disappointed indeed to read about opposition to President Nixon's proposal to increase Congressional pay. As you know, unless Congressional pay moves out of its 5-year freeze, the salaries of cabinet officials and civil service employees remain equally frozen. Now it may be very magnanimous and statesmanlike for some Congressmen to refuse a pay increase (although it is surely earned), but I am afraid that this evidences no consideration for those civil servants who had been suffering through five years of rising rents, prices, interest, etc., on fixed salaries.

As a career employee in grade GS–18, I am one of those who has seen federal salaries for most people increase 25% while mine remains frozen. In view of what may seem to be my personal bias, I have attached a copy of a recent article from Busir ess Week and I would hope that you could take a few minutes to read it. I wonder how you can conceivably see any justice in continuing to withhold salary increases from top level career employees and how you can see any logic in continuing to compress salaries for all of the executives, their assistants, their assistants' assistants, and so on.

And, of course, you must know very well that there is only one basic reason for continuing this unjust and illogical practice—Congress just has not and will not raise salaries of executive department employees until their own salaries are raised. So what they are really doing by grandly refusing a raise for Congressmen is denying raises to career civil service employees who have been discriminated against for the past five years and who are now 25% behind the great majority of federal employees (as well as state, local and those in the private sector).

In the case of a GS–18, for example, the salary has been frozen at $36,000. Had this group received equal treatment over the past five years and received the same increases given to the other GS grades, the salary would have been approximately $44,000. If there is merit and justice in withholding this amount, I have yet to hear anyone in the Congress explain it. What I do hear are the grand, self-sacrificing statements of legislators who are prepared to give us raises they have earned for a reason which has not been made clear. But none address the point that these grand gestures result in the unjust deprivation of career civil servants.

May I say, in all respect, that members of Congress are certainly entitled to make such personal sacrifices as they think are appropriate; however, it is really not fair nor proper to sacrifice salaries earned by, and due to, others.

FUEL SAVING DEVICE

Mr. BROCK. Mr. President, the energy crisis ultimately will be resolved by the free market system and the ability of the American people to conserve our limited resources. One such effort by ordinary citizens to conserve fuel has recently come from my own State of Tennessee. William Young, director of electrical and mechanical maintenance for the Humboldt school system, has devised a means to automatically control the thermostats in the city's five schools. The mechanism reduces the heat to 50° in the off-school hours and on weekends, thereby saving the schools an average of

9 percent in the amount of fuel they require. Mr. Young estimates that the savings would run much higher during the cold January and February months. I am proud that a fellow Tennessean has come up with this innovative idea. I applaud his efforts and ask unanimous consent that an article from the Memphis Commercial-Appeal explaining the system be printed in the RECORD so that others may share his discovery.

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

HUMBOLDT SCHOOLS FIND FUEL KEY

(By Kemp Ward)

HUMBOLDT, TENN., December 11.—School officials here feel the energy crisis soon may ease a bit for the city school system.

Instead of needing additional fuel this winter to heat the schools, officials hope to have some left over.

After months of study and testing, school officials have developed an experimental electronic heating control system that could cut consumption of heating fuel at the city's five schools in half.

The system was developed by William 'Dink' Young, the city school's director of electrical and mechanical maintenance, and automatically rations heat on a need basis allowing for no significant waste.

Since its installation at two schools earlier this year, the system has proven a substantial energy saver.

Stigall Elementary and Stigall Junior High schools, each used only 5 per cent of their yearly fuel allotment the first month of heating this year, said school Supt. Ralph Mays.

The three schools without the system used more fuel. East End Elementary used 7 per cent of its allotment, Main Street Elementary 8 per cent and Humboldt High School 9 per cent.

Officials said the percentages should widen even further during the bitter cold months of January and February.

"I think it will be a tremendous help," Mays said. "I think the first month's figures show that. We believe it's going to do the job for us."

Young said he began working on the system last fall after noticing the old system of regulating heating at the schools produced "excessive waste."

"It didn't make sense to me to be wasting all that fuel," he said. "It's a good system and it has come at a time when it's badly needed. We need more people to spend time toward the conservation of energy. I devised this circuit and tried it out and it's doing what I want it to."

The system, which cost about $100 per school, utilizes a seven-day clock to control a school's thermostats and electronic sensors to adjust controls to heating needs.

"One thermostat, the 'day control,' is preset at 72 degrees and the other thermostat, the 'night control,' is preset at 50 degrees," he explained.

"From 7 a.m. to 3 p.m., the day control thermostat is activated. The rest of the time the night control thermostat takes over. The thing shuts down automatically on Friday and the heat doesn't come back to 72 degrees until Monday morning."

To prevent mishandling, the thermostat control panels are kept locked and only principals have keys.

The system has an outside temperature sensor that automatically prevents the heating system from working when outside temperatures reach a warm level and a manual override that allows the heating of buildings at night and on weekends for special occasions, he said.

In his bid to make the system almost self-sufficient, Young has also hooked an alarm system into the school's burglary alarm equipment that will alert officials immediately to a malfunction in the heating system without tripping the burglar alarm.

"The temperature in the buildings should never get down to dangerous limits without our knowledge," he said. "This alone is worth a lot."

Young, who is working to install the system in all the city schools, said it could be used in homes, factories, businesses and other places to conserve fuel.

"I'd like to see this system in use everywhere," he said. "If for no other reason because it will help conserve energy. Anyone who want to know how this works can have the plans."

HELLER CALLS FOR FISCAL STIMULUS NOW

Mr. HUMPHREY. Mr. President, a wide variety of economic indicators confirm that the United States is in a serious economic downturn—real growth has halted and will decline in the first quarter; unemployment has risen by 500,000 and is expected to increase further to 6 percent by the end of 1974; real purchasing power of the consumer declined in 1973 and continues to decline in the first quarter. In the face of these hard facts, what is the administration's reaction? Mr. Nixon and his economic advisers tell us that if the situation gets worse, they have contingency plans that will be unveiled to bolster the economy. My response to them is: How bad do things have to get?

In an excellent article which appeared this morning in the Wall Street Journal, Dr. Walter Heller was more eloquent than I. He concluded that:

Given the typical lags in policy action and economic reaction, one can only say that the time to act is now. When a man is drowning, one should not deny him a life preserver on grounds that one can always resort to mouth-to-mouth resuscitation.

Dr. Heller, now president of the American Economic Association and one of the most respected economists in the United States today, recommended an increase in the personal exemption from $750 to $900, which would relieve the tax burden on low- and middle-income families. It is these families that have suffered the most severe decline in real income as a result of the recent inflation. In addition, he favors a rollback in oil prices as a means of curbing profiteering and restoring much needed purchasing power to the consumer.

Mr. President, I could not agree more with my colleague from Minnesota that the time to act is now. I ask unanimous consent that Dr. Heller's incisive analysis be printed in the RECORD.

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

THE CASE FOR FISCAL STIMULUS

(By Walter W. Heller)

Once again, the battle between anti-recessionists an anti-inflationists is joined. Without differing very much on the 1974 economic scenario—downturn and double-digit inflation in the first half followed by an upturn and some ebbing of inflationary pressures in the second—the antagonists run the gamut from "ease up" to "hold tight" in their prescription for fiscal-monetary policy in 1974.

Part of this division reflects conflicting diagnoses of the nature of this year's recession and inflation. Partly, it grows out of divergent appraisals of how much of any given demand stimulus will translate into jobs and output and how much into more inflation (either now or later). And in no small part, it goes beyond positive economics to a conflict of values.

Nothing throws the issues into bolder relief than the proposal for a quick income tax cut in the form of an increase in personal exemptions. A tax reduction of $5 billion to $6 billion a year could be effected either by boosting the per capita exemption from $750 to $900 or by adopting Senator Mondale 's proposal to give the taxpayer the option of taking a $200 credit against tax or continuing to deduct $750 from income.

The equity case for this move is obvious: Before the year is out, inflation will have eroded the real value of the $750 exemption by more than 20% since it went into effect at the beginning of 1972.

Even more important, boosting exemptions would concentrate the bulk of the tax benefits at the middle and lower end of the income scale where recent inflation, especially in the form of surging food and fuel prices, has exacted a particularly heavy toll. (To reach the lowest income calls for further action, e.g., a step-up in social service programs and relief from Social Security payroll taxes on the poor.)

Indeed, the social rationale for income and payroll tax relief in the lower brackets is so compelling that it would make sense even if it were matched by simultaneous tax increases elsewhere.

But equity aside, can a broad-based income tax cut stand on its *economic* merits? Those who say it can't—Messrs. Shultz, Burns, Fellner, McCracken and Stein somehow come to mind—cite such arguments as these:

Our current economic downturn is mainly the result of supply restraints, of shortages and bottlenecks; such demand deficiencies as exist will soon correct themselves.

Any further stimulus will simply increase the ferocity and tenacity of inflation.

Mr. Nixon's fiscal 1975 budget already contains all the stimulus the economy can stand. And besides, cutting income taxes today robs us of vital revenue-raising power we need for tomorrow.

Straw men? Hardly. But neither are they holy writ.

SOME UNMISTAKABLE SIGNS

First, as to the nature of recession. Though supply shortages get the headlines, a close look reveals unmistakable signs of a shortage of demand. The weary consumer, whiplashed by tight money and fiscal restraint and whipsawed by runaway food and fuel prices, has pulled in his horns:

For nearly a year, his consumption of durables other than autos has fallen in real terms, while his consumption of non-durables and services has kept only a trifle ahead of inflation.

As to autos, the gasoline shortage has converted an expected decline into an actual disaster. Lying behind the 27% drop in overall sales of domestic cars last month was a plunge of nearly 50% in demand for standard and larger models.

Tight money has cut the rate of residential construction outlays from $60 billion a year ago to around $47 billion today.

For consumers, January was perhaps the cruelest month. While personal income dropped $4 billion, consumer prices raced upward at a 12% annual rate. Real spendable earnings of non-farm workers, after taxes,

were down 4% from a year earlier, the largest drop in 10 years.

Nor is any early rebound in sight. It will be months before exploding oil prices have worked their way through the economy soaking up $15 billion to $20 billion of consumer purchasing power in the process. For that's the amount of tribute the American consumer has to pay foreign and domestic producers of oil—and in the shortrun, very little of the funds thus siphoned off will reappear in the economy as demand for exports or increased dividends and capital spending by the U.S. oil industry. So even with an end to the Arab embargo, the U.S. economy will continue to suffer the paradox of "oil drag"—a cost-inflation of prices and a tax-like deflation of demand.

Contrary to the Alice-in-Wonderland reasoning in Mr. Nixon's veto message on the energy bill, a rollback in domestic crude oil prices could materially ease that drag. For example, a cutback in new oil prices to $8 and old oil prices to $4.25 (as against $7.09 and $5.25 in the energy bill), while maintaining strong incentives for boosting output of new oil and oil substitutes, would serve to:

Cut oil-cost inflation by $5 billion.

Restore $5 billion of real purchasing power to consumers.

Stop that amount of excess profits at the source.

It isn't often that a single measure promises to cut cost inflation, bolster aggregate demand, curb profiteering, and still maintain vital incentives. Yet doctrinaire pursuit of market ideology coupled with a paralyzing fear of further inflation seems to be blinding policy makers to the opportunities for simultaneously serving different objectives of policy. Not all demand stimulants aggravate inflation on net balance.

That brings us to the second major charge against the proposed tax relief, namely, that much or even most of it will run off into added inflation. No one can deny that added dollars in consumers' hands will elicit some price increases. But in 1974, a year in which deficient demand will persist even after recovery replaces recession, the trade-off will be highly favorable. Consider the nature of today's inflation:

Above all, it reflects price pressures born of the food and fuel shortages of yesteryear which, as Arthur Burns cogently pointed out last fall, "hardly represent either the basic trend in prices or the response of prices to previous monetary or fiscal policies." After this year, those pressures will begin to burn themselves out, leaving a legacy of high but less rapidly rising prices.

In part, it is a lagged response to the boom in world commodity prices in general. And these pressures too will ebb even as demand recovers, much as they did after the price explosion set off by the Korean boom in 1951.

Further, it is the result of a sharp rise in unit labor costs, which moved ahead at a 9% annual rate in the last quarter of 1973 and will get worse in recession before getting better in recovery.

Upward price adjustments as industries are freed from controls will also give inflation a jolt, largely a one-shot phenomenon.

In other words, inflation in 1974 has a life of its own, nourished not by excess demand but mainly by a variety of cost factors beyond the reach of fiscal and monetary management. The great bulk of the stimulus of a prompt tax cut would therefore express itself in higher output, jobs, and income, not in higher prices.

It can be argued—indeed, George Perry of Brookings has argued—that a well-tempered tax cut can help relieve cost-push pressure by redressing labor's cost-of-living grievances in part through tax relief rather than wage escalation. Labor leaders keep an eye closely cocked on that critical barometer, "real spendable earnings *after* taxes." Cut income and payroll taxes and real earnings rise. If a fiscal bargain could be struck with labor to substitute this paycheck sweetener in part for wage hikes, less of the 1973–74 food and fuel price upsurge will be built into wage bargains.

But what about the legacy of a weakened tax system in 1975 and later years? Won't the inflationary chickens come home to roost? Not if responsive fiscal and monetary policies head off renewed excess demand when it again threatens the economy.

For that matter, the Congress should build a large part of the protection by coupling its exemption boost with a firm commitment to enact compensating revenue-raising tax reforms to become effective in and beyond 1975. The necessary funds could be raised simply by a substantial hike in the minimum tax plus a phasing out of most of the tax shelters for petroleum as oil prices curbs are progressively relaxed. (It is worth noting that with appropriate pricing policies, one can both avoid punitive excess profits taxes and phase out the distorting and inequitable tax preferences for petroleum—thus serving both equity and efficiency.)

THE THIRD QUESTION

But one still has to confront the third question: Isn't Mr. Nixon's new budget already offering plenty of stimulus to a sagging economy? And besides, shouldn't we be reassured by Mr. Ash's promise to "bust the budget" if Mr. Nixon's exercise in exorcism fails and the economy is by recession repossessed? The answer is "no" on both counts.

True, the fiscal 1975 budget gives the *appearance* of stimulus. Spending is scheduled to rise $30 billion, and the deficit to double from $4.7 billion to $9.4 billion. But as this most realistic of Mr. Nixon's budget messages makes clear, 'the recommended budget totals continue [the] policy of fiscal restraint as part of a continuing anti-inflation program." Indeed, the unified budget surplus on a full-employment basis would rise from $4 billion to $8 billion.

On a national income accounts basis, the rise in the full-employment surplus would be even greater. Even without fully accepting the St. Louis Federal Reserve Bank numbers showing a rise in the full-employment surplus from a rate of $2 billion in the first half of 1974 to nearly $13 billion in the first half of 1975, and even allowing for the inevitable slippage in the budget process, one can safely conclude that the fiscal 1975 budget, contrary to surface appearances, offers no substantial stimulus to the economy.

But what of the assurances that contingency plans will be rolled out to step up spending in case recession rears its ugly head? Given the typical lags in policy action and economic reaction, one can only say that the time to act is now. When a man is drowning, one should not deny him a life preserver on grounds that one can always resort to mouth-to-mouth resuscitation.

EXHAUSTED ROOSTER'S BANQUET

Mr. HANSEN. Mr. President, the Worland Jaycees in north-central Wyoming are in the process of establishing what they hope will be an annual Exhausted Rooster's banquet.

The label of Exhausted Rooster applies to those young men who have reached the age limit for members of the Junior Chamber of Commerce of the United States.

The honoree at Worland's first banquet will be a local Exhausted Rooster, John W. "Dub" Maxwell, and I am pleased to call attention to his fine record of achievement and to request that a resolution summarizing his activities be printed in the CONGRESSIONAL RECORD.

Wyoming's Jaycees in general and Worland, Wyo.'s, Jaycees in particular have done an outstanding job and Dub Maxwell has been a real leader and a most worthy recipient of the Worland Jaycees 1974 award.

The banquet to honor him will be held in Worland on Saturday, March 16, under the chairmanship of Gordon Maxwell of the Jaycees and with the assistance of W. C. Hunter, secretary-manager, of the Worland-Ten Sleep Chamber of Commerce.

I am delighted to take part in this activity by submitting the following Jaycee resolution and ask unanimous consent that it be printed in the RECORD.

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

RESOLUTION

Whereas: The "United States Jaycees" is a constructive action organization of young men who devote a portion of their time to community service in the public interest, and the development of other young men and themselves to assume leadership responsibility, and

Whereas: The Wyoming Jaycees are dedicated to principles and policies as exemplified by the *"United States Jaycees"*, and

Whereas: The Worland Jaycees subscribe to principle and policy of the Wyoming Jaycees and the United States Jaycees in a united effort to constitute a responsible and adherent leadership to serve the public interest, and

Whereas: Each individual Jaycee embraces the articles of the "Jaycee Creed" which states:

We believe

That faith in God gives meaning and purpose to human life;

That the brotherhood of man transcends the sovereignty of nations;

That economic justice can best be won by free men through free enterprise;

That government should be of laws rather than of men;

That earth's great treasure lies in human personality;

And that service to humanity is the best work of life.

Whereas: John W. (Dub) Maxwell has personally exemplified the above State's principles, philosophies, and beliefs, beyond any reasonable expectation and

Whereas: John W. (Dub) Maxwell has been directly instrumental in leading many other young men to this high plateau, at great personal sacrifice, and selflessly,

Be it therefore resolved: That John W. (Dub) Maxwell be highly commended for his unselfish dedication to community, state, country and Jaycee organizations and be hereby proclaimed an "Exhausted Rooster" depicting his meritorious service.

INDEPENDENCE DAY OF THE BALTIC STATES

Mr. THURMOND. Mr. President, each year during the months of February and March the U.S. Congress commemorates the declaration of independence of the Baltic States of Lithuania, Estonia, and Latvia.

On this occasion, we seek to reaffirm our friendship for these people and assure them that they have not been forgotten. The people of the Baltic States

are entitled to governments of their own choosing and it will be a happy occasion indeed when they can once again enjoy national independence.

I ask unanimous consent that House Concurrent Resolution 416 and an essay on this subject prepared by Americans for Congressional Action To Free the Baltic States be printed in the RECORD.

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

THE BALTIC STATES AND THE CONSCIENCE OF THE WEST

(Red Terror in Lithuania, Latvia, and Estonia)

The recent publication in Paris of Solzhenitsyn's *The Gulag Archipelago*, dealing with the system of slave-labor camps on which the Soviet State is based, should make Americans reconsider the direction our foreign policy has taken. Do we wish to be joined with the rulers of the Soviet State in the oppression which they continue to visit upon their people, the Baltic States, and all other captive nations?

Solzhenitsyn's lonely and courageous testimony leads us to ask ourselves whether the image of President Nixon sitting down cheek by jowl with Party Secretary Brezhnev, while millions of Russians and other captive people suffer deprivation of their basic human rights, corresponds to the kind of morality we believe should govern our political purposes.

Members of the United States Congress have spoken feelingly and with great truth, concerning the plight of the Soviet Jews. But if the plight were somehow remedied, would we then have no concern with the fate of the rest of the enslaved people by the Soviet Communists who suffer so severely under the oppression of the Soviet commissars and rulers of the slave-labor camps? That is the kind of question which Solzhenitsyn forces us to ask our conscience.

TAKEOVER OF THE BALTS BY THE SOVIETS

The Kremlin is fond of saying that Russian imperialism died with the czar. But the fate of the Baltic nations—Lithuania, Latvia and Estonia—shows this to be a cruel fiction. The Communist regime did not come to power in the Baltic States by legal or democratic process. The Soviets invaded the Baltic States in June of 1940 and grabbed them by force of arms. The Baltic peoples have been suffering in Russian-Communist captivity for more than 30 years. One year later—in June of 1941—the Russian Communists started mass deportations of the Baltic people, and over 150,000 Lithuanians, Latvians and Estonians were swallowed up in Siberian slave and labor camps. Several days before the Nazi invasion of the Soviet Union on June 22, 1941, the people of Lithuania succeeded in getting rid of the Communist regime in the country: freedom and independence were restored and a free government was re-established. This free, provisional government of Lithuania remained in existence for more than six weeks. At that time Lithuania was overrun by the Nazis who suppressed all the activities of this free government and the government itself.

ANCIENT NATIONS

The Balts are proud people who have lived peacefully on the shores of the Baltic from time immemorial. For instance, this year marks the 723rd anniversary of the formation of the Lithuanian state. Mindaugas the Great unified Lithuanian principalities into one kingdom in 1251.

The Baltic peoples have suffered for centuries from the "accident of geography." From the West they were invaded by the Teutonic Knights, from the East by the Russians. It took remarkable spiritual and ethnic strength to survive the pressures from both sides. The Lithuanians, Latvians and Estonians, it should be kept in mind, are ethnically related *neither to the Germans nor the Russians.*

RESISTANCE AGAINST THE INVADERS

Since the very beginning of Soviet Russian occupation, however, the Balts have waged an intensive fight for freedom. It is widely recognized that in the period between 1940 and 1952, some 30,000 Lithuanian freedom fighters lost their lives in an organized resistance movement against the Soviet conquerors.

The Baltic peoples have never experienced such an extermination and annihilation of their people in their long history through centuries as during the last three decades. Since June 15, 1940, the Baltic nations of Lithuania, Latvia and Estonia have lost more than one-fourth of their combined populations to the ethnically genocidal deportation and resettlement programs of the Soviet Union. The genocidal operations and practices being carried out by the Soviets continue with no end in sight.

REDS COMB LITHUANIA FOR PROTESTERS

Soviet secret police have mounted a massive search of homes, offices and churches to ferret out dissidents responsible for illegal publications and protest actions in Soviet-occupied Lithuania, an underground journal reports. The police dragnet was described in the seventh and eighth issues of the *Chronicle of the Lithuanian Catholic Church* which were made available to western newsmen in Moscow recently. The *Chronicle* reveals increasing unity between nationalist and religious activists in the Baltic republic. Both groups regard Soviet authorities as the source of their problems.

The *Chronicle* No. 7 reported that in 1973 a total of 31,944 Lithuanians protested in three petitions to the Soviet authorities over religious repression and discrimination in secular life. One petition was signed by 16,800 persons, it said.

Dissatisfaction in Lithuania was candidly reported in January, 1974, in the republic's Communist party press which cited nationalism, religious individualism among the party's chief concerns.

CONFRONTING THE SOVIETS WITH THEIR ACTS OF AGGRESSION

The United States Government still refuses to recognize the forced incorporation of the Baltic States into the Soviet Union. But this lack of official recognition by our Government is not enough. Our diplomatic representatives at the United Nations and elsewhere should be prepared to confront the Soviet Union with its acts of aggression against Lithuania, Latvia and Estonia when Soviet spokesmen raise the cry of "imperialism" against our own country.

The Soviet Union has signed the U.N. Declaration of Human Rights. This document describes the fundamental privileges which are due to every individual from a state in which he lives. These include the rights of assembly, of free elections and of freedom of worship. Most importantly, they include the right to move freely over the borders for emigration or temporary visiting.

The United States and other countries of the free world should urge the Kremlin leaders to make these rights described in the Declaration available to the Balts and other captive people. If the rulers of the Soviet Union had the courage to carry out such reforms there would be no need for self-immolation to demonstrate the plight of Lithuanians and other people in the Russian Communist captivity.

BRINGING THE BALTIC CASE IN THE UNITED NATIONS

Past experience indicates that the Soviet Government is sensitive to criticism of its actions by those in the free world. Hoping that such means may minimize the persecution of the Balts in the Soviet captivity, the Administration should go ahead and implement H. Con. Res. 416 (89th Congress). This legislation was unanimously passed by the House and the Senate and it calls for the freedom from Soviet domination of Lithuania, Latvia and Estonia. The President of the United States should bring the issue of the liberation of the Baltic States in the United Nations and demand the Soviets to withdraw from Lithuania, Latvia and Estonia. We should have a single standard for freedom. Its denial in the whole or in part, in any place in the world, including the Soviet Union, is surely intolerable.

H. CON. RES. 416

Whereas the subjection of peoples to alien subjugation, domination, and exploitation constitutes a denial of fundamental human rights, is contrary to the Charter of the United Nations, and is an impediment to the promotion of world peace and cooperation; and

Whereas all peoples have the right to self-determination; by virtue of that right they freely determine their political status and freely pursue their economic, social, cultural, and religious development; and

Whereas the Baltic peoples of Estonia, Latvia, and Lithuania have been forcibly deprived of these rights by the Government of the Soviet Union; and

Whereas the Government of the Soviet Union, through a program of deportations and resettlement of peoples, continues in its effort to change the ethnic character of the populations of the Baltic States; and

Whereas it has been the firm and consistent policy of the Government of the United States to support the aspirations of Baltic peoples for self-determination and national independence; and

Whereas there exist many historical, cultural, and family ties between the peoples of the Baltic States and the American people: Be it

Resolved by the House of Representatives (the Senate concurring), That the House of Representatives of the United States urge the President of the United States—

(a) to direct the attention of world opinion at the United Nations and at other appropriate international forums and by such means as he deems appropriate, to the denial of the rights of self-determination for the peoples of Estonia, Latvia, and Lithuania, and

(b) to bring the force of world opinion to bear on behalf of the restoration of these rights of the Baltic peoples.

ENERGY POLICY STATEMENT

Mr. BARTLETT. Mr. President, the Energy Advisory Task Force of the Metropolitan Tulsa Chamber of Commerce should be commended for the energy policy statement that it has adopted. The task force's recommendations, if followed, would be a tremendous stride toward domestic self-sufficiency of energy.

Mr. President, I ask unanimous consent that the letter from the Metropolitan Tulsa Chamber of Commerce and the energy policy statement be printed in the RECORD.

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

METROPOLITAN TULSA CHAMBER OF COMMERCE,
Tulsa, Okla., February 20, 1974.

Hon. DEWEY F. BARTLETT,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR BARTLETT: A recent Energy Policy statement, adopted by this organization's Board of Directors, is enclosed for your consideration.

The Energy Policy statement was adopted upon a recommendation made by an Energy Advisory Task Force, whose membership includes a wide cross section of consumers, suppliers, and producers. The recommendations were formulated after long study by the entire task force.

We hope that this Policy Statement will provide some guidelines and input into your decisions in legislative matters involving the energy situation.

Sincerely,
DONALD L. BRAWNER, M.D.,
President.

STATEMENT OF POLICY ON ENERGY

BACKGROUND

The Metropolitan Tulsa Chamber of Commerce recognizes the seriousness of the world-wide energy situation. It was most appropriate that our Energy Advisory Task Force recommended this statement to convey the concerns which this situation presents to the business and industrial community as well as to all of our citizens.

Our nation has become so dependent on oil as an energy source that decisions made in regard to production, distribution and pricing of petroleum products are critically important to all. Such decisions must be based on the fact that controls on pricing adversely affect production and thus aggravate petroleum shortages in the long run. U.S. balance of payments deficits to foreign oil producing nations are more dangerous to the national economy than are the earned profits of our domestic energy companies. Increases in the supply of all forms of domestic energy must be the prime objective for the long-range alleviation of U.S. shortages.

Meanwhile, it is important for all of us immediately to put into effect conservation measures in our businesses and at home. It is appropriate for the business community to take the lead in protecting jobs by initiating conservation programs within their companies. It is also important for businesses to encourage employees to take advantage of the local mass transit system as well as to encourage forming car pools.

If we are to be successful in our efforts, the total business community will need to cooperate in an educational campaign for Tulsans and northeastern Oklahomans. Our Task Force is gathering suggestions from employers to provide ways to lessen the impact of energy shortages. Several of our major firms have already put conservation plans in action.

Our Task Force urges that government—state, local and national—must be involved in establishing standards and guidelines for adopting energy conservation programs. Our Task Force urges that government not overreact by implementing legislation that could have a detrimental impact on our economy. In this regard, the special needs of the recreation industry should receive careful and thoughtful consideration.

Therefore, based upon the Task Force recommendations, the following policy has been adopted by the Board of Directors of the Metropolitan Tulsa Chamber of Commerce.

POLICY STATEMENTS

1. The petroleum industry should be permitted to operate in a free market economy. Wellhead prices for natural gas and oil must be allowed to reflect the true market value, and price controls on all petroleum products should be immediately removed.

2. The intangible drilling costs deduction should be retained as an incentive to the continued search for natural gas and crude oil.

3. There should be a revision of leasing policies on Federal lands and waters for the development of coal, oil, gas, oil shale and tar sands to encourage immediate development consistent with prudent environmental practices.

4. The maximum use of coal for an energy source as an alternative to petroleum should be encouraged even if relaxation of environmental restrictions becomes necessary.

5. Expedite government processing of applications and issuance of permits for nuclear energy installations.

6. Educate and encourage businesses and individuals to implement effective energy conservation programs to avert rationing during the immediate crisis but more importantly to move toward more efficient energy utilization.

7. Support enforcement of the nationally proposed 55 MPH speed limit.

8. Encourage a public attitude favorable to timely expansion of refining capacity. Promote public understanding that advanced waste disposal techniques are compatible with adequate environmental safeguards.

9. Other energy resources should be developed by a high priority Government—Industry Research Program. All programs to increase energy production should be undertaken with sane and sensible consideration of their effect on the environment.

GUARD AND RESERVE FORCES

Mr. THURMOND. Mr. President, every day we are learning of policy and administrative decisions which are chipping away at Guard and Reserve fundings and strength levels.

Authorized drills are being cut back drastically in the Naval Reserve solely for monetary reasons. Furthermore, the Navy has made an internal decision to force out some 10,000 Naval Reserve enlisted personnel in fiscal year 1975.

Enlisted strength of the Marine Corps Reserves is down sharply and Marine Commandant Gen. Robert Cushman, Jr., has warned Congress the Marine Reserve program "may be in jeopardy."

The Air Reserve and Air Guard are reeling from air defense cutbacks which will result in thousands of dedicated enlisted and officer reservists being involuntarily discharged from that program.

The Army Reserve faces broad cuts which may result in the elimination of as many as 30,000 dedicated personnel within the Selected Reserve. All of this is being done despite the fact that Secretary of Defense Melvin Laird instigated the total force concept and Secretary Schlesinger made it Defense Department policy. This was done because it was recognized Reserve and Guard forces offer a cheap alternative to a larger and more expensive standing force.

Everyone says we should make the Reserve and Guard "leaner and meaner." This approach is valid, but being "leaner and meaner" does not necessarily mean being smaller. If such were the case we could reduce the Guard and Reserve to practically nothing and it would be the meanest military force in the world by virtue of its size.

The problem appears to be that the Guard and Reserve are fair game when the bureaucrats start looking for areas to save money. No one seems to be looking at the potential of the Guard and Reserve as a sound alternative to a large Active Force. No missions are being transferred to the Guard and Reserve in the interests of economy. Rather, trained manpower in the Guard and Reserve is being forced out.

Mr. President, there are undoubtedly areas of "fat" in the Reserve and Guard as in any organization. These should be eliminated. But some of those who are making the decisions do not see the Reserve or Guard as a viable element of the total force policy. They do not recognize the potential for real savings by expansion of these forces.

The Congress needs to give these matters serious study. It is the Congress, under the Constitution, which has the responsibility and authority to establish and maintain our military forces. It is about time we exercised that responsibility in a more participatory way.

Mr. President, a recent statement on this subject has been brought to my attention. I ask unanimous consent that an article by Maj. Gen. H. W. McMillan, president of the National Guard Association, entitled "Small Additional Steps That Will Guarantee Success," be printed in the RECORD at the conclusion of my remarks.

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

SMALL ADDITIONAL STEPS THAT WILL GUARANTEE SUCCESS

(By Henry W. McMillan)

Officials who must make the critical decisions on our defense posture are not in an enviable position. They are confronted on the one hand by burgeoning costs and heavy pressures to reduce defense spending, and on the other by a frightening awareness that America must not be permitted to fall behind Soviet Russia's expanding military power.

But in today's environment, too often the choice becomes not *whether* to further weaken our military forces but merely *where* to make the cuts.

The problem is intensified by the inability of many Americans to understand "why peace costs more than war", as an influential Congressional leader phrased it when the spending tab for the first post-Viet Nam year turned out to be as large as its wartime predecessors.

This seeming paradox can be explained, but the explanations are not readily acceptable to people who expected a "peace bonus" once the shooting stopped. First, inflation has taken its toll in defense as well as personal spending. Defense dollars buy far less than they used to. Second, manpower costs have skyrocketed under the impetus of record pay raises and "all-volunteer" outlays. Third, we must replenish war-depleted stocks of weapons, equipment and ammunition. And fourth, the need to maintain technological superiority demands heavier emphasis on research and development.

Unfortunately, many Americans interpret the so-called "detente" in a far rosier light than actual progress to date justifies, making it even harder for them to understand why defense costs can't be reduced drastically.

In this continuing effort to reduce spending, competition for every defense dollar has become ruthless. In the larger sense, the

Guard/Reserve has fared better than the Active Forces. In the past six years, the Guard/Reserve share of the total defense budget has doubled, from 2.5% to about 5%. (In actual dollars, the amount has climbed from $2.20 billion to $4.44 billion).

But in some specific areas, the Guard and Reserve have been denied relatively minor sums for which the return in terms of enhanced readiness would have far exceeded the costs. A case in point is the decision, effective last year, when the recruiting problem was at its peak, that the Army Guard and Army Reserve no longer could put new recruits on the payroll until they had been sent off to REP training. Another example is the Dept. of Defense's reluctance to authorize anything less than a full six years of active drill participation for new enlistees (the so-called "3 x 3" program was tested—three years of active drilling, three years in the Inactive Ready Reserve—but the test ended 31 Dec. and the DoD says the program's cost-effectiveness must be proved before it will consider its renewal).

Perhaps the most striking example of withholding support at a critical juncture is the failure of both the Pentagon and Congress to provide additional low-cost recruiting incentives for the Guard and other reserves.

It was pressures to reduce spending that led to formulation of the Total Force Policy. Guard/Reserve units cost far less to maintain than comparable Active units. It was recognized that, given more equipment and training support, Guard/Reserve units could attain higher readiness levels and thus supplant some of the more expensive Active Forces. But today, ironically, the very pressures that gave rise to Total Force are leading to false economies which jeopardize attainment of the desired readiness levels. Time and energy that should be spent on direct readiness-producing efforts now must be devoted to recruiting.

With millions already expended to make the Guard and Reserve a more responsive, all-volunteer force, we think it's time to take those small, additional steps that will guarantee success.

WYOMING YOUTH WINS PUBLIC SPEAKING CONTEST

Mr. HANSEN. Mr. President, I have long been convinced that our Nation's greatest resource is its youth. This conviction was reinforced when I had the privilege to meet Gregory C. Dyekman, a Cheyenne, Wyo., youth who is a student at the University of Wyoming.

Gregory was in Washington, D.C., for the Reader's Digest Association-Boy Scouts of America National Public Speaking Contest on February 20, 1974. He represented the North-Central region and was named the national champion in the public speaking contest. At the Boy Scout Congressional Breakfast on February 21, Gregory was one of the honored youth representatives and delivered his winning speech to the Members of Congress and other guests.

Gregory exemplifies the many outstanding young men and women who are involved in the Scouting programs of the Boy Scouts of America. He is to be commended for his skills and dedication which bring credit to his parents, teachers, friends, and community. The Boy Scouts of America and the Reader's Digest Association are to be commended for the opportunities they afford our Nation's youth.

Mr. President, I ask unanimous consent that Gregory's speech be printed in the RECORD. It is an inspiring speech which challenges the citizens of this Nation to get involved in meeting the challenges which face us.

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

SPEECH BY GREGORY C. DYEKMAN

You know the United States is the oldest "new nation" in the world. In less than three years the United States will be celebrating its 200th birthday making it the oldest sustained government in existence.

Through those first 200 years, though, the United States has been through some pretty rough times with a revolutionary beginning, eight subsequent major military conflicts including a bloody civil war, an earth shattering depression, and more recently, riots in cities and on campuses across the country. But, the United States has always shown an amazing capacity to bounce back from such crises. Why? Because throughout American history, there have always been those who are willing to stand up, to be counted, to get involved.

Unfortunately, I am afraid, that once again the United States is in a critical situation. For about the last decade, and especially in the last few years, a growing number of Americans have voiced rising dissatisfaction with government and the people who run it. With the events of the last few months the term "politician" seems to have become synonymous with "crook" and although its not making the headlines it once did, the Watergate affair has cast a dark ominous shadow of doubt over government at all levels and in all areas of the country. Our political system provides for the representation of the masses by a relatively small group of individuals and yet it's that very provision which has caused most Americans to forget that they, too, can and indeed should have a strong voice in government.

Sadly enough, it's very simple to find examples of where Americans simply haven't taken advantage of the opportunities for involvement. For example, rarely does a day go by when someone doesn't say "I wish I knew more about what was going on in Washington . . .," and yet, the very first week that the Watergate hearing hit the television screen, American housewives ranted and raved because they were missing "Secret Storm."

And then there's the environment. No one seems satisfied with our environmental policy today. Either it's too conservative or it's too liberal. We're reacting to the alarmists or we're selling out to the industrialists. No one seems satisfied and so it seems rather strange, that at the public hearings, which precede nearly every important environmental decision made in this country, that the empty seats outnumber the witnesses and the spectators combined.

And then there's education, an area in which we have a great deal to gain but even more to lose. Every American is directly affected by the quality of education produced in this country. Indeed, the decisions made by our educational leaders today will shape the future of the United States. That's why it is disheartening to me to find, that across the country, school board elections and school bond issue elections invariably draw among the lowest voter turnouts of any type of election.

Why don't people know more about welfare, inflation, tax reform or the energy crisis? Well, I'm afraid it's because we've become complacent. For years now we've allowed ourselves to sit back and let someone else make all the decisions for us and then we complain about the results.

Yet, even those people, that we've given the power to make our decisions for us, have been trying harder everyday to get us actively involved. A good example is the fact, that in many states across the country, legislators have enacted open meeting laws. And what about the 18 year old vote—a move by Congress to give us young people a chance to become an integral part of the political system we're going to be operating under for the rest of our lives.

What's going to happen to the United States if we allow this wave of apathy to continue? Some leading political and social scientists indicate that perhaps the United States is on the verge of a downfall—another Roman Empire because we're too affluent and too selfish to worry about anyone else. We seem to have forgotten the millions upon millions of Americans who simply haven't been able to make their needs known to government effectively and who rely on us to do that for them. The poor, the ill, the elderly, but especially the young. They have the most to lose for it's their futures that we're playing with.

Those futures can be made bright. The United States can bounce back from this crisis as it has from many others in its past. We're still basically the same nation after the same goals of life, liberty, and the pursuit of happiness as were our forefathers 200 years ago. But, we must remember the people in our society who depend on us to demonstrate to them the real meaning of a government of the people, by the people, and for the people. And even if we can't see the benefit in it for ourselves, let's get involved for them.

Thank you very much.

COMMONSENSE

Mr. BROCK. Mr. President, there is no better judge than the American marketplace to determine supply and demand. It cannot be legislated. My contention is backed by an article by Dr. W. Philip Gramm and Dr. Richard R. Davison, who wrote on "The Commonsense Way to More Oil" in the Wall Street Journal. This particular article deals with the energy shortage, but its philosophy can easily be applied to the entire economic marketplace. 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:

[From the Wall Street Journal]

THE COMMONSENSE WAY TO MORE OIL

(By W. Philip Gramm and Richard R. Davison)

In the great debate about how to stretch the nation's crucially short available supplies of petroleum products to meet current and expected demand, many people in influential positions are trying to straddle the issue. They are proposing rationing or high federal fuel taxes as a short-term policy and free markets as a long-term policy.

On the surface this blend of controls and freedom seems to make sense. The exact magnitude of today's petroleum *shortage is* unknown but the quantity of excess demand has been estimated in the range of 10% to 20%. Until the forces of the marketplace can once again achieve equilibrium, it is proposed that high fuel taxes would serve to trim some of the excessive demand and rationing would make sure that everyone gets his fair share of the available supplies of gasoline and fuel oil.

In fact, almost nothing could be quite as disastrous for everyone concerned. Rationing and taxing will cause output to fall and the shortage will get worse. The explanation is simple. If these programs are introduced as temporary measures, it's true they will serve to hold down the price of oil of domestic

producers, but at the same time they will also serve to introduce the expectation of higher prices after controls end. The producer, therefore, will have an incentive to restrict current supply and to maintain his capacity to produce under more profitable conditions.

We need only look back to last summer when beef prices were frozen to see what will happen. Since oil can be held indefinitely, while cattle quickly pass their prime market period and eventually die of old age, we can expect even more production holdovers in oil than we experienced in cattle.

Not only will rationing and taxing petroleum not eliminate the shortage, but under such programs the effective price of petroleum to the consumer *will be higher* than the price that would exist in a free market. There, as prices rise the quantity supplied would expand from both domestic production and increased importation; and the shortage would be partly eliminated by decreases in the quantity demanded and partly by increases in the quantity supplied. The taxing system, on the other hand, would produce no supply response and we would have to rely solely on decreases in the quantity demanded as the effective price rose—thus a higher price to the consumer than under a free market system.

Rationing, with a "white" market in coupons, though lowering the transaction costs that were incurred in the black market trading of World War II, will still produce a higher effective price to the consumer than the free market solution. The market price of ration tickets will be bid up to the point at which the ceiling price of gasoline, plus the price of the ration ticket are equal to the price at which the 10% to 20% of excess demand is choked off. But again there will be no stimulation of oil output, with the consequence that the effective price will rise above the level the free market would have produced.

THE ICEBERG IMAGE

What, then, could we expect of free market pricing by itself? Where would the additional supplies of oil come from if prices rise? Like an iceberg, 90% below the surface of the ocean, about 90% of the known oil in the U.S. is unrecoverable at present prices, existing in fields that are now considered largely depleted. But, as an iceberg floats higher when the sea becomes denser, so more oil reserves become available when the price rises.

To put this in perspective, in 1969, before the energy shortage developed and when there was little prospect of higher oil prices, cumulative production in the U.S. was 84 billion barrels, and recoverable reserves were about 31 billion barrels. (The Alaskan North Slope strike has increased this to about 39 billion barrels.) Yet there remained in these same reservoirs, in fairly well-defined locations and volumes, 285 billion barrels not recoverable at existing prices. The technology exists to recover much of this oil. Even now, over a fourth of the oil produced in this country comes from fields subject to artificial water floods, but even after successful water flood, about 50% of the original oil remains in place.

There are a large number of so-called "tertiary" recovery techniques that include steam and fire drives, dissolving the oil with miscible gases or liquids and methods employing detergents that literally wash the oil from the rock. The high temperature methods are particularly effective with highly viscous oils. There are estimates that up to 50 billion barrels of low gravity, viscous oil are recoverable by these methods. On the other hand, miscible fluid recovery techniques with higher gravity oils are capable of recovering as much as 90% of the oil in place.

While in time, more and more of this hidden part of the iceberg will become available as improved technology brings down the cost and risk, a few dollars per barrel price increase would likely have the effect of *tripling* U.S. oil reserves. Just how fast this additional oil would become available as the price rises is impossible to answer with precision. However, between 1947 and 1972 the record indicates that every 1% increase in prices of refined petroleum products was on average associated with a 4% increase in the production of gasoline. This fact bears out what the bureaucrats have been saying: Oil men are greedy. If you raise the rewards for production, they produce more to get it. If real prices fall, as they have under price ceilings, production falls off.

In a free market, all marginal or stripper wells that could produce profitably would soon be in operation. There are over 350,000 stripper wells in the U.S., producing 10 barrels per day or less and tens of thousands more shut down which could be made operational on short notice. Production from these wells could probably increase stripper production by 20% to 25%. Though some of these wells would require renovation, most could be on stream in six months to a year and could produce about 250,000 barrels per day. The even larger inputs from secondary and tertiary production and increased exploration would be felt more slowly. within a 24-month time frame, new production approaching one million barrels per day might be expected and this source would gush forth in ever increasing quantities until stopped by declining prices.

The free market oil price in constant dollars would be below $8 per barrel. At $8, a vast amount of energy from other sources would cut deeply into the conventional oil market. Not only would coal and nuclear energy replace oil and gas for power generation, but gas from coal would supplement natural gas supplies; and methyl alcohol from coal could undersell gasoline. The U.S. has some of the best coal deposits in the world—at least 200 billion tons (equivalent to roughly 900 billion barrels of oil and significantly in excess of world crude reserves). There are also huge reserves of shale and tar sands that could make a significant contribution at these prices, and even solar energy could make inroads into the space heating market in many localities.

A RETURN TO NORMALCY

Gaseous and liquid fuels from coal have a longer lag time than increased petroleum production, but the potential contribution is such that it places an absolute upper limit on ultimate fuel prices. For instance, methyl alcohol, produced from coal, can compete with gasoline at oil prices well below $8 per barrel. Furthermore, methyl alcohol is over 100 octane, lead-free, much cleaner burning than gasoline, and, as a by-product, it could save billions in pollution abatement. With these many energy alternatives, given the opportunity, the free market system would provide adequate fuel for rapid economic expansion.

One of the loudest objections raised against a free market solution to the energy crisis is that the petroleum industry will make excessive profits if prices are allowed to rise. Since the crisis was, in large part, engendered by various government regulations that disrupted the workings of competitive markets and by price ceilings that caused the real price of petroleum and natural gas to fall and lowered the return on investment, rising profit margins represent not so much a windfall gain as a return to normalcy. These profits are necessary if we are to revitalize the exploration and production process in the energy industry.

U.S. production of crude oil and natural gas liquids this year has been running close to 11 million barrels a day, while the latest figure for imports is about 6 million barrels a day. Imports, not covered by price controls, are selling for about $8 a barrel on average, although in extreme cases they have sold for twice that amount. Recently, new and stripper well production was freed from controls and is now selling for over $6.75 a barrel. Last week in a commendable move the price ceiling on "old oil" from existing wells was raised $1 a barrel, but this still leaves two thirds of America's oil selling for $5.25 or less and the other third ranging up to nearly $8 a barrel. The stated objective of these pricing policies is to encourage the finding of new oil and the maintenance of production from marginal wells, but under such a system there is a clear incentive to cut the production of nonstrippers and wait for prices to rise when ceilings are removed. Such incentives explain why many wells have been capped under the present pricing system.

Without question, the government has held the price of oil and gas artificially low for years. As a result, the return on invested capital in the petroleum industry has fallen from 9.4% in 1963 to 7.4% in 1972. Falling prices also have caused a drastic decline in drilling and hence curbed the growth of oil reserves. Twenty years ago, when crude production was only 60% of present production, there were about half again as many drilling rigs operating in the U.S. as there are now. But 20 years ago it cost less than half as much to find a dollar's worth of reserves as it did in 1972. Just from 1967 to 1972 the cost to drillers for oil field machinery, pipe and labor increased about 30% while the price of finished petroleum products rose less than 9%. This has caused a steady decline in the discovery ratio. At present, not including Alaska, we are depleting reserves about 20 times as fast as we are finding new oil.

In order to reverse this trend the oil companies must spend billions, but this they cannot do if their return on investment is less than the going interest rate. Under a free enterprise system the only way that the cash flow and incentives necessary for research and exploration can be provided is from profits. These profits cannot arise under the present system of controlled prices. The proposal that the government subsidize the oil industry for purposes of exploration and research will create a quasi-governmental cartel modeled on that paragon of efficiency—the U.S. Postal Service. It seems far better (and cheaper), therefore, to allow the oil companies to finance this exploration themselves through free competitive capital markets.

TREASURY CONTRADICTIONS

The new proposal to institute a progressive "windfall profits" tax on crude oil that sells for over $4.25 a barrel will only lessen the profitability of marginal production, and short term output will increase by a smaller amount than it would in the absence of such a tax. By extracting $3 billion to $5 billion a year from oil company revenues, such a tax will make it more difficult to plow back the $200 billion necessary to maintain current production over the next 15 years or to get external financing for such a massive investment. Moreover, the Treasury's estimate that such a tax will not affect prices to consumers is based on the assumption that over the five year life span of the tax the quantity of oil supplied will be perfectly fixed, i.e. that no marginal production is possible. This flies in the face not only of every private estimate of the price responsiveness of crude oil supply but of previous estimates put out by the Treasury itself.

Somewhere along the line people have forgotten how the profit system works, that it is to each producer's self-interest to expand output and thereby expand profits. As each producer does this, excess profits are competed away. Excess profits vanish when their work is done and output has increased.

It is plain common sense that if government regulation and price controls have

helped to cause the energy crisis, they are not likely to solve it. When government intervention does not solve a problem, the bureaucrat never thinks to end controls. He cries for more controls. Those who have no knowledge of free enterprise stampede to give him more power. In such cases, our problem is not an "energy crisis" but a "leadership crisis."

ALEXANDER SOLZHENITSYN

Mr. THURMOND. Mr. President, the tragic story of Alexander Solzhenitsyn is full of lessons for the free world.

Although we have problems here, we should all be proud of the fact that what happened to Mr. Solzhenitsyn in the Soviet Union could never happen in the United States. Mr. Solzhenitsyn criticized his country's government and was exiled. In America, any citizen can criticize without fear of reprisal.

An excellent article on this issue by James J. Kilpatrick appears in the Washington Star-News on February 20, 1974, and I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks.

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

[From the Washington Star-News, Feb. 20, 1974]

SOLZHENITSYN SHOWS FORCE OF TRUTH

(By James J. Kilpatrick)

The first stories last week on the arrest of Alexander Solzhenitsyn said that the Russian police sent seven men to pick him up. Seven men! If laughter can be found in this affair, let us find laughter here.

Seven men! The masters of the Kremlin might as well have sent a battalion, or two divisions, or a thousand armored cars. In making this arrest, the many would have been as helpless as the few.

How do you arrest an idea? How do you put truth in irons? They came too late for Solzhenitsyn. They should have seized him 50 years ago, before the boy learned to write.

The story speaks at two levels of time and truth. The first has to do with the Soviet Union in this century. The second has to do with man past and man future.

Nothing could more clearly reveal the fundamental weakness of communism—the rotten core at the heart of the ideology—than the story of Solzhenitsyn. A vase deal of nonsense has been written in recent years to the effect that the Communist revolution has "matured," or "come of age." Specialists in Kremlinology have found "cracks in the Iron Curtain." The cheery watchword is détente."

Yet nothing has changed, nothing at all. Communism is as fearful, as suspicious, as paranoid as it was in the bloody days of Stalin. The party cannot rule by reason; it can rule by force alone. In Hungary, in Czechoslovakia, in Poland, on Gorky Street last week, it is always the same: Dissent is equated with heresy, and public criticism with darkest treason. The Soviet Union has the mightiest army on earth, the greatest navy and the deadliest missiles. And the Soviet Union is afraid—afraid of a novelist, afraid of a man's ideas.

But the encouraging thing—the part of the story that lifts us up—is that man endures. For 50 years the Communist masters have labored to put out the fires of human freedom. They have made the press an instrument of propaganda. They have herded their children into state nurseries. They have purged their libraries and monopolied the book stalls. They have jammed the air waves and stopped up the people's ears. They have banned travel in the free world. They have corrupted law and perverted education.

Solzhenitsyn is 55. He was reared in this darkness, punished by imprisonment, denied access to every tool that might sharpen his intellect. But the fires cannot be wholly extinguished.

The spark never quite goes out. It is a lesson that tyrants learn in time: Something in the soul of stubborn man goes on. They could pave Red Square with granite blocks and cover the blocks with thick concrete. One day, in some distant spring, a seed still would come up.

To speak in terms of man or of mankind is to speak in abstract terms. Survival is personal. It manifests itself in the one human being—Joan at the stake, Luther at the door, Patrick Henry in a schoolhouse, Rosa Parks in an Alabama bus. The trees of freedom are metaphorical trees, but they are watered in real blood and tears. Solzhenitsyn is a symbol; he is also a very courageous man.

As for today's world, it has to be said that his act of martyrdom will not accomplish much. He has not loosened so much as one stone in the monolith. The Russian people will not be roused to counter-revolution. After a week or two, when the story drops out of the news, detente will continue as before. If Solzhenitsyn had been executed or imprisoned, the prospect might be different, but the Kremlin masters are brutal, not stupid. Exile, even brilliant exiles, get to be tedious old men. Banishment was better.

Yet things will not be precisely as before. Within the Soviet Union, the story will be told, and told again, of how the seven came for Solzhenitsyn; and under the snows of Russia the story will sleep like a single, indomitable seed.

NET ENERGY

Mr. HATFIELD. Mr. President, there are certain important principles of how natural forces operate on this planet that we must bring to the attention of our energy planners and our economists. Without the benefit of these perspectives, we will continue reacting only to immediate crises while we rush blindly toward a future that threatens us with energy scarcity, ecological deterioration, and economic disaster. In discussing these principles, we should treat man as the part of the world ecosystem that he is, subject to the same laws of nature as are all other populations of living things.

FORMS OF ENERGY

Man uses energy from many available forms. He consumes food energy in order that the cells of his body may perform their work so that he may function as an organism. He burns fossil fuels—oil, gas, and coal—in order to apply the energy released as heat to fashion certain products for his use or to propel him in vehicles or simply to keep him warm. He converts the heat energy released by the breakdown of fissionable materials to electrical energy, a form he can use to do the same kinds of things he does with fossil fuels. All other living things also use energy, although they are not as proficienct at tapping as many different sources as is man.

At the creation of the universe, the energy of the planet Earth was the heat of its molten core and the energy locked in the structure of the atoms that make up all matter of the planet. Since that time, other energy forms have accumulated here from the incidence of solar radiation on the surface of the Earth. Green plants transformed this solar energy into chemical energy. Our fossil fuels are just dead plant material accumulated over millions of years and converted to their present form by geologic pressures over a period of additional millions of years. They are very "rich" fuels, as concentrations of those millions of years of solar energy conversion by the green plants.

All this fossil-fuel energy that took so long to accumulate we are digging up and burning up in the space of a couple hundred years. Although solar energy continues to arrive at the Earth—and it is the only significant source of new energy entering this sphere—it is a very diffuse form of energy. You might have guessed this from the fact that it took millions of years to cause the accumulation of what man is using up in a couple hundred. It is so diffuse that, except for application to heating and cooling buildings, it will be of little use to man for his other endeavors.

NET ENERGY

We must therefore reserve most of our development efforts for the energy that is already right here on earth. And this is no small amount, in gross terms. However, there is a big problem that man is facing with regard to his energy supplies. And that is that the true value of energy to society is not the gross amount that exists in the world. The true value is the net energy—the amount remaining after you subtract the energy costs of getting and concentrating that energy.

Most forms are not concentrated for man's use in technological society. For example, there is easily releasable energy in trees, but we would have to cut down an entire forest and burn the wood in order to get the equivalent amount of Btu's in a single supertanker full of oil. We can concentrate energy from wood by converting it to oil or methyl alcohol, two processes we are now investigating to utilize the wood wastes generated by our timber industry. But we must realize that these processes are costly in terms of the energy that is expended to make the energy of wood available.

The fact that it takes energy to extract energy—to make energy available for our many uses—is a crucial consideration to which our energy planners and economic advisers have not paid attention. We should be asking—and finding out—just how many Btu's are burned up in making 10 Btu's of energy available to produce the goods and services we demand. Obviously, if we begin to exploit energy resources that take 11 Btu's in order to make just 10 Btu's available, we are going to lose the energy battle. We need to assess the President's "Project Independence" immediately in terms of what we are going to expend for what we intend to get. We need to look at the energy technologies we are going into—coal gasification, extraction of oil from shale rock, nuclear fission reactors, and so forth—in this light. But we have not developed the kind of energy accounting system that will allow us to make these assessments.

One thing already appears evident, however. And it is an ominous pattern. These new energy technologies are less and less efficient. It is taking more and more energy to get the energy to make our goods and services. To put it more precisely, the energy that we net from these processes is declining as a percentage of the gross energy released from the source.

ENERGY AND ECONOMICS

The economic ramifications of this development are extremely important. The major new energy processes being developed to replace our conventional sources will require more energy to get the energy available to the consumer. Therefore, they will be more costly to the consumer. You will be paying more and more for the process that makes the energy available to you. Consider this pattern:

In 1965 $1 bought an average of 100,000 Btu's.

In 1970 the same dollar bought 80,000 Btu's.

By next year, that 1965 dollar will only get you 50,000 Btu's.

We can soon expect this phenomenon of declining net energy percentage to become the principal cause of inflation, eclipsing all the other inflationary pressures which already are seriously unsettling the U.S. economy.

The more the United States increases its energy consumption under conditions of declining efficiency of the energy extraction process, the more rapidly inflation and the consequent economic instability will increase. An inappropriate energy policy, one that does not take net energy into account, will be felt in terms of a general economic crisis rather than in terms of the energy crisis that lies at its base. Only when our energy and economic planners recognize this relationship can we begin to attempt an orderly transition, from our present energy binge, to a period of consumption that is more attuned to the level that our energy sources can support without such adverse economic impacts. The transition will probably need to be accomplished within 20 years, but international political and economic developments could make the need for such a fundamental transition even more urgent.

Further, a national political decision like "Project Independence" if seriously pursued, would also have the effect of hastening the need to control our consumption, as we would begin moving on a crash basis toward implementing expensive technologies that are poor net energy producers—or may even be net energy losers. It could spell disaster for our economic system. I do not deny that technologies such as nuclear fission and coal gasification must be used in the next several decades until something like fusion becomes commercially feasible. We must realize, however, that we cannot possibly afford to consume energy from these sources in the same unlimited fashion that we have consumed the traditional forms of oil, gas, and coal. As we move into this interim period, we must restrain our consumption.

In order to nail down the points I have been trying to make, I would like to discuss some particular details.

QUESTION OF NET ENERGY RESERVES

We are often presented with statistics about how much oil, natural gas, and coal is still in the ground. These gross figures are then translated into terms such as how many years the United States could continue to run on this amount of fuel. Likewise, projections for the contribution of nuclear power to our energy supply are simply reported in terms of gross kilowatt output. What is ignored in all of this is the concept of net energy.

Suppose that for every 10 energy units of some deposit of oil shale proposed as an energy source, there were required 9 units of energy to mine, process, concentrate, transport, and meet the environmental requirements. Such a shale reserve would deliver only one-tenth as much net energy and last one-tenth as long as was calculated using the gross figures. We should be obtaining estimates of net energy from our estimators of energy reserves. We are getting a phony picture today. The net reserves of fossil fuels are mainly unknown, but they are much smaller than the gross reserves which have been the basis of public discussions and decisions that have implied that our present growth can continue unabated.

NUCLEAR POWER AND NET ENERGY

With regard to our nuclear energy resource, I would estimate that right now it is just barely a yielder of net energy. The high costs of mining, processing fuels, developing, and building plants, storing wastes, operating complex safety systems, and operating Government agencies make present nuclear power production a marginal operation. Because these supporting operations depend on cheap and abundant fossil fuels, there may not be a major long-range contribution of this nuclear fission technology to our economic survival. I emphasize, therefore, that this is likely an interim technology that will help us through the next 35 years or so. When the subsidy of the fossil fuels is removed, this marginal source will be even less economic, and may not be net yielding at all.

Although the breeder process is calculated to increase dramatically the efficiency of fuel use by nuclear reactors, we must be cautious about these figures. They do not show the diversions of other cheaper forms of energy that are required to operate the breeder technology. These diversions amount to an energy subsidy—they support the fancy, energy-consumptive structures and operations that are part of the breeder technology.

The fact is, we do not know whether the breeder will be a better net energy yielder than our present nuclear reactors. Further, this process is being developed near the end of the fossil fuel era—near the end of the time that fossil fuel subsidies can help keep the process a net energy yielder.

NET ENERGY FROM SOLAR

Many solar energy advocates do not realize that the energy cost of concentrating this form for any use but space heating and cooling is prohibitive, from a net energy standpoint. Forests and food producing plants have already maximized net energy from solar for human use. Plants build tiny microscopic photon receptors that are the same in principle as the solar cells promoted at vastly greater expense by some solar advocates. Such further efforts at concentration of solar energy require large energy subsidies. Plants, on the other hand, build their photon receptors and supporting structures entirely within their energy budget.

This is not to say, however, that some further concentration of solar energy is not possible with reasonable subsidies. Organized agriculture has made higher food—chemical energy—yields possible. Energy subsidies in agricultural efforts include large quantities of fossil fuels for fertilizers and running farm equipment. But beyond agriculture, building solar cells to further concentrate solar energy would be throwing bad money—and energy—after good.

ENERGY AND MONEY

Energy and money are by *no means* the same, but they are both currencies which flow through society. Energy is the currency around which we should be basing our economic forecasts, not money supply, the value of the dollar abroad, the value of stocks on the New York Exchange, the price of gold on the world market, and so forth. In order to get a better picture of where this country is going, or where it ought to be going, we should be thinking in terms of energy. We should develop energy budgets. Energy is absolutely central to our economic life, and this fact alone should show us that if we are to continue to have some control over our destiny, we should start looking at how we use our energy and where we're going to find more on a net basis.

ENERGY AND ECOLOGY

Today we are being led to believe that maintaining a quality environment and providing for our energy needs are conflicting objectives. Many of you have seen the advertisements that have appeared recently in our newspapers urging that auto emission controls be junked. Maintenance of our natural ecological systems, however, should not have to compete with man's other uses for energy. These ecological cycles should actually supplement our energy supply, and it is tragic that we have allowed this relationship to be turned around.

We have been making technological choices that have been displacing products and processes which fit in with the cycles of nature. Then, to rescue nature, we have been applying "environmental technology" which substitutes for natural processes, and therefore duplicates the works available from the ecological sector. This displacement and duplication is a crippling economic handicap.

Consider the example of how we handle human waste. As the growth of urban areas has become more and more concentrated, much energy, including research and development work, has gone

into developing and implementing technologies to protect our lakes and rivers and coastal waters from the wastes we are dumping into them. These wastes, however, are themselves rich sources of chemical energy capable of being recycled back to the farmlands from which these nutrients came. They would replace much of the fertilizer that we produce from fossil fuels and eliminate the need for energy-expensive tertiary sewage treatment.

When population or economic growth becomes so concentrated that such energy-consumptive technologies as tertiary sewage treatment or automobile pollution control devices start to be employed, then this growth needs to be arrested, or it will arrest itself, through an energy-caused economic depression.

Man as a partner of nature must learn to use well the natural ecosystems. They can be good, cheap recycling processes that utilize the kinds of energy and other resources for which man and nature do not compete. Or they can be destroyed at the same time we're expending great amounts of energy trying to keep them from being destroyed. Our present efforts to resurrect Lake Erie are a good case in point.

ENERGY AND ENTERPRISE

Societies appear to compete economically by the same principle that describes how natural living systems compete. The principle is this: those systems come to dominate that maximize their total net energy from all available sources, and then distribute this energy toward the ends that most promote their survival. In natural systems, a diversity of species develops that allows more of the available energies to be tapped. Many components of such successful systems are specialists in extracting useful power from less concentrated energy sources and they receive subsidies from the richer components of the system.

Consider how trees use energy, for an example of what I mean. The Sun-drenched leaves at the top of trees transport fuels that help the shaded leaves get some additional energy from the last rays of dim light reaching the forest floor. Trees use a portion of their rich energies to get a little more energy, even from sources that would not be net yielding alone; thus they develop more total power and more resources for their survival.

In the U.S. economy, we see how our rich fossil fuels have kept all kinds of goods and services cheap, so that marginal energy sources, such as nuclear fission, may receive the subsidy benefit that makes them net yielders. And just as the tree would die if its top leaves were somehow permanently shaded out, our present fission technology may not be able to stand on its own without the subsidy of cheap and abundant fossil fuels.

TRANSITION TO AN ERA OF LIMITED ENERGY

During times when there are opportunities to greatly expand the net energy available to a society there is a competitive advantage to rapid growth, even to the point of being wasteful of this energy. The last 200 years of Western culture is testimony to this phenomenon, as Western man rapidly colonized the Americas and Africa and exploited the resources of the Middle East and South Asia. Unfortunately, as we move into a period of declining efficiency in obtaining net energy, Western culture is still locked into a mode of belief that expansion is necessary for survival. Naturally, the Eastern and third world cultures share this belief and aren't about to be talked into slowing down their development by the Western World.

But at some point soon, man in nature must shift from rapid growth as the criterion for economic competitiveness to a relatively steady state as the model. The timing depends only on whether the breeder reactor works out as a good net yielder—a later brief reprieve from energy limitations may come if fusion works out.

Man must break out of his expansive ways, which now have him mesmerized, so that his total society can settle into a steady state, just as all other living things must reach an equilibrium point, in balance with the other living things and governed by the constraints of the natural world.

THE NATURAL LIMITS TO GROWTH

Ecologists have long been familiar with both growth states and steady states, having routinely observed both in all manner of natural systems. For example, they have observed the dog-eat-dog growth competition that occurs every time new vegetation colonizes a bare field. Here the immediate survival premium is first placed on rapid expansion to cover the available solar energy receiving surfaces. The early population consists of weeds that are not as efficient as energy converters, but are fast-growth specialists. Later, these plants are replaced by a population of higher diversity—more efficient in energy tapping, longer living, better controlled, and with more stable components.

Unlike biological scientists, most energy planners and economic advisers have never even conceived of a steady state. They have been trained in their subject during a period of rapid growth. However, most of man's history has been close to an ecological steady state, and it is only the last 200 years that has seen a burst of temporary growth, because man tapped certain concentrated energy supplies that accumulated over long periods of geologic time. It should be obvious that our most basic assumptions must be reexamined.

ENERGY MYTHS AND REALITIES

I would like to conclude by examining six commonly held, but mistaken, notions about our energy problems.

Myth No 1: We have unlimited fuel to continue running a highly consumption-oriented society.

We actually have far less net energy in our fossil reserves and in future alternative sources than the gross energies we are reporting. Until we unlock an energy resource that greatly expands net energy yield, our society will suffer greatly if we continue the rapid expansion of the consumer economy that has characterized our last 200 years.

Myth No. 2: Environmentalists caused the energy crisis.

We must understand that energy is part of the whole realm of creation, and not in competition with it. Our misuse of the natural cycles of the world ecosystem has been our single greatest waste of energy. Not only have we foregone utilizing the energies that power these cycles, we are paying a heavy energy penalty to save these crucial natural cycles from destruction.

At this point, we have no choice but to pay this price. But we need not keep on paying at this rate, if we would only mend our environmental ways in relating to these cycles. Man is an integral part of nature, and it is past time that we should realize the consequences of our acting as though we are not subject to the same natural laws that all other life is subject to.

Myth No. 3: Population increases causes the energy crisis.

The skyrocketing consumption of energy in this country has far outstripped our population increases. Per capita consumption has increased sharply due to the technological choices we have been making. We have been displacing lower polluting, lower energy consumptive processes with higher polluting, higher energy-consumptive processes:

Synthetic fibers have been displacing natural fibers.

Aluminum and plastics have been displacing forest products.

Truck freight hauling has been displacing rail.

Aluminum and cement has been displacing steel.

Nonreturnable containers have been displacing returnables.

Consider the impacts:

Synthetics—such as nylon and plastics—accumulate in the environment where they have no place in the natural cycles. They are usually toxic to living systems and cannot be broken down. Their synthesis has heavy power requirements.

Aluminum has 10 times the pollution price tag of an equivalent amount of wood. And wood is produced by solar energy in a natural cycle.

It takes six times the energy to move the same amount of freight by truck than by rail.

Production of aluminum, cement, and chemicals consumes 30 percent of the industrial use of electrical power in the United States.

The beverage container industry would consume 40 percent less energy by switching back to returnables.

It is imperative that we cut back on uses. The displacements I have described came about because of the higher profits inherent in the new processes and it will take economic incentives to get us back on a more ecologically compatible track.

We must stop invading the natural cycles with heavy concentrations of pollutants. In the end these only cause us to use even greater amounts of energy to

save ourselves and the world's ecological balance.

Myth No. 4: The energy problem is a temporary U.S. petroleum problem.

The Arab embargo and their price hikes have exacerbated our immediate problem in this country. However, the crucial energy problem—namely, declining net energy yields at a time when man's societies are rapidly developing, growing, expanding—is a world problem. Economic chaos in the more developed Western societies, where the problem will be felt first, will reverberate throughout the world, affecting Eastern societies and the so-called underdeveloped world as well.

Also, as energy forms are closely interrelated, shortages in one form will quickly be felt throughout the various energy sectors. For example, a natural gas shortage in this country soon becomes an oil problem, and the oil problem becomes an electrical power problem as well, as we switch from alternative to alternative energy source.

Myth No. 5: "Project Independence" will solve all our energy problems.

National energy independence, even if it is possible, will not solve the problem of constraints to our net energy output. If anything, Project Independence will bring us more quickly to the day when we must reach that equilibrium position, curtailing our rapid growth pattern and utilizing our net energy wisely, for things that will best serve our economic survival.

Myth No. 6: Traditional economic analysis by the President's Council of Economic Advisers, the Office of Management and Budget, the Federal Reserve Bank, and economics scholars in our colleges and universities will continue to throw light on the central economic problems of our day and guide us safely past the danger of depression.

As I have tried to explain, isolated economic perspectives will not reveal the full dimensions of our economic dilemma. What we tend to see as "economic problems" will in fact be a net energy predicament.

UNITY OF ENERGY, ECOLOGY AND ECONOMICS

Only when our leadership is able to grasp the unity of energy, ecology, and economics will we be able to guide our country in the desired direction. Today, instead, we hear adversary arguments coming out of these three disciplines, and this is dangerous to the welfare of our Nation and to the role of man as custodian of the Earth. In place of the confusion that comes from Western civilization's characteristic educational approach of isolating variables in one-dimensional thinking, we should seek a commonsense overview. Pragmatically, a way to begin would be to set up a capability in government to budget according to flows of energy rather than money. Energy is the all-pervasive underlying currency of our society. We must know how it works, where it comes from, and where it goes. Then we can intelligently deal with it and stabilize the economic fluctations of our society that are growing wilder every day.

RIGHTS OF THE RETARDED

Mr. HUMPHREY. Mr. President, recently U.S. District Court Judge Earl Larson of the State of Minnesota handed down a decision relating to the mentally retarded that will have nationwide impact. Judge Larson ruled that mentally retarded persons confined involuntarily to State institutions have a right to receive adequate care and treatment under the due process clause of the 14th amendment.

Judge Larson said the basis for his "right to treatment" ruling is that treatment is the only constitutionally permissible purpose for the confinement of a mentally retarded person because they have not been guilty of any criminal acts. If the treatment is not given, he said, being hospitalized for mental retardation would be like being placed in prison indefinitely for no convicted offense.

The mentally retarded are all too often the forgotten people of our society. They desperately need the protection of our legal system and the respect of their constitutional rights as citizens entitled to equal treatment under the law.

Judge Larson's ruling is another one of a series of historic rulings that, if properly implemented, can bring some sense of humanity and decency to the care, treatment, and education of the mentally retarded.

I ask unanimous consent that the article concerning this decision by Judge Larson which appeared in the St. Paul Pioneer Press of February 20 be printed in the RECORD.

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

RETARDED PERSONS' RIGHTS ARE UPHELD BY JUDGE

(By Nancy Livingston)

U.S. District Court Judge Earl Larsen has held that mentally retarded persons confined involuntarily to state institutions have a right to receive minimally adequate care and treatment under the due process clause of the 14th Amendment.

Six mentally retarded persons, patients in four mental institutions, were named as plaintiffs in a lawsuit brought in their behalf by the Legal Aid Society.

Named as defendants in the suit, which was tried last September in Larson's court, were state Welfare Commissioner Vera Likins and six state hospital administrators.

Judge Larson's ruling, made public Tuesday, dealt only with the legal issues involved in the case. He said he will order specific remedies later.

By agreement of lawyers on both sides, the trial was confined to Cambridge State Hospital with the understanding that it would apply to other hospitals, thus representing more than 3,500 persons. In his preliminary opinion, Larson has not attempted to judge the lawfulness of conditions and practices at Cambridge, but he will do so in subsequent orders.

The judge did say that plaintiffs' rights may have been violated under the due process clause of the 14th Amendment and the cruel and unusual punishment clause of the 8th Amendment.

The plaintiffs said Larson in an attached memorandum, have a right to "a humane and safe living environment while confined under state authority . . . Included in this right are protection from assaults or other harms from fellow residents, reasonable access to exercise and outdoor activities and basic hygienic needs."

He listed several practices at Cambridge which may violate this constitutional right:

Secluding residents in barren "isolation" rooms without being strictly supervised.

Use of physical restraints without first attempting less restrictive measures.

Excessive use of tranquilizers as a means of controlling behavior rather than as a part of therapy.

The judge said evidence presented indicated all mentally retarded persons, no matter how severe the problem, can improve if given adequate and suitable treatment. He said a program of "habilitation" can improve the lives of Cambridge patients.

This last finding was eagerly welcomed by the two Legal Aid Attorneys who brought the suit—Neil Mickenberg and Luther Granquist. They indicated they are anxiously waiting to see what practical application it will have. By court order, they will confer with the judge within 20 days to work out what relief the judge will order.

Larson said the basis for his "right to treatment" ruling is that treatment is the only constitutionally permissible purpose for the confinement of the plaintiffs because they have not been guilty of any criminal acts. If the treatment is not given, he said, being hospitalized for mental retardation would be like being placed in prison indefinitely for no convicted offense.

The judge said it is not enough for the defendants to show that conditions at Cambridge are improving and that they acted in good faith. Neither is lack of resources justification for the state depriving any person of his constitutional rights.

He noted that the legislature has dealt a number of blows to the institution, such as repeatedly appropriating a drastically smaller amount of money for special equipment than requested. And in 1971, the legislature eliminated about 550 positions in 10 state hospitals. As a result of this, Larson said, Cambridge, which had requested 98 additional staff positions for the 1971–73 period, lost a total of 148 employes. Since mid-1971, the institution has had a decrease of more than 170 staff members.

Though the question seems to be one of conflicting leigslative priorities and though the state is not constitutionally obligated to provide services to its citizens, Larson said federal courts have forced additional expenditures on state agencies to remedy constitutional violations.

He said the court has the right to order defendants to seek out and develop community based facilities for the placement of involuntarily committed retarded persons.

"SACRED COWS" INTENSIFY ENERGY CRISIS

Mr. DOLE. Mr. President, a series of articles which recently appeared in the Wichita Eagle discussed this Nation's use of petroleum products for automobiles. Like most of us, Energy Editor Ted Brooks is concerned about the current fuel shortage, and he deplores modern America's worship of its "sacred cow," the automobile.

The solution to the shortage of petroleum—as Mr. Brooks and the Citizens Advisory Committee on Environmental Quality see it—is to somehow lessen our Nation's dependence on large and inefficient automobiles so that petroleum can be diverted to other necessary areas of our existence.

We have seen an increase in the purchase of smaller automobiles, and greater use of car pools and public transportation within the past several months. Perhaps this behavior indicates a return to some good, old-fashioned thriftiness that will help blunt the effects of high prices and product shortages we confront today. Mr. Brooks has suggested our fuel shortage may well vanish with the "extinction of sacred cow worship" in our society. I hope that others will take note of these articles for the serious and thought-provoking observations they make about the automobile and petroleum industries today and their relationship with the energy crisis.

I ask unanimous consent that the text of this series of articles be printed in the RECORD.

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

FROM THE OIL DESK: OUR PRODIGAL SACRED COW—I

(By Ted Brooks)

In India, the sacred cow is a cow.

In the U.S., it is the automobile.

It is said that some 80 million of the Indian species roam about the countryside gobbling up nearly as much of the nation's provender as the Indians themselves. An Indian would be as likely to eat his grandmother as any part of a cow.

In the U.S., there are close to 98 million passenger cars. They scoot about on the highways and heat up in slow traffic to gobble up 75 billion gallons of gasoline a year. They too are sacred. Homo sapiens Americanus would as leave shoot his mother-in-law as give up his car. When she yells loudly from the back seat, he sometimes does so anyway.

Utter dependence on the automobile leads to some trillion-odd miles of travel a year. It is generally conceded that possibly half of this is necessary. Half of that would be safer and more enjoyable on foot or a bicycle Few people are trampled to death by pedestrians returning from bars.

As a result of all this, 29 per cent of our total petroleum supplies are devoted to feeding our sacred cows. This is almost 13 per cent of total energy use. Total current energy consumption in the U.S. amounts to approximately 73,000 trillion British thermal units (BTU's) annually. Passenger car gasoline sops up 9,417 trillion BTU's of that immense figure. This is only the beginning.

In addition to the 125,000 BTU's of energy that go up in smoke for every mile that is driven, about 150 million Btu's of energy are expended in the manufacture of each motor car. In a 10-million car year, this accounts for another 1,500 trillion BTU's, or two per cent of total energy expenditures annually.

The figures pile up endlessly. Each 125,000 BTU gallon that goes in the tank requires another 25,000 in the refining process. In what amounts to one of the largest industry subsidies ever known, we have paved some 21,000 square miles of pasture for our sacred cows.

This is done with asphalt and road oil with processing costs about half that of gasoline; and uncounted billions of tons of cement, which is manufactured with an energy expenditure of more than 7.5 million BTU's to the ton.

Summing it up, the Citizen's Advisory Committee on Environmental Quality says that the total energy cost of the country's passenger cars amounts to 18,400 trillion BTU's annually (the equivalent of 147.2 billion gallons of gas).

That figure includes direct fuel use, refining losses, auto manufacturing, retail exertions and repairs. With admirable delicacy the committee left out hospital costs, doctor bills, speeding tickets, drivers licenses, insurance, wooden legs and monuments for those who proved they had the right-of-way.

The committee doesn't want to abolish the auto. Goofy or not, the auto business provides one out of six jobs in the country. It does want to lessen our dependency upon our sacred cows and take a little glitter from industry's golden calf.

The mildest of restraint in this area would yield extra energy for other pleasantries such as staying alive. How this can come to pass without pounding everyone over the head with a ballbat is unknown. The committee is trying persuasion. Some of its recommendations will be recounted in a column to follow.

FROM THE OIL DESK: OUR PRODIGAL SACRED COW—II

(By Ted Brooks)

(This is the second of several columns on America's sacred cow, the automobile—Ferro bovine Americus.)

The sagacious readers of these columns will instantly recall the immense expenditures of energy connected with the use and abuse of the automobile. Some may be seized with feelings of guilt when forced to ride in these contraptions.

Those with transistors in their frontal lobes will recollect that of the 73,000 trillion British Thermal Units whooped off in the U.S. each year (a rising figure now out of date), an astounding 18,400 trillion (18.4 quadrillion) are debited to the auto.

The significance of such a figure is difficult to reconcile with ordinary experience. The Wichita Eagle's energy desk, in a historic contribution to public interest has calculated that the BTU figure s the caloric equivalent of 13,240 trillion hamburgers.

With an allowance for some supplement to this wretched fare, this would feed the present U.S. population for 24.5 horrible years. It further upsets the bowels to contemplate that it would be the patriotic duty of each man, woman and child to consume seven hamburgers a day during the period of darkness.

Given the alternative, all but the McDonald people would probably opt for the explosive equivalent—7.9 trillion pounds of 75 per cent dynamite.

High officials in government, even though lacking the superior insight of hamburger arithmetic, are alarmed by this prolifigate use of energy. Secretary of State Henry Kissinger and members of the Citizens Advisory Committee on Environmental Quality are directly concerned.

Secretary Kissinger is preparing the nation for an extended period of austerity in case his mideastern foreign policy bombs out. The environmental group, dedicated to the conservation ideal without qualification has published a booklet, "Citizen Action Guide to Energy Conservation," to persuade us to use our energy more wisely. Though available at a mere $1.75 and the most important publication in the U.S. today, it remains unsold in vast numbers in the vaults of the Superintendent of Documents, Washington, D.C., 20402.

It is indispensable for those who would like to get the jump on the mounting energy crunch. Judging from the feckless tenor of the times, one might estimate that at least one person out of every 10,000 will have the good sense to order it.

The environmental people concentrate most of their efforts on the pooling of cars, the promotion of smaller cars and the avoidance of all forms of energy-using transport whenever possible.

Bicycles and the feet are excepted, though they utilize 200 and 300 BTUs per passenger mile, respectively. Biological energy is not related as costly in this view, though of course this is not exactly true. The rising price of calories is an irritating part of the energy pinch.

That most hazardous and extravagant of all common forms of transport, the flying machine, ranks at the bottom of the list with a rating of 8,400 BTUs per passenger mile. In intercity travel the automobile consumes 3,400 BTUs per passenger mile, the railroad 2,900 and the bus 1,600. In urban driving, the auto soars to 8,100.

This is where the environmentalists would score most. A modest 3-man car pool boosts car occupancy from an average of 1.4 to 2.8 per trip. That would have the effect of reducing 360 trips of about 10 miles each to 180 trips, resulting in a savings of 127 gallons of gasoline (15.8 million BTUs), or $48 per year.

Gains on other operational costs of 10-plus cents a mile would increase savings to $220 a year.

Enterprising car owners might add several more passengers to the pool to maximize savings, but the human problems have a tendency to outrun monetary benefits. It is very difficult to find six people who can endure each other's pipes, cigars, cigarettes, dirty jokes and various levels of taciturnity and garrulity for five days a week.

The negative considerations are augmented by the fact that at 7:30 a.m. almost everyone is inclined to hate everyone else.

On the other hand, an agreeable and talented carload can provide a rewarding daily adventure. As an accountant may reveal how one may avoid the rapacious hand of the IRS with minimum risk, so may a commuting doctor remove furuncles, wens and warts without charge.

A danger lies here in the possibility that the tastes, desires, conviviality and BTU ratings of the passengers so closely coincide that the riders almost never get to work.

Other and more serious aspects of the energy crisis as reflected in the transportation sector will be expounded in columns to follow at erratic intervals.

FROM THE OIL DESK: OUR PRODIGAL SACRED COW—III

(By Ted Brooks)

(This is the third of a series of columns on our most extravagant medium of energy waste—our sacred cow, the iron cow of America, the automobile.)

Savings that accumulate from small, persistent economies are seldom sought unless they materialize immediately. Otherwise, there would be far less pooh poohing of car pooling, not to speak of other prudent rules of car use and operation.

If, instead of the present demigods, we were ruled by benevolent despots such as the late Ivan the Terrible, there would be no problem. Car poolers might be paid in advance. We have seen how each pooling family would save $220 per year. The government would snatch the advance payment back with interest through a number of insidious and common processes.

This would not deter a general rush to pooling, a patriotic demonstration of public concern over the energy crisis and the collection of $220 in reasonably hard currency.

However the project were effected, the energy and dollar savings would be large. The Citizens' Advisory Committee on Environmental Quality says that if every car-family participated, the national saving would amount to 87.8 million trips, 11.2 billion gallons of gas and more than 4 billion dollars a year.

The gasoline saving alone adds up to 1,400 trillion British Thermal Units (BTUs) and represents about 14.9 per cent of gasoline consumption.

Also suggested by the committee is the sacrifice of just one trip a week per family. This would be no burden; 54 per cent of all

trips are of less than five miles. Many, at least one a week, might be postponed forever. Others would yield to advance planning. Mother could go to the beer hall while father shopped and the children played with matches.

The total saving would amount to 38 billion miles, 2.9 billion gallons of gas, 1.1 billion dollars and 362 trillion BTUs.

Each family would collect another $74 a year under the advance payment plan.

Predictably, the most practical economy available is most difficult to establish—a switch to smaller cars. This violates the fundamental gospel of the Sacred Cow as laid down by the high priests of Detroit. They have successfully propagandized most of us into the secret belief that that size and elegance of our transportation is a measure of success.

This childish tenet, both the cause and effect of subtle big-car advertising, is a cultural attachment. People who ignore it run the risk of being thought odd or undependable in important matters.

Most happily, growing numbers are beginning to consider this a worthwhile risk and a sensible deviation from the norm. As in the case of long hair and shaggy fashions, we are indebted to the counter culture for this trend.

If every family switched from a medium-sized, 3,500-pound car to a 2,500-pounder, there would be an additional individual savings of $132 per year. This would accrue as gasoline mileage increased by 6 miles to the gallon.

Allowing for small cars already on the road, this might save a total of 13 billion gallons of gas annually, or 1,625 trillion BTUs. Additionally, the buyer saves about $1,000 on his capital investment, and since it takes 26 million BTUs to process a ton of steel, that too is saved—over and above the computations to follow.

Summing up on these three items alone, each passenger car family can save $426 a year (8 bucks a week). Since everyone has a place for $426 but would simply fritter away a slow accumulation of savings, this would be paid on the spot.

Assuming 75 million happy families participated in this event, the total distribution would amount to about $31.9 billion, which is less than the military spends on creating large explosions in uninhabited jungles. The government would retrieve the money immediately at the exorbitant interest rates charged by conventional institutions.

The immediate energy saving would total 3,387 trillion BTUs annually. The magnitude of the saving may be illustrated by hamburger arithmetic which reveals that the caloric equivalent in food would sustain everyone in the country for more than four years. It is assumed they could stand to eat 7 hamburgers a day.

In subsequent columns the prudent reader will be delighted to learn of other savings he may effect through the care and feeding of his sacred cow. Finally, it will be argued that the contraption is the most inefficient and poisonous piece of junk ever put together.

FROM THE OIL DESK: OUR PRODIGAL SACRED COW—IV

(By Ted Brooks)

(This is the fourth series of columns on America's sacred cow, the automobile.)

We have seen how each car-family may squirrel away an extra $426 per year through savings in direct transportation costs. It was shown that this would result in a national energy savings of 3,387 trillion British Thermal Units (BTUs).

This is an immense saving. It amounts to about 4 per cent of all annual energy expenditures. It would result if each car-family would pool its daily work rides, sacrifice one trip a week and switch to compact cars.

This defines the so-called energy crisis. With these easily achieved savings, most of its aspects would cease to exist in the realm of liquid fuels.

This suggests the existence of a much graver crisis: An alarming shortage of common sense and a reciprocal over-supply of those sins of indolence and pride, which, in the days of the horse, were supposed to guarantee one a ghastly future in hell. By the horror with which mild shortages are viewed, one must now define hell as walking to the grocery store.

But there are signs of hope on one front—the switch to small cars. Most productive of the three redeeming changes, this would save some 13 billion gallons of gasoline a year.

We despaired of bringing this about. Few passions exceeds that of the car buyer stepping up to the luxury of the Packard Twin Six.

This despondency was premature. It is the worried word from Detroit that compacts are selling like mad. The behemoths are glued to the showroom floors. The news is not universally acclaimed as good.

Auto manufacturers and dealers have met the problem with characteristic fortitude and ingenuity. The compacts they promoted a year ago in the $2,000 range are now loaded with such vital equipment as whitewall tires and glove compartment lights; whereupon they bring $3,000-plus. Fuel economy is selling at a price.

This amounts to an unrecognized revolution. Social customs such as weddings, shoot-outs, funerals, hangings and car-buying usually change but slightly over a period of many years. All defy the cautions of good sense. All attract supporters who owe their prosperity to keeping the bamboozlements alive in their most expensive and illogical forms.

But here is one that has drastically changed in a matter of months. It urges one to the shocking thought that the American Petroleum Institute and the big oil companies have so oversold the energy crisis that they may be driven out of business. Gasoline sales could drop to a mere 90 billion gallons a year.

It is possible. No one dreamed that the energy crisis alarms might make conservation fashionable. The day may not be far off when the person who purrs to town all alone behind several hundred horsepower may be considered something of a nut; when the buyer of a large car is counted as a member of a vanishing race of vainglorious barbarians.

When reason fails, the laughter and scorn of one's peers serves to induce sanity. The most stubborn citizen abhors the prospect of being considered old-fashioned or mentally retarded.

But until such gentle thoughts and economies win wider acceptance, prudent motorists will have to make do with the sacred cows extant. How individual savings in other ways add up to additional large energy gains will be related in a column to follow.

FROM THE OIL DESK: OUR PRODIGAL SACRED COW—V

(By Ted Brooks)

(This is one of several columns about Ferro bovine Americus, the common automobile.)

They almost danced in the streets in Amsterdam. People strolled around and zigzagged about on bicycles as though they owned the throughways—and they did. The occasion was the first no-driving Sunday celebration in The Netherlands.

In a general way, the Dutch are shorter on gasoline but longer on tulips and brains than Americans. There was no nonsense about the one-day-a-week driving moratorium. A blatant violation might earn one a five-year education in the workhouse.

A similar no-driving Sunday edict in the U.S. would save about 273.9 million gallons of gasoline per Sunday. In a year of Sundays that would add up to 14.2 billion gallons. The gasoline shortage would vanish. Sunday bargain hunters and storekeepers would get a needed day of rest.

One may guess that the entire character of the country would change. With time on their hands, people would be compelled to read their newspapers and highly informative discourses such as this. For the first time they would find out what is going on.

Tiring of that and almost equally enlightening opportunities contaminating the air waves, many would stroll about and meet their neighbors. Others might be moved to find out what the hell is going on at church.

Undoubtedly there would be a great outpouring of old-fashioned social functions. There would be a dramatic rise in beer-drinking, church going, popcorn-popping, garage poker games, hobbies, lawn mowing, homicides and gardening, just to mention a few. With some delicacy, one is obliged to predict a brisk population increase in due course of time.

Relieved of the dominance of the sacred cow, citizens might find the back-to-the people, back-to-the-home and back-to-the-earth freak-out so much fun that a second day of grace would be demanded.

President Nixon has wisely and belatedly moved into conformance with the philosophy of this column. But there is a certain amount of overkill in proposals which severely restrict business and industry for seven days a week.

Weekend restrictions would impede the flow of commerce very little. Only those establishments which persistently violate the Sabbath and the five-day work ethic would suffer. The change would be restricted to recreational habits. Few of these are vital to the individual or society.

The sudden presence of 80 million emancipated car drivers might pose a temporary problem. They would have to be watched closely for signs of mental troubles, ingrown toenails and other diseases associated with unaccustomed exercise.

The President's admonition about speed reduction was not well received. For some reason, people ho hum this. The 2 per cent saving is not descriptive. In practice it amounts to about 2 billion gallons a year, or 250 trillion British Thermal Units (BTUs).

Similarly, a little attention is paid to the aggregate gains of well-tuned engines. The Treasury Department claims that twice-a-year tune-ups would save 140,000 barrels (5.3 million gallons) of gasoline a day—2.1 billion gallons a year. Consistently and properly inflated tires would save nearly half of that.

But as the average person will seldom bother to retrieve a dropped penny, so is he unimpressed by a few pennies saved on each tank of gas. Unless people learn that the energy economy is passing from an era of abundance to one of scarcity, they may, like the Dutch, have to start throwing each other into jail. This would be deplored by many, although it would raise the intellectual, moral and social level of the prison population and thus lead to many needed prison reforms.

But the sacred cow itself has been ignored in all of these energy-saving strategems. The idea persists that the only way to get from here to there is to manufacture a huge number of contraptions which utilize a series of violent explosions. These are awkwardly converted to motion, most of which is dangerous and all of which is wasteful.

This sacred cow of ours is often described as the fruit of mechanical and organizational genius that is in some way unique to America. In truth, it is a sophisticated blunder that we should be happy to share.

It gallops along with an overall fuel systems efficiency of about five per cent. With care, frequent repair and nursing along at less than half of rated load, it lasts about 8,000 hours, or less than six months of continuous operation. Much of its efficiency is derived from petroleum chemistry, not automotive design, this, despite loyal industry claims, is achieved at an overall fuel systems loss and at high environmental and monetary cost to the public.

These disquieting items will be developed in columns to follow along with the redeeming calculation that all of the autos in the U.S. would easily fit into a box of less than a mile to the side. This could be dumped into the Grand Canyon where it would hardly be noticed.

FROM THE OIL DESK: OUR PRODIGAL SACRED COW—VI

(By Ted Brooks)

(This is next to the last in a series of columns on America's sacred cow, the automobile, the use of which and customs concerning which are now in process of revolution.)

It is generally conceded that the horseless carriage business and automotive engineers were well on the way to the mechanical perfection of the internal combustion engine until about 1920. At that time, most of the auto engineers were turned into chemists and petroleum engineers.

It was the expedient and profitable thing to do. Both of these factors have been undervalued but rarely in what we used to call the affluent society.

When the chemists discovered tetraethyl lead, the search for mechanical octanes almost stopped. Lead became a $400-million-per-year business. Its ingenuity in ascribing to leaded gasoline most of the credit for the blessings of a wheeled civilization surpasses any amount of admiration that the candor of these columns would permit.

Lead was not the only factor to carve out a vested interest in, and become a built-in design feature of, the internal combustion engine. As the gasoline market expanded, refiners sought to increase the yield of gasoline from crude.

The old-fashioned distillation "cooking" yielded 60-octane gasoline and little of that. Higher pressure distillation ("cracking") was introduced. It boosted the octane number to around 70. Catalytic cracking hiked this to about 80 and the yield went up to about 50 per cent.

Innumerable parallel processes made it possible to break down and recombine the oil molecules to produce clear gas of more than 90 octane. Lead and certain petroleum additives would take it on up to 100-plus.

Unhappily, reciprocating, internal combustion engines were still in use in aircraft when WW II broke out. The government, ever eager to blow its enemies from the face of the earth at the highest cost consistent with the well-being of its suppliers, underwrote all-out production of high-octane aviation gasoline. There was no going back.

So it was that the design of the internal combustion engine followed rather than led the development of fuel. This created the spectacular growth of what some call the auto-petroleum complex. Automobile compression ratios were joyously raised. These efficiency gains were quickly erased by added size, weight, horsepower and all sorts of auxiliary power equipment providing effortless driving and comforts exceeding those of the home.

It would seem that all of this might be classed as a technological triumph. Is it not true, as the American Petroleum Institute is so fond of saying, that a gallon of modern gas in a modern engine will take one several miles farther down the road than in the 1920s? Yes, it is true, but it is a half-truth and the worst kind of convincing misrepresentation.

For it is also true that every time a molecule is boiled, broken down, twisted and recombined, energy must be expended. This is exactly proportional to the work. The old "straight run" crude cooker, for all of its limitations, has a thermal efficiency of better than 95 per cent.

But energy was cheap. So the refiners, hooked by the "high test" gasoline doctrine started piling on equipment.

The addition of catalytic reforming and cracking, thermal reforming and cracking, polymerization, alkylation, hydrogen treating and other processes without number almost doubled process energy input. Most of it goes out the stack in the form of heat or warms huge quantities of water which give the fishes fits. So what appears to be a great bargain in application is attained at a great extravagance in manufacture.

As long as energy was dirt cheap, this posed no problem. Belatedly, we have found that this waste, springing from misassigned economic values, was very costly. Its real, and exterior costs, were but deferred to vex a later generation. This happens to be us. We are shocked to find that we must solve the problems quite quickly.

One of these lies in the fueling of the sacred cow. Partly because it was designed in a way to mutually accommodate the petroleum industry and the auto-makers, our refineries huff and puff along with an overall thermal efficiency of around 86 per cent. It takes about 1 million British thermal units (BTUs) to process every 6 million BTU barrel of crude going through the plant.

Restricted to gasoline alone, the efficiency would drop much lower. The Stanford Institute, including all products, set the processing input at about 715,000 BTUs to the barrel. Counting all energy losses and inputs in the refinery production, manufacturing and transport system, one might guess that it would be an extraordinary plant that would exceed 80 per cent efficiency.

So it is that the overall fuel system efficiency of the sacred cow has been reduced by 20 per cent before it ever pulls away from the curb—at least 10 per cent less than the thermal efficiencies common in the early 1920s.

If the auto engineers had stayed out of the chemistry business, we may assume they would have discovered mechanical methods to raise compression ratios (heat and power levels). The refiners took over the octane design. As a result, billions of gallons of gasoline have been burned that should not have been made at all.

The frequent claim that today's "high efficiency" engines and marvelous "high octane" gasolines result in individual and social savings become ridiculous when balanced in terms of total energy expenditures.

In a final column we'll pull away from the stoplight to demonstrate how the sacred cow's overall efficiency dwindles to an embarassing 5 per cent. Moreover, it is entirely possible that an economy measured in dollars rather than basic energy units will bring about further reductions in efficiency before it discovers that energy is everything.

FROM THE OIL DESK: OUR PRODIGAL SACRED COW—VII

(By Ted Brooks)

(The care, feeding and survival of America's sacred cow, the automobile, are now subjects of frightened concern. It is a part of the sanity crisis, fuel shortage and the political-economic exigency. This is almost the last of several columns on the subject.)

We have seen how the design of the internal combustion engine has followed the lines best suited to the prosperity and growth of the petroleum and auto industries. It has much more to do with the arts of promotion, marketing and style than the disciplines of engineering. As a result, only the abominable flying machine, the flying cows, exceeds the inefficiency of the motor car.

This is not immediately apparent. Depending upon the condition of use, the engine itself bangs along at an overall of efficiency of about 30 per cent. This is not bad at all. It means that out of every 100 gallons poured (12.5 million BTUs) in, 30 gallons (3.7 million BTUs) will keep the pistons moving. The other 70 heats the water, goes out the tail pipe and is radiated. It is a heat engine. The greater the difference between the temperature of the heat in and the heat out, the greater the efficiency. Hence, the push to boost compression ratios and raise the heat (and pressure) level of the initial cylinder charge.

As a comparison, the human engine does no better. In top tune, its efficiency is about the same. It is dramatically less if one spends too much time at the table and tavern and fails to keep his joints lubricated with exercise.

But this is not the end of the matter. The automobile is the final link in a long chain that begins with crude oil production. It is a part of a sequence that composes a system, each part of which has built-in levels of efficiency. These are added to reveal the overall system, efficiency.

It has been figured that crude oil is produced with an efficiency of about 95 per cent. So out of 100 gallons produced in the field, we lose 5 gallons in the process.

The 95 gallons goes to the refiner who manufactures the product at about 85 per cent efficiency, leaving 81 gallons; this is transported and marketed at an efficiency of 97 per cent, leaving 78 gallons.

Our 30 per cent engine slurps up its share to leave 23 gallons. It looks as though we're ready to take a trip to admire the World's Largest Ball of Twine out in western Kansas, but we've left out mechanical efficiency. This concerns the operation of such necessary auxiliaries as the fan, water pump and generator.

Engineers a generation ago figured it at 71 per cent. Now, with air conditioning, power steering, brakes and transmission, it must be much closer to 55 per cent. So that leaves us with about 13 gallons, and the cow hasn't moved.

Before we pull away from the light, the rolling efficiency must be accounted for. This takes care of all losses between the clutch and the road, including that lap full of gears in the transmission and rear end and (mostly) tire deformation.

Those who believe that the principal function of tires is to keep them comfortable are deluded. Their biggest job is to survive an acceptable lifetime of constant flexing and heat generation. Generally, this engine-powered generation and dissipation of waste heat is a function of tire size and flexibility.

Comfort is a compromise. Being more merchantable than efficiency and durability, it is the favored factor in the wear-out-and-throw-away tire technology. The much-advertised radial and steel-belted construction, though partially undermined by greater widths, is a hopeful step away from this philosophy. The new tires ride harder, last longer, and are much more efficient. So too are conventional tires that are kept slightly over-inflated.

Summing up, rolling efficiency is calculated at about 30 per cent. We had about 13 gallons left for the trip. After deducting rolling efficiency losses we have left but 3.87 gallons.

In other words, the overall systems efficiency of the automobile is about 4 per cent.

Cancel the trip to the World's Biggest Ball of Twine; we've barely enough left to go out to the local zoo and contemplate the sad condition of our fellow dumb animals.

The final efficiency figure is 1 per cent less than that calculated by engineers in studies during the past two decades. This drop is principally due to added mechanical efficiency losses, deeper drilling and higher gasoline manufacturing losses.

This is not exactly what an engineer would like to cite as the culmination of 10,000 years of progress. He could do an infinitely better job if the automotive and petroleum people didn't pay him to louse it up. The old-fashioned railroad steam engine, for instance, was twice as efficient. The modern diesel-electric engine is six or seven times as efficient.

The possible and unpopular steps that may be taken to correct this unpretty state of affairs will be discussed in the last half of this column at a later date.

FROM THE OIL DESK: OUR PRODIGAL SACRED COW—VIII

(By Ted Brooks)

(This is the last of a series of columnns on the passenger car, the sacred iron cow—Ferro bovine Americus. The factual content of the series has been recited or derived from various engineering and scientific publications. The opinions are the writer's. They provoke a very low level of admiration from the major segments of the petroleum and auto industries.)

If we were confronted with solid evidence to show that motherhood is an ignominy, the shock would not be much greater than that derived from the intelligence that the beautiful family car is the most incredible blunder conceived in the history of mankind.

The alert and now highly informed reader will instantly recall that of the 100 gallons of fuel that starts flowing from the oil field, but 4 gallons remain available to move the sacred cow. The only work remaining for this 4 gallons of energy is pushing the air out of the way.

This is no small task, even at low speeds. At 30 miles an hour it amounts to about 5 pounds of resistance for every square foot of effective frontal area; at 80, the job is nearly six times as great. Speed has a high energy cost.

Because economic costs have not been equated properly with energy, speed remains relatively cheap in terms of dollars. High-powered types of people justify fast driving and use of the abominable flying machines because of savings in time. They allege this is of great value and necessary to their business. They should be reminded that Alexander conquered the world on foot and horseback in much less time than it took Detroit auto executives to conquer America. He had more time to think.

There are other energy-economic anomolies. The highest thermal efficiencies are attained at virtually full-bore operation.

The 120-mile-an-hour auto gets more useful BTUs out of a gallon loafing along at about 115. The automobile's point of highest fuel economy will generally be at about half-load. It will vary generally for every engine and is generally put in the 35- to 45-mile-an-hour range.

Broadly speaking, the higher the performance design of the engine, the farther apart are the thermal efficiency and fuel economy curves. One of the chief advantages of the small car and small engine is that the peaks of these curves are brought closer together. Foreign car drivers are quick to learn that their cars are quite sluggish and waste gas unless the gears are used to keep the revs up high on the horsepower curve.

It should appear obvious that high-efficiency, small cars using the lowest grade fuels possible provide the quickest, most certain and economically sane solution to the fuel shortage problem. This, however, does not fit the requirements of an industrialized state founded on abundance. The petroleum industry equates 100 billion gallons of gasoline a year with patriotism; the auto industry says that what is good for it is good for America. That is more specifically defined as about 11 million cars a year.

It has been carefully calculated that the manufacture of each of those cars absorbs 126.8 million BTUs or nearly one and one-half per cent of current annual energy requirements in the U.S.

But the trend is quite the other way. Instead of utilizing to the fullest possible extent the efficiencies of fuels within reach, we are reaching out into untried areas of ghastly inefficiencies. As petroleum fuels rapidly dwindle, gasoline must be extracted from other things—most likely coal.

Whereas we recall that crude oil is refined at an overall systems efficiency of about 85 per cent, the extraction of gasoline from coal proceeds at about 50 per cent. Recalling again the train of systems efficiency that left our sacred cow stumbling along at 4 per cent, substituting synthetic gasoline from coal will reduce that to about 2 per cent. This is hailed as progress.

Similarly, more exotic fuels such as hydrogen and alcohol require equally large energy expenditures and revolutions in technology and design. There are chemically simple and economically prohibitive methods of extracting gasoline from vegetation. Assuming carbon dioxide could be taken from the atmosphere in useful amounts, gasoline could be made from air and water.

All of these things can and should be done when technologies are developed to cut the process energy costs. But to superimpose any of these extravagant measures upon the wheeled society without first eliminating its unrestrained transport wastes would compound folly beyond point of recovery.

The danger is that we may do just that. It may be of short term profit to someone and there is always someone eager to take it. Again it must be stressed that energy costs and economic costs do not necessarily jibe. Because of this, the waste of oil and natural gas, in both production, product manufacture and use, must someday go down in history as one of the major scandals of civilization.

The analysis that has been recounted points the way to the only possible means of attaining fuel sufficiency within the brief period when most people alive today will struggle for existence in our mechanized world.

First the sacred cow must be scaled down to size and power levels that will satisfy its primary purpose, transportation. In a given year, the auto-makers would be handed the specifications of the auto. No more behemoths would be made. As the older cars went to their graves, the new ones would gradually replace them. Thus, in about 10 years, the sacred cow population would be replaced by sprightly little mills we could be proud of.

They would use clear gasoline of about 70 octane and get 40 per cent better mileage. Eventually they might be switched to the more efficient diesel cycle. Competition would remain in the form of design, styling and, most of all, durability.

The petroleum industry would recover quickly from the interruption of its unlimited growth. Its energy-consuming high-octane equipment would be phased out as the old cars ceased to exist. The unneeded gasoline capacity would be switched to much-needed heating oil. The phase-in, quite profitable, would permit this to take the place of declining natural gas deliveries and even foster growth.

Allowing normal growth of both car manufacturing and refining, passenger car gasoline sales would decline from about 77 billion gallons to 60 billion. Fuel oil sales would rise proportionately. At the end of 10 years, the refiners would have an extra 42.9 billion-gallon annual capacity diverted to heating oils.

This would have a thermal value of 6,126 trillion BTUs. That is the equivalent of 6.1 trillion cubic feet of natural gas annually. Thus, fuel oil shortages would vanish with the extinction of cow worship.

Too many cows would be gored for this short-term solution to be acceptable. The joint failure of the auto and petroleum corporations must become absolute before they may be commanded to perform in the public interest the same high level of attainment they have dedicated to themselves at public expense.

NATION BEING HURT BY UNSCRUPULOUS PUBLIC OFFICIALS, NOT BY PRESS

Mr. CRANSTON. Mr. President, I vigorously oppose a Federal libel law as proposed by the President in his message to Congress on Friday that would preempt State statutes and make it easier for Federal officeholders and political candidates to win a libel suit.

President Nixon should be *more* concerned about public officials telling the truth than about the press allegedly libeling public officials.

The President's call for more permissive slander and libel laws to protect politicians is a transparent strike at the press for blowing the lid off the Watergate mess.

Contrary to White House Counselor Bryce Harlow's contention last Friday that this is "not an effort to shaft the press," this is clearly an effort to shaft not only the press but to shaft the first amendment and the public's right to be told about corruption and abuse of power in Government.

Any public official or would-be public official who cannot stand the heat of total press disclosure should take President Truman's advice and get out of the political kitchen.

President Nixon claims that a national libel law is needed "to prevent unscrupulous attacks on public figures."

But the fact is the country is now suffering not from unscrupulous press attacks on public figures but rather from unscrupulous attacks by public figures on truth, morality, and law.

For years Government officials at the highest levels in the Johnson and Nixon administrations lied to the American people about the conduct of the war in Southeast Asia. More recently public officials at the highest levels have either admitted to, or have been indicted for, a premeditated plan to lie and cover up what John Mitchell called "the Watergate horrors."

It was our free press, unfettered by fears of unreasonable libel suits and spurred by the desire to get at the whole truth, that brought these outrages to light.

Any new restrictive laws in this area should be directed at public officials who violate their public trust not at a free press that is fulfilling its responsibility.

Indeed, a press law we do need is one that fully protects a news source against unwanted identification that might jeopardize his life or his livelihood, such as

my pending bill, the Free Flow of Information Act—S. 158, amendment 27. Confidential news sources are essential for public opinion to be informed of wrongdoing and corruption, in and out of Government.

President Nixon has often charged that he is villified in the press. Nixon has also attacked some Watergate stories which he says have falsely condemned his former aides.

Had President Nixon been more attentive to, and less belligerent about, press criticism he—and the Nation—might have avoided some of his present problems.

A free-wheeling press profoundly discomforts people in power. But it is not the job of the press in a free society to say sweet things about people who wield power in Government.

The press must remain free, fearless, and, yes, fearsome—the gadfly of politicians. If this makes politicians unhappy, so much the worse for politicians—and so much the better for the public.

There has been no national libel law since the infamous Alien and Sedition Act in the early 1800's. The President himself admits that "a constitutional problem" exists for such a law at this time and has asked the Attorney General to "explore the possibility" of legislation.

President Nixon's concern about a public official's "restricted" opportunities for legal redress against the press apparently stems from the Supreme Court ruling making it extremely difficult for public officials, public figures, and newsworthy persons to win a libel suit. They must prove actual malice or that the press printed or broadcast an injurious falsehood with "reckless disregard" for the truth.

I agree with the Court's position that any more permissive standard "dampens the vigor and limits the variety of public debate" in violation of the first amendment.

Mr. President, I shall also fight a national "right-to-reply" law for political candidates who are criticized in the press. The President suggested such a law at his press conference last Wednesday.

I originally voiced my opposition to this dangerous, deplorable idea more than a month ago.

I say again what I said on the Senate floor February 5: I oppose Government editorship of a free press as strongly as I oppose Government censorship. Once the Government is given the power to tell newspapers what they must print in the name of "fairness" it is only a matter of time before the Government will be telling newspapers what they must not print—also in the name of "fairness."

A newspaper's sense of professionalism and its readers' demands for fairplay are far superior safeguards for fairness and freedom than the heavy hands of self-serving Government agents.

We must resist the temptation to set up big brother as the arbiter of fairness in the press.

To give the Government power to correct the alleged faults of a free press would be a remedy far, far worse than the disease itself. Indeed, such a supposed remedy may well be lethal to freedom.

GOLDWATER'S CHANCES IN 1976

Mr. HANSEN. Mr. President, in tribute to the distinguished senior Senator from the State of Arizona (Mr. GOLDWATER), I ask unanimous consent that an editorial by James J. Kilpatrick titled "Goldwater for 1976" be printed in the RECORD. Mr. Kilpatrick's editorial is extremely thought-provoking and deserves a wider audience.

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

GOLDWATER'S CHANCES FOR 1976

(By James J. Kilpatrick)

WASHINGRON.—The text of a recent speech delivered in Washington has just come to hand. It was a honey of a speech, and it prompts me to wonder aloud if its author, Sen. Barry Goldwater (R-Ariz.), could be talked into running for President once more.

A prudent columnist knows better than to ask the senator himself about this, for the senator would only say "no," or maybe "hell, no." And there's no point in drowning a nice warm idea in cold water. The proposition ought not to be brushed aside.

When the senator ran as the Republican nominee in 1964, every conceivable political factor counted against him. He was little-known; he came from a small state with no political clout; from the very night of his acceptance speech, partly through his own fault, he was unable to shake an image of right-wing extremism. John F. Kennedy had been killed in November, 1963; Lyndon B. Johnson still commanded enormous support; the country was not about to vote for a third President in barely a year. Goldwater polled a respectable 27 million votes, but got swamped in the electoral college.

The situation is vastly different now. Goldwater is "Mr. Republican." He has grown in the country's respect and affection. He is untouched by Watergate. He was born in 1909, which would make him 68 at inaugural time in 1977. It would be pretty old for an incoming President—but we hear much talk of Nelson A. Rockefeller (1908), Ronald Reagan (1911), Henry M. Jackson (1912).

It would be interesting to see George Gallup test Goldwater's name in an iffiness poll: If the election were being held tomorrow, how would Goldwater do against Edward M. Kennedy? He might do remarkably well.

Goldwater began his speech Feb. 6 by criticizing the typical performance of an ill-prepared businessman before a congressional committee. He warned the industrialists that they must expect tough questions prepared by "brilliant young staff members who mistrust or totally disbelieve the attributes of the enterprise system."

Turning to broader themes, Goldwater took note (by implication) of reecnt legislative trends affecting railroads, health care, communications and petroleum: "I believe that competitive enterprise is now face to face with one of the greatest threats in this country's 200-year history."

Determined forces are working toward nationalization, Goldwater said, though they call it something else. "You can butter up the term, sweeten it, pour syrup on it, do anything you want with it—but it is nothing but socialism, and that is the system that has never done anything for any people."

Goldwater urged the industrial leaders to promote the profit system in their own communities, to compete in the intellectual market place of ideas and to employ all legitimate means at their disposal in support of candidates who believe in private enterprise.

He wound up with a ringing defense of economic freedom, which he termed "the essential freedom." What good is the right to life, Goldwater asked "if a man does not control the means to life?"

It was a real bell-ringer of a speech, clear and clean. It recalled Goldwater's fine little book, "The Conscience of a Conservative," written 15 years ago, and it echoed the best of his campaign speeches of 1964.

The Republican slogan in that election was, "You know in your heart that he's right." Ten years later, Goldwater is still right, and a great many concerned Americans still know it in their hearts.

GOV. EDWIN EDWARDS OF LOUISIANA DISCUSSES THE ENERGY CRISIS

Mr. LONG. Mr. President, it was my pleasure last week to witness a television news interview of the Governor of my State on the subject of the energy crisis.

Louisiana's Gov. Edwin Edwards was questioned on CBS morning news, March 7, 1974, and I ask unanimous consent that the transcript of this question and answer session be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection it is ordered.

(See exhibit 1.)

Mr. LONG. Although the time allotment was only 4 or 5 minutes, my distinguished Governor raised several points with which I fully concur and to which I would like to direct some additional comment.

First, the two of us agree wholeheartedly that additional supplies of both natural gas and crude are the answer to the current problem. But as the Governor pointed out, you cannot produce one drop of additional gasoline or oil by extending and expanding Federal control and regulation.

Translated into terms we can all understand, certain proposed legislation known as the Consumer Energy Act of 1974 would accomplish exactly what we do not need—extension of Federal control, through either the Federal Power Commission, or the Federal Energy Office, to sales of intrastate gas and oil.

Like Governor Edwards, I have stated and restated that I am unalterably opposed to such a concept for two important reasons. One, it would simply be a reapplication and a repeat performance of those counterproductive regulatory methods which are the central cause of our current shortages of natural gas; and two, because it would rob Louisiana of her own supplies of natural gas, accumulated over the last 20 years at a very dear price by Louisiana's citizens.

During this period, while the rest of the country has enjoyed prices for natural gas which have been unrealistically low, we in Louisiana took a different approach. We have willingly paid the fair market value for our gas, and by paying these premium prices have built up a modest intrastate supply which is the foundation of our economic well being. We have invested huge sums over the pe-

riod of time, paying realistic prices for a natural gas system which now supplies us with gas for which we are happy to pay 50 or 60 cents per million cubic feet. We will take gas at 50 or 60 or 70 cents every day of the week in preference to having no gas at 25 cents per million cubic feet.

As H. L. Mencken, wit and satirist of the 1930's put it, when you do not have enough hats for all the heads, you do not solve the problem by cutting off heads. You solve it by making more hats. I want to go on record loud and clear: nobody, but nobody, is going to lop the heads off Louisianians, not if this Senator has anything to say about it.

The idea that the fundamental errors of policy which have brought about the current gas shortage can be corrected by robbing my State—and other States similarly situated—of intrastate gas in which they have a long-term, vested, proprietary interest is completely untenable and unacceptable.

A second major point made by Governor Edwards was that it is the free enterprise American oil and gas industry that has provided this Nation with energy costs far below those existing in other Western industrial countries. To now shackle the industry with a proposed Federal Oil and Gas Corporation designed to take over the role of private industry, is like using a meat cleaver on a problem requiring no more than a scalpel. We should not allow our free enterprise system to be chopped to pieces by a few overzealous theoriticians who want more to undermine the basic strengths of the system than to improve on it.

Russia, which has relied exclusively on such a bureaucratic government corporation, is now proposing that American oil companies come in and help drill their wells, develop their reserves, build their refineries, and make economic sense of their rag-tag oil industry. Certainly we could not be foolish enough to copy the preposterous inefficiency of the Russian system at the very time they are admitting the obvious superiority of ours.

A third important subject on which Governor Edwards spoke and on which I will be speaking at length in days and weeks to come is the apparent unwillingness of some other States and some other regions of the country to do their fair share in supplying the energy needs of the country.

It seems that those who complain loudest about having to wait in line for gasoline are often those who oppose any and all means of increasing our energy supplies. They are against construction of superports; they are against new refineries; they are against the Alaska pipeline; they are opposed to offshore drilling; they are against nuclear powerplants; they object to strip mining of coal; they are against anything and everything except to drain away every ounce of gas and oil which Louisiana, Texas, Oklahoma, and a few other States can produce. It would seem to me, Mr. President, that it might be equitable in our allocation procedures among the States to take into account whether a State is being helpful in providing the Nation reasonable access to the mineral resource within its bounds. If a State is playing the role of an obstructionist, it would seem that its "fair share" of what resources are available should be less than that of States which are permitting maximum production of their mineral resources for the benefit of the entire Nation.

EXHIBIT 1

TRANSCRIPT OF CBS MORNING NEWS, MARCH 7, 1974, WITH GOV. EDWIN EDWARDS OF LOUISIANA

NEWSMAN. Governor, I just can't imagine gas lines in Louisiana, for some reason. Are you having problems?

EDWARDS. It is ridiculous, isn't it? We are having problems just as the rest of the nation is, in some areas for a few moments of time, maybe two or three days a week. But, I think it is going to ease up if the country would address itself to the problem and get on with the business of producing more fuel.

NEWSMAN. You don't think it has been addressed in the proper way, I gather?

EDWARDS. Oh, of course not. The whole system, in my judgment, for the past two years, has been counter-productive. You can't produce one drop of additional gasoline or oil by regulation or allocation of priorities. You have to go to the other end of the pipeline where it is produced. The system that has been used by the federal government dampens incentives for production of additional oil.

NEWSMAN. What is wrong with the system? Why is it——

EDWARDS. Two things are wrong with it. First, it is un-American in times such as these to allocate and to ration and to regulate. It is un-American because it runs counter to the system that made this country what it is: the free-enterprise system. It is un-American and unproductive because people who are in the business cannot be expected to spend huge sums of money to explore reserves, to build refineries, to do all the things necessary to stimulate the production of oil and, therefore, increase the amount of supply.

The other thing is, even if you are going to adopt that philosophy as the American way, which I don't, certainly this vacillation that you have lived with for the past twelve months creates nothing but confusion. No one knows from week to week and month to month what is going to happen, whether we are going to have rationing, whether we will continue with this regulation or that. This confusion just makes it impossible for the industry to address itself to the problem.

NEWSMAN. Of course, some people think the industry hasn't been regulated enough, that it has had its own head and its own way too much. It has been able to be too arbitrary.

EDWARDS. Well, of course, that belies history. If you go back for the past forty years you will find that this nation, with six per cent of the world's population, has used one-third of the world's energy at about a third of the prices paid by people in the rest of the world. And that the oil and gas industry is responsible for the technology and the machines and the men and the equipment that made it possible to develop oil reserves for less than anywhere in the world—in six hundred feet of water, in the desert sands of Africa, or in the ice slopes of north Alaska. This particular industry, when it was not regulated, was doing an excellent job of bringing oil and gas to the American people. I think, if given more latitude and some certainty as to its future, and if the national government went to shale oil, the use of coal where it is available, exploration on the Atlantic Seaboard and could expedite the construction of the Alaskan Pipeline, given a lag time of a couple of years, we would be self-sufficient again.

NEWSMAN. A number of states, unlike Louisiana, don't seem to want refineries or offshore rigs, or whatever. There was a vote in New Hampshire at a town meeting where they rejected a refinery. You consider this not a realistic attitude?

EDWARDS. Absolutely. It is a kind of myopia that is invading the whole nation. These same people are the ones who are going to curse the loudest in lines because they can't get 30¢ gasoline. Yet, they close their eyes to the realities and the possibilities of the development of additional refineries. We need twenty additional refineries, with a 200,000-barrel-per-day capacity. Here, this gentleman wanted to build one and, incidentally, our state has invited him to come to Louisiana.

NEWSMAN. Mr. Onassis?

EDWARDS. Yes. On the grounds that these refineries do not have the adverse environmental consequences that people believe they have. Second, they are necessary. Someone has to find the crude. You can't put it in an automobile as it comes out of the ground. The point I make, however, is that it is time for the rest of the nation to wake up to the realities. They cannot expect Louisiana and Oklahoma and Texas to deplete its reserves, build the refineries, build the pipelines, take all the environmental consequences, whatever they are. Yet, everybody is going to share on an equal basis. Those happy days are not going to be with us any longer because circumstances just won't permit it. It is not in the national interest.

NEWSMAN. Governor Edwards, does your viewpoint represent a vested interest in any sense? Not only is the oil and gas industry a major backbone of the economy in your state but, as I understand it, you personally receive some royalties from oil companies?

EDWARDS. Not enough to color my judgment. I receive less than $1,000 a month in oil royalties. Even if it were a million dollars a month, I do have a vested interest in this: It is an interest in my country! I am going to suggest to you that not only the economy of our country but the security of our country are involved in additional fuel.

What galls me is that this country has a capacity and the capability and the technology and the money to become self-sufficient if the rest of the nation did what other states are doing: Louisiana, Oklahoma and Texas. We are doing our share. But, you can't have people on the Atlantic Seaboard sitting on fifty billion barrels of oil and unmeasured trillions of cubic feet of gas. Yet, they are running around with tin cups asking for more gasoline at 30 cents a gallon, yet refusing to allow oil and gas companies and the national government to develop the Atlantic Seaboard.

For five years we sat on the Alaskan pipeline which, if constructed today, would be bringing two million barrels of oil a day into this country which is very badly needed. This unnecessary, too fast application of environmental regulations, which have no reasonable relationship to the regulation and the sought-for result, just cannot be continued.

The country can resolve the problem. But, Louisiana and Texas and Oklahoma cannot. We are now furnishing seventy per cent of the nation's oil. But, we cannot do that forever and we are not going to do it forever, under the conditions the national government expects us to.

NEWSMAN. We just have a few seconds left. Mr. [William] Simon, head of the Federal Energy Office, has indicated that the governors are not doing their jobs in some states by proper allocation or quick-enough allocation. Are they falling down in their responsibilities?

EDWARDS. Of course not. We don't know from one day to the next what they want us to do. Certainly the governors of the oil producing states are doing their share. We are

producing it at maximum-efficient rates, which is all that can be expected of us. We are dividing with the rest of the country which doesn't want to produce its own oil or use their own coal or go to shale oil. The people who have caused the problems are the ones who now want us to do more than we have been doing for thirty years.

AFRO-AMERICAN HISTORY WEEK

Mr. BARTLETT. Mr. President, about 1 year ago, I cosponsored a bill introduced by the distinguished Senator from California (Mr. CRANSTON) to authorize the President to designate Afro-American History Week, Senate Joint Resolution 56. More than 1 year has passed, and no action has been taken.

Mr. President, I want today to reaffirm my support for this measure. I expressed my desire to see action taken in a letter to Senator ROMAN HRUSKA, of the Subcommittee on Federal Charters, Holidays, and Celebrations.

Afro-American history is a discipline which has just begun to be compiled. To demonstrate my point, I wish to place in the RECORD a list of the accomplishments of some black Oklahomans.

Bear in mind, Mr. President, that this list is comprised of Oklahomans, only. It is a short list. Space will not allow the complete outline of all black Oklahomans many accomplishments. Further, remember that this list must be multiplied 50 times. The need for an Afro-American history week is therefore obvious.

I urge the Senate to take action on Senate Joint Resolution 56, and thereby to formally honor the many significant Afro-American contributions to our great American heritage.

Mr. President, I ask unanimous consent that the list of accomplishments be printed in the RECORD.

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

OUTSTANDING BLACK OKLAHOMANS

(The following brief biographical sketches are not meant to constitute a catalog of Black accomplishment; rather, they are a representative sampling of the talented and capable Black Oklahomans who have achieved national and sometimes international success, and renown, for themselves and brought credit to all Oklahomans).

EDUCATION

Dr. Hillard A. Bowen

Dr. Bowen was born in Oklahoma City in 1911. He graduated from the Old Douglass High School and was awarded a scholarship to Langston University and later to Wilberforce, where he earned his bachelor's degree. Later, he obtained his master's degree and his Doctor of Philosophy (Ph. D.) from Ohio State University.

Dr. Bowen's experience in the field of education has been wide. He was an instructor, Dean of Men, and Director of Student Personnel at Langston; a professor and registrar at Fort Valley State College in Georgia; Chairman of the School of Education at Tennessee Agricultural and Industrial State University, presently he is assistant superintendent of the Atlanta Public Schools in Georgia.

Listed—Leaders in Education, Who's Who in Colored America, and Who's Who in American Education.

MUSIC

Earl Grant

Mr. Grant was born in Idabel, one of 12 children of Rev. J. G. Grant. He started playing the piano and organ at the age of four during his father's church service.

Accomplishments: He won National fame while playing at the Pigalle Club in Los Angeles. He performed in the United States, Japan, Australia, Europe, Mexico and Canada. During his career, Grant appeared in such movies as "Tender is the Night," "Imitation of Life," and "Tokyo Night."

ART

John Wesley Arterbery

Born in Texas and educated in Oklahoma—Langston, University of Oklahoma.

Accomplishments: Received the Letziser Medal as the most outstanding art student for 1955–56 while at Okla. City. He has exhibited his work very widely throughout the United States and is well known in art circles. He is listed in American Negro Art and famous Negroes past and present.

Jack Jordan

Like Mr. Arterbery, Jack was born in Texas and educated in Oklahoma—Ardmore's Douglass High School, Langston Univ. and University of Oklahoma.

Accomplishments: Mr. Jordan specializes in sculpture and has exhibited his work in three countries and twenty-four states. He has received more than thirty awards for his creations. He has been included in numerous books on outstanding Black artists and also in Who's Who in American Education

BUSINESS

Jesse B. Blayton

Mr. Blayton was born in Harden, Oklahoma. Attended Langston University, L.L.B. University, Chicago, CPA American Ext. School of Law.

Accomplishments: Co-founder of Mutual Federal Savings and Loan, Atlanta, Georgia, and president since 1956. President J. B. Blayton and Company, CPA, Director of Citizens Trust National Bank and Trust Company. In 1961 he was named the most outstanding Alumnus of Langston University. Listed in Who's Who in America.

SPORTS

Marques Haynes

Mr. Haynes is a native of Sand Springs, Okla. Attended Langston University and Booker T. Washington High School. After College, Mr. Haynes played for the Kansas City Stars Basketball Team, a farm team for the famous Harlem Globe Trotters.

He later organized his own team, *The Magicians*. The Magicians have played all over the world and have gained the respect of Athletes everywhere for their skill on the court, as well as their showmanship. He travels more than 55,000 miles a year, but he still spends a part of his off-season in Oklahoma.

Prentice-Gavtt

Oklahoma City—home town. Attended Page Elementary School, Douglass High School, Oklahoma University.

Accomplishments: First Black to end the all-white team at O.U. Played with the Cleveland Browns, St. Louis Cardinals, All American Squad Assistant Football Coach at the University of Missouri, and Chief Scout for that team.

HISTORY

John Hope Franklin

Mr. Franklin was born is Rentiesville, a small, all Black town in eastern Oklahoma. Attended Washington High School in Tulsa, Fisk University, Harvard University.

Accomplishments: He taught at Harvard, Howard University in Washington, at Brooklyn College, Cambridge England, University of Chicago. In addition to teaching and writing, Dr. Franklin lectures all over the world, "from Southeast Asia to Salzburg, Austria," according to Life Magazine. Dr. Franklin is a prolific writer. He has ten books to his credit, including the well-known "From Slavery to Freedom." Dr. Franklin himself is generally considered to be one of the foremost American historians.

LITERATURE

Ralph Ellison

Mr. Ellison was born in Okla. City. After dropping out of high school, he attended Tuskegee Institute in Alabama.

Accomplishments: Published several short stories and essays in various Journals and popular magazines. His first book, Invisible man, won the National Book Award, the Russwurm Awards-1953, and the National News Publishers Award 1954. Mr. Ellison received the Medal of Freedom from President Lyndon Johnson and the Chevalier Ordre Arts et Lettres from the French government for his contribution to the literature of the world. He has taught in a number of universities in Europe and the United States. He was a charter member of the National Council on the Arts and the Carnegie Commission on Educational Television. He is a Fellow in the National Institute of Arts and Sciences, and Silliman College, Yale University.

OTHER OUTSTANDING BLACK OKLAHOMANS

There are numerous other Blacks who lived in Oklahoma that have played an important role in helping to bring about better race relations in education, employment, housing, voting rights, and many other areas, to mention a few:

The Late Roscoe Dungee, *Black Dispatch*, Okla. City.

The Late Amos T. Hall, Attorney, Tulsa.

The Late Ben H. Hill, Minister, Tulsa.

The Late H. W. Williams, Dentist, Idabol.

Ada Lois Fisher, Chickasha, Okla.

The Late George McLaurin, Okla. City.

J. J. Simmons, Oil, Muskogee.

F. D. Moon, Educator, Okla. City.

The Late I. W. Lane, former Mayor, of Red Bird, Okla.

A. C. Hamlin, first Black to serve in the State Legislature.

Lucious Selmon, Eufaula, Okla. . . . placed Eufaula in the limelight—O. U. Football, All-American Guard.

The Late B. C. Franklin, attorney, Tulsa.

PUBLIC PARTICIPATION IN FEDERAL FORM REVIEW

Mr. METCALF. Mr. President, on February 21, the Office of Management and Budget made progress in providing public access to information and public opportunity to participate in the review of questionnaires proposed by Federal agencies.

Pursuant to the Federal Reports Act of 1942, OMB is responsible for reviewing all executive branch department and agency requests for information from 10 or more firms or individuals.

Until late year, the OMB also had responsibility for the review of requests from independent regulatory agencies. However, the Hart amendment to the Alaskan pipeline bill, Public Law 93–153, removed OMB's control and placed an advisory review function for independent regulatory agency requests in the General Accounting Office.

On February 9, Fred Malek, Deputy Director of the Office of Management and Budget, testified before the Govern-

ment Operations Subcommittee on Budgeting, Management, and Expenditures regarding the Federal Advisory Committee Act Public Law 92-463. We discussed the need for participation in Federal form review by small businessmen and others who are not represented by the Business Advisory Council on Federal reports. It is an OMB big business advisory committee which plays a major role in the clearance of many of the requests for information.

At that hearing, Mr. Malek and Mr. Roye Lowry, clearance officer of OMB, assured me that steps would be taken to insure that small business would have an opportunity to participate in the forms clearance procedure.

On February 21, the Office of Management and Budget began publishing its daily list of "requests for clearance of reports" in the Federal Register. Publication will go a long way to help individuals, particularly small businessmen, participate in formulation of questionnaires which they are required to fill out, previously without timely opportunity to comment on the need for collection of additional information from some firms, the burden of the request, the need for the information, or the availability of the data.

Publication of the daily list in the Federal Register facilitates participation by small businessmen, farmers, employees, and others in an important process of Government. I urge interested parties to avail themselves of the opportunity.

Mr. President, I ask unanimous consent to print in the RECORD the list of requests for clearance which have appeared in the Federal Register under the new policy thus far.

I also ask unanimous consent to print in the RECORD the announcement of the March 14 meeting of the Business Advisory Council on Federal reports, the high-level, big-business advisory committee which advises OMB on Federal forms, and which does not include in its membership representatives of many persons who have as much interest in collection of information by Federal agencies as large corporations do.

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

[From the Federal Register, Vol. 39, No. 36, Feb. 21, 1974]

OFFICE OF MANAGEMENT AND BUDGET—REQUEST FOR CLEARANCE OF REPORTS

The following is a list of requests for clearance of reports intended for use in collecting information from the public received by the Office of Management and Budget on February 15, 1974 (44 USC 3509).

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of information; the agency form number, if applicable; the frequency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (x) identifies proposals which appear to raise no significant issue, and are to be approved after brief notice through this release.

Further information about the items on this Daily List may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503 (202-395-4529).

NEW FORMS

Department of Health, Education, and Welfare

Health Resources Administration: Connecticut Ambulatory Care Study, Form HRABHSRE 0115, Single time, Ellett, Connecticut physicans.

Social Security Administration: SSI Referral Notice, Form SSA-L 8050, Occasional, Caywood, Business firms, government agencies.

Small Business Administration

Group Application Form Loan Development; Group Application, Form State Development: Forms 502, Parts I & II, 502A and 501; Occasional, Caywood Business firms requesting assistance.

Group Application for Lease Guarantee—Part I; Group Application for Lease Guarantee—Part II; Group Application for Lease Guarantee—Part III: Forms 800, 800a, 800b, Occasional, Caywood, Individuals requesting assistance.

Application for Surety Bond Guarantee Assistance: Form 994; Occasional, Lowry, Business firms requesting assistance.

License Application, Instructions, Personal History Statement, Amendments to Application: Form SBA 415, 415A, 415B, and 415C, Occasional, Lowry, Venture capitalists.

Size Status Declaration: Form SBA 480, Occasional, Lowry, Small businesses.

Minority Vendor Profile Request Form: Form SBA 1024, Occasional, Sunderhauf/Lowry, Large private sector firms.

Application for Certificate of Competency: Form SBA 74, 74A and 74B, Single time, Lowry, Small business concerns.

Application for Membership in Small Business Production or Research and Development Pool: Form SBA 419, Occasional, Caywood/Weiner, Small business community.

Investigative Inquiry for Small Business Investment Co. Applicants: Form SBA 415 (E), Single time, EGGD/Lowry, Federal, state, and local law enforcement agencies.

Questionnaire to Selected Lessees of the Lease Guarantee Program: Form ___, Single time, EGGD/Caywood, Lessees of lease guarantee program.

REVISIONS

Small Business Administration

Compliance Report: Form SBA 707, Annual, Sunderhauf/Lowry, Small businesses.

Veterans Administration

Serviceman's Application for Program of Education or Training: Form 22-1990a, Occasional, Caywood, Servicemen.

Employment Assistance Questionnaire (Vietnam Era Service-Connected Disabled Veterans): Form 22-8672k (NR), Single time, CVAD, Veterans.

EXTENSIONS

Federal Mediation and Conciliation Service

Notice to Mediation Agencies: Form FMCS F-7, Occasional, Evinger (x), Labor-management.

VELMA N. BALDWIN,
Assistant to the Director for Administration.

[FR Doc.74-4228 Filed 2-20-74;8:45 am]

[From the Federal Register, Vol. 39, No. 37, Feb. 22, 1974]

OFFICE OF MANAGEMENT AND BUDGET—CLEARANCE OF REPORTS

LIST OF REQUESTS

The following is a list of requests for clearance of reports intended for use in collecting information from the public received by the Office of Management and Budget on February 19, 1974. (44 USC 3509). The purpose of publishing this list in the FEDERAL REGISTER is to inform the public.

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of information; the agency form number, if applicable; the frequency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (x) identifies proposals which appear to raise no significant issues, and are to be approved after brief notice through this release.

Further information about the items on this Daily List may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503 (202-395-4529).

NEW FORMS

Department of Agriculture

Economic Research Service, Rappahannock County Land Ownership Survey, Form ____; single time; Foster/Planchon; owners of land in county.

Statistical Reporting Service, Wheat Variety Survey—1974, Form ____; single time; Lowry; wheat farmers.

Department of Commerce

Economic Development Administration, Validation Survey for Industry Innovation in Municipal Market, Form ED 729; single time; Ellett; local public purchasing officials.

Small Business Administration

Contractor Compliance Data, Form SBA 601 C; single time; Sunderhauf/Lowry; federally-assisted contractors over $10,000.

Financial Statement of Debtor, Form SBA 770; occasional, small business borrowers.

Financial Statement, Form SBA 362; occasional; Caywood; small business borrowers.

REVISIONS

Department of Commerce

Economic Development Administration, Employment and Remuneration of Expediters, Form ED 100; Occasional; Lowry; all applicants for EDA financial assistance.

Department of Health, Education, and Welfare

Center for Disease Control, Tuberculosis Hospital Bed Census, Form CDC 5.6; Annual; Evinger; hospitals with beds for tuberculosis patients.

National Aeronautics and Space Administration

Traveler Survey, Form ____; Single time; Foster; travelers.

Veterans' Administration

Certification of Delivery of Advance Payment and Enrollment. Form 22-1999v; occasional; Caywood; Certifying official.

EXTENSIONS

Department of Housing and Urban Development

Housing Production and Mortgage Credit, Requisition of Funds Applicable to College Housing Program—Related Forms, Forms 4300, 4300A, 4301, 4302, 4304; occasion; CVAD; educational institutions.

Department of Labor

Employment Standards, Administration, Application for a Certificate to Employ Full-Time Students in a Retail or Service Establishment, Form WH-200; Occasion; Evinger (x); business firms.

Application for a Certificate to Employ Full-Time Students at Special Minimum Wages in Agriculture, Form WM 257; occasion; Evinger (x); farms.

PHILLIP D. LARSEN,
Budget and Management Officer.

[FR Doc. 74-4291 Filed 2-21-74; 8:45 am]

[From the Federal Register, Vol. 39, No. 38, Feb. 25, 1974]

OFFICE OF MANAGEMENT AND BUDGET—CLEARANCE OF REPORTS

LIST OF REQUESTS

The following is a list of requests for clearance of reports intended for use in collect-

ing information from the public received by the Office of Management and Budget on February 20, 1974. (44 USC 3509) The purpose of publishing this list in the Federal Register is to inform the public.

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of an information; the agency form number, if applicable; the frequency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (x) identifies proposals which appear to raise no significant issues, and are to be approved after brief notice through this release.

Further information about the items on this Daily List may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503 (202–395–4529).

NEW FORMS

Department of Agriculture

Soil Conservation Service: Conservation Plan of Operations—RECP Program: Forms SCS–CONS–11: SCS–CONS–12; Occasional; Lowry; Farm Owners/Operator.

Department of Commerce

Bureau of East-West Trade: Ferrous Scrap "Ship-Breaking"—Reporting Requirement: Form EAR 377.4A(d); Monthly; Caywood; Business firms.

Federal Energy Administration

Request for Data on Coal Conversion: Form; Single time; Lowry; Electric utilities.

REVISIONS

Department of Commerce

Bureau of the Census: Current Sales and Credit Report—Multi-unit Firm: Form BUS 67P; Annual; Weiner; Retail business firm which operate 11 or more retail estab.

Current Sales and Credit Report: Form BUS 50P; Annual; Weiner; Retail business firm which operate 10 or less retail establishments.

Current Service Trade Report: Form BUS 80P; Annual; Weiner; Service business firm.

Department of Commerce

Bureau of the Census: Current Service Trade Report: Form BUS 80P; Annual; Weiner; Service business firm.

EXTENSIONS

Department of Commerce

Economic Development Administration: Application for Assistance from the Economic Development Administration to Finance Public Works Impact Projects: Form ED 101–PWIP; Occasional; Evinger (x).

Application for Assistance from the Economic Development Administration to Finance Public Works and Development Facilities; Form ED 101; Occasional; Evinger (x).

Department of State

Preliminary Questionnaire to Determine Immigrant Status; Form FS 497; Occasional; Evinger (x).

Biographic Data for Visa Purposes: Form DSP 70; Occasional; Evinger (x).

PHILIP D. LARSEN,
Budget and Management Officer.

[FR Doc. 74–4396 Filed 2–22–74; 8:45 am]

[From the Federal Register, Vol. 39, No. 39, February 26, 1974]

OFFICE OF MANAGEMENT AND BUDGET—REQUESTS FOR CLEARANCE OF REPORTS

The following is a list of requests for clearance of reports intended for use in collecting information from the public received by the Office of Management and Budget on February 21, 1974. (44 USC 3509) The purpose of publishing this list in the Federal Register is to inform the public.

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of information; the agency form number, if applicable; the frequency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (x) identifies proposals which appear to raise no significant issues, and are to be approved after brief notice through this release.

Further information about the items on this Daily List may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503 (202–395–4529).

NEW FORMS

Department of Agriculture

Economic Research Service: An Evaluation of Public Transportation Policies Affecting Agriculture (Proposed Contract), Form ____; Singletime NRD/ESD/Foster, Receivers and truckers of perishable foods.

Statistical Reporting Service: Colorado Response Evaluation in List Development and Maintenance, Form ____, Singletime, Wann, Cattle producers.

Department of Defense

Departmental: Training and Education Questionnaire, Form ____, Singletime, NSD/Planchon, Individuals.

Department of Labor

Employment Standards Administration: Definition of Workfore Analysis for 41 CFR, Parts 60–2 and 60–60, Form ____, Occasional, EGG/Sunderhauf/Lowry, Federal contractors, except construction, with 50 or more employees and contract of $50,000 or more.

REVISIONS

Cost of Living Council

Income and Expense Analysis for Hospital and other Institutional Health Service Providers with Accompanying Schedule, Forms CLC 52 and Schedule A, Quarterly, Hulett, Hospitals and nursing homes.

EXTENSIONS

Department of Agriculture

Food and Nutrition Service: Receipt and Distribution of Donated Commodities, Forms FNS 155, Monthly, Lowry, State distributing agencies.

Department of Defense

Department of the Army: Application for Walter Reed Army Institute of Nursing, Form DA 3494, Occasional, Lowry, Individuals.

Department of Housing and Urban Development

Housing Production and Mortgage Credit: Application for Project Mortgage Insurance—Nonprofit Hospital, Section 242, Form FHA 2013, Occasional, Evinger (x).

Contractor's Requisition for Payment of Construction Costs of Section 242, FHA Mortgage Insured Nonprofit Hospital, Form FHA 2448, Occasional, Evinger (x).

PHILLIP D. LARSON,
Budget and Management Office.

[FR Doc.74–4537 Filed 2–25–74;8:45 am]

[From the Federal Register, Vol. 39, No. 40—Feb. 27, 1974]

OFFICE OF MANAGEMENT AND BUDGET—REQUESTS FOR CLEARANCE OF INFORMATION REPORTS

LISTING

The following is a list of requests for clearance of reports intended for use in collecting information from the public received by the Office of Management and Budget on February 22, 1974. (44 U.S.C. 3509.) The purpose of publishing this list in the FEDERAL REGISTER is to inform the public.

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of information; the agency form number, if applicable; the frequency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (x) identifies proposals which appear to raise no significant issues, and are to be approved after brief notice through this release.

Further information about the items on this Daily List may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503 (202–395–4529).

NEW FORMS

National Aeronautics and Space Administration

Computer Data Communications Questionnaire; Form ____; single time; IS; data communications professionals.

Department of Transportation

U.S. Coast Guard; Nationwide Boating Survey; Form ____; single time; EGG/Wann/Lowry; individuals.

REVISIONS

Department of Agriculture

Animal and Plant Health Inspection Service; Regulations—Viruses, Serums, Toxins, and Analogous Products; Form ____; occasional; Lowry; biologics producers.

Agricultural Stabilization and Conservation Service; Notice of Commodity Availability (For Voluntary Relief Agencies); Form CCC 512 (MP); Occasional; Evinger; voluntary agencies.

Department of the Interior

Bureau of Mines; Magnesium; Form 6–1081–A; Annual; weiner; consumers of magnesium metal.

EXTENSIONS

Department of Agriculture

Agricultural Marketing Service; Regulation Governing the Importation of Dates; Form ____; occasion; Evinger; importers and users of dates for processing.

Department of Health, Education, and Welfare

Social Security Administration; General Authorization for Medical Information; Form SSA 827B; occasional; Evinger (x).

Claimant's Authorization to Attending Physician; Form SSA 827A; occasional Evinger (x).

Outpatient Physical Therapy Provider Statement of Reimbursable Cost; Form SSA 2088; annual; Evinger (x).

Department of Transportation

Federal Highway Administration; Survey of Bus Riders (Opinion Survey to Evaluate New Bus Stop Signs in Philadelphia); Form ____; Single time; Foster; riders of Walnut & Chestnut St. buses in Philadelphia.

Contractors Qualifications and Information; Form PR 50; occasional; Evinger (x).

State Highway Department Federal-Aid Highway Construction Summary—Equal Opportunity Compliance Review; Form ____; occasional; Evinger (x).

Equal Employment Opportunity Prequalification of Federal Aid Highway Construction and Subcontractors Specific Equal Employment Opportunity Responses—Federal Aid Highway Construction Project; Form ____; occasional; Evinger (x).

Federal-Aid Highway Construction Contractors Monthly EO Report; Form PR 1391; occasional; Evinger (x).

Federal Aid Highway Construction Summary of Employment Data (Including Minority Breakdown for all Federal Highway Projects for Month ending July 31, 19__; Form PR 1392; annual; Evinger (x).

PHILLIP D. LARSEN,
Budget and Management Officer.

[FR Doc. 74–474 Filed 2–26–74; 8:45 am]

[From the Federal Register, Vol. 39, No. 41, Feb. 28, 1974]

OFFICE OF MANAGEMENT AND BUDGET—CLEARANCE OF REPORTS

LIST OF REQUESTS

The following is a list of requests for clearance of reports intended for use in collecting information from the public received by the Office of Management and Budget on February 25, 1974. (44 USC 3509) The purpose of publishing this list in the Federal Register is to inform the public.

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of information; the agency form number, if applicable; the frequency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (x) identifies proposals which appear to raise no significant issues, and are to be approved after brief notice through this release.

Further information about the items on this Daily List may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503 (202–395–4529).

NEW FORMS

Department of Commerce

Bureau of the Census, Letters to non-government sources of "Farm" Operations Not Likely to be Included as Farms in Administrative Records of Farm Operator Addresses, Form 74–A22 (Ll) (Ln), Single time, Lowry, Organizations holding lists of atypical farm operations.

Department of Health, Education, and Welfare

Center for Disease Control, Irritant Effects of Industrial Chemicals: Formaldehyde and Acetone, Form CDCTB 0207, Single time, Ellett, Workers exposed to industrial chemicals.

Department of Housing and Urban Development

Housing Management, Report on Unit Availability, Form HUD 51230, Occasional, CVAD/Sunderhauf, Local housing authorities.

Office of Policy Development and Research, Jacksonville Special Study, Form —, Single time, Sunderhauf/CVA, Individuals.

Tennessee Valley Authority

Response Cards from Nuclear Organizations, Form —, Single time, Ellett/Foster, Public & investor-owned utilities.

REVISIONS

None.

EXTENSIONS

Department of Justice

Immigration and Naturalization Service: Application for Special Certificate of Naturalization to Obtain Recognition as a Citizen of the U.S. by a Foreign State, Form N–577, Occasional, Evinger (x).

Application for Advance Permission to Enter as Nonimmigrant, Form I–192, Occasional, Evinger (x).

Application for Stay of Deportation, Form I–246, Occasional, Evinger (x).

PHILIP D. LARSEN,
Budget and Management Officer.

[FR Doc. 74–4834 Filed 2–27–74; 8:45 am]

GROSS NATIONAL PRODUCT DATA IMPROVEMENT PROJECT

NOTICE OF CHANGE OF PUBLIC MEETING

Notice of public meeting for the Gross National Product Data Improvement Project appearing on page 6784, Vol. 39, No. 37 of the FEDERAL REGISTER dated February 22, 1974 has been changed from March 4, 1974 to March 12, 1974 in room 10104, New Executive Office Building at 9:45 a.m.

PHILLIP D. LARSEN,
Budget and Management Officer.

[FR Doc.74–4833 Filed 2–27–74;8:45 am]

[From the Federal Register, Vol. 39, No. 42, Mar. 1, 1974]

OFFICE OF MANAGEMENT AND BUDGET—REQUEST FOR CLEARANCE OF REPORTS

The following is a list of requests for clearance of reports intended for use in collecting information from the public received by the Office of Management and Budget on February 26, 1974 (44 USC 3509). The purpose of publishing this List in the Federal Register is to inform the public.

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of information; the agency form number, if applicable; the frequency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (x) identifies proposals which appear to raise no significant issues, and are to be approved after brief notice through this release.

Further information about the items on this Daily List may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503 (202–395–4529).

NEW FORMS

Department of Agriculture

Animal and Plant Health Inspection Service, Official Export Certificate for Animal Biological Products, Form VS 14–17, *Occasional*, Lowry, Biologics establishments.

Forest Service, Youth Conservation Corps–IV Summer 1974, Form ____, *Single time*, Planchon, Enrollees in youth Conservation Corps Program in 1974.

Department of Commerce

Bureau of Domestic Commerce, Metal Cutting Tools, Form DIB 967, *Single time*, Peterson, Metal cutting tool manufacturers.

Bureau of the Census, 1973 Commodity Transportation Study, Form S–188, S–189, S–190, S–192(I), *Single time*, Foster, Wholesale estab., Mineral establ., & assemblers (farm products).

Department of Health, Education, and Welfare

Office of Education, Field-test Questionnaire—Second Follow-up Survey of National Longitudinal Study, Form OE 2367–1, *Single time*, Planchon, High school graduates of Class of 1971.

Department of Labor

Manpower Administration, Forms Handbook for Initial Funding of Title II, CETA, Form ____, *Quarterly*, HRP Raynsford Ellett, State and local agencies.

REVISIONS

Department of Commerce

Bureau of the Census, Steel Shipping Drums and Pails, Form M34K, *Monthly*, Peterson, Manufacturing establishments.

Departmental, AFN Financial Structure and Related Data, Form FDI 105, *Single time*, Hulett, Sample of 450 are direct investors.

National Oceanic and Atmospheric Administration, Volunteer Severe Weather Observer, Form NOAA 86–512, *Occasional*, Foster, Individuals.

Department of Health, Education, and Welfare

Office of Education, Basic Educational Opportunity Grant Program Supplemental Form for 1974–75 Academic Year, Form OE 255–2, *Occasional*, Lowry, BEOG applicants.

Departments of the Treasury

Departmental, Worksheet for Projections of Corporate International Investment Accounts for 1974 and 1975, Form ____, *Semi-annually*, Hulett, Major companies with direct investment.

Veterans' Administration

Veteran's Application for Program of Education of Training (Under Chapter 34, Title 38, U.S.C.), Form 22–1990, *Occasional*, Caywood, Veterans.

EXTENSIONS

National Science Foundation

Employment Inquiry, Form 218, *Occasional*, Evinger (x).

Special Foreign Currency Expenditure and Financial Status Report, Form NSF 672, *Annual*, Evinger (x).

Survey of Graduate Science Student Support and Summary, Form 811/812, *Annual*, Evinger (x).

Cash Outlay Report, Form 612, *Quarterly*, Evinger (x).

PHILLIP D. LARSEN,
Budget and Management Officer.

[FR Doc.74—4908 Filed 2–28–74;8:45 am]

[From the Federal Register, Vol. 39, No. 43, March 4, 1974]

OFFICE OF MANAGEMENT AND BUDGET—CLEARANCE OF REPORTS

LISTING OF REQUESTS

The following is a list of requests for clearance of reports intended for use in collecting information from the public received by the Office of Management and Budget on February 27, 1974 (44 U.S.C. 3509). The purpose of publishing this list in the FEDERAL REGISTER is to inform the public.

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of information; the agency form number, if applicable; the frequency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (x) identifies proposals which appear to raise no significant issues, and are to be approved after brief notice through this release.

Further information about the items on this Daily List may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503 (202–395–4529).

NEW FORMS

Department of Health, Education, and Welfare

Office of Education, Assessment of Vocational Education Programs for Handicapped through 6, *Single time*, HRD/Planchon, 100 (Project Review Forms), Forms OE 348, 1 vocational education projects in 25 States.

Health Resources Administration, Notification of Action under Section 1122 of the Social Security Act, Form HRABHRD 0221, *Occasional*, Caywood, One DPA in each participating State or territory.

Survey of Users and Uses of Marriage and Divorce Statistics, 1972, Form HRANCHS11, *Single time*, Tunstall, Research agencies.

Audiovisual Materials in Dental Auxiliary Education–A, Catalog, Form HRABHRD 1116, *Single time*. Planchon, Educational institutions.

Health Services Administration, Putnam Flagler Study of Migrant Worker Health Status, Form HSABCHS 1217, *Single time*, Reese/Wann, Migrant farm workers based in Putnam, Flagler and St. Johns Counties, Fla.

REVISIONS

National Aeronautics and Space Administration

Patent Waiver Report, Form NASA 1393, Annual, Caywood, Business firms.

EXTENSIONS

Department of Health, Education, and Welfare

Center for Disease Control, Quarterly Report of Rat Control Project Activities, Form CDC 7.15, *Quarterly* Evinger (x).

PHILLIP D. LARSEN,
Budget and Management Officer.

[FR Doc.74-4992 Filed 3-1-74;8:45 am]

[From the Federal Register, Vol. 39, No. 44, Mar. 5, 1974]

OFFICE OF MANAGEMENT AND BUDGET
CLEARANCE OF REPORTS

LIST OF REQUESTS

The following is a list of requests for clearance of reports intended for use in collecting information from the public received by the Office of Management and Budget on February 28, 1974 (44 U.S.C. 3509). The purpose of publishing this list in the FEDERAL REGISTER is to inform the public.

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of information; the agency form number, if applicable; the frequency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (x) identifies proposals which appear to raise no significant issues, and are to be approved after brief notice through this release.

Further information about the items on this Daily List may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503, (202-395-4529).

NEW FORMS

Department of Commerce

National Bureau of Standards, Form Letter and Resume for "A Directory of Authoritative Sources for Property Data on Ceramics", Form ———, Single time, Caywood, Information centers covering ceramics.

Bureau of the Census 1974 Census of Agriculture Pretest: Recheck Listing Sheet; Respondent Interview, Forms 73X-A7, 73X-A8, Single time, Lowry, Farms.

Regular and Short Agriculture Questionnaries, Forms 73X-A1 PR, 73X-A PR, Single time, Lowry, Puerto Rican farmers in pretest area.

Federal Energy Administration

Request for Data on Coal Conversion, Form ———, Single time, Lowry, Buisness firms.

Federal Reserve Board

Monthly Report on Foreign Assets, Form FR 936, Monthly, Hulett, Banks.

Federal Reserve Board

Quarterly Report on Foreign Assets, Form FR 937, Quarterly, Hulett, Nonbank financial institutions.

Department of Health, Education, and Welfare

Health Resources Administration, Evaluation of Hill-Burton Technical Standards and Guidelines for Medical Facilities, Form HRABHRD 0110, Single time, HRD/Sunderhauf, Hospitals built recently with Hill-Burton funds.

National Science Foundation

RANN Research Utilization Survey: Propected Utilization and Actual Utilization, Form—, Single time, Planchon, Principal investigators.

Department of Transportation

Departmental, University of Texas Transportation Survey Questionnaire, Form— Single time, Foster, Adults in Austin, Texas.

REVISIONS

Department of Health, Education, and Welfare

Social Security Administration, 1974 Survey of Independent Health Insurance Plans, Form SSA 1807, Annual, Caywood/Reese, Larger independent health insurance plans.

EXTENSIONS

Department of Commerce

National Bureau of Standards, Package Size Survey, Form NBS 181, Occasional, Evinger (x), State & local govt. weights & measures officials.

Department of Health, Education, and Welfare

Center for Disease Control, Congenital Rubella Syndrome—Case Report, Form 4.271, Occasional, Evinger (x).

Rubella Case Investigation Report, Form 10.17, Occasional, Evinger (x).

PHILLIP D. LARSEN,
Budget and Management Officer.

[FR Doc.74-5175 Filed 3-4-74;8:45 am]

[From the Federal Register, Vol. 39, No. 45, Mar. 6, 1974]

OFFICE OF MANAGEMENT AND BUDGET REQUESTS FOR CLEARANCE OF REPORTS

The following is a list of requests for clearance of reports intended for use in collecting information from the public received by the Office of Management and Budget on March 1, 1974 (44 U.S.C. 3509). The purpose of publishing this list in the FEDERAL REGISTER is to inform the public.

The list includes the title of each request received; the name of the agency sponsoring the proposed collection of information; the agency form number, if applicable; the freuency with which the information is proposed to be collected; the name of the reviewer or reviewing division within OMB, and an indication of who will be the respondents to the proposed collection.

The symbol (x) identifies proposals which appear to raise no significant issues, and are to be approved after brief notice through this release.

Further information about the items on this Daily List may be obtained from the Clearance Office, Office of Management and Budget, Washington, D.C. 20503 (202-395-4529).

NEW FORMS

Department of Agriculture

Food and Nutrition Service, National School Lunch and Child Food Service Survey, Form ———, Single time, HRP/Wann, School food service directors.

Department of Health, Education, and Welfare

Office of Education, Application for Federal Assistance (Nonconstruction Programs)—Instructions for Health and Nutrition Programs, Form OE 347, Annual, Lowry (GSA-Marcantonio), LEA's and nonprofit private educational organizations.

Application for Federal Assistance (Nonconstruction Programs) Instructions for Educational Opportunity Centers, Form OE 343, Annual, Lowry (GSA-Marcantonio), Educational community and agencies or organizations.

National Science Foundation

Survey of Scientific Society Members, Form ———, Single time, Wann, Physical and social scientists and engineers.

REVISIONS

None.

EXTENSIONS

Department of Agriculture

Packers and Stockyards Administration Regulations under the Packers and Stockyards Act, Form ———, Occasional, Evinger (x).

PHILLIP D. LARSEN,
Budget and Management Officer.

[FR Doc. 74-5356 Filed 3-5-74;8:45 am]

[From the Federal Register, Vol. 39, No. 42, Friday, Mar. 1, 1974]

OFFICE OF MANAGEMENT AND BUDGET—BUSINESS ADVISORY COUNCIL ON FEDERAL REPORTS

NOTICE OF PUBLIC MEETING

Pursuant to Public Law 92-463, notice is hereby given of a meeting of the Business Advisory Council on Federal Reports to be held at 9:30 a.m., on March 14, 1974, in Room 2010, New Executive Office Building, 726 Jackson Place NW., Washington, D.C.

The purpose of the meeting is to conduct Council business such as the Treasurer's Report and reports of various committees, to hear remarks by the Deputy Associate Director for Statistical Policy, and to receive reports of recent actions by the Office of Management and Budget which affect the burden on business firms of reporting to Federal agencies. The meeting will be open to public observation and participation.

Anyone wishing to participate should contact the Deputy Associate Director for Statistical Policy, Room 10202, New Executive Office Building, Washington, D.C. 20503, Telephone (202) 395-3730.

VELMA N. BALDWIN,
Assistant to the Director for Administration.

[FR Doc.74—4888 Filed 2-28-74;8:45 am]

ALEKSANDR SOLZHENITSYN DEEPLY TOUCHED BY SENATE RESOLUTION OFFERING HONORARY U.S. CITIZENSHIP

Mr. HELMS. Mr. President, Friday evening I received a personal letter from the great Russian writer, Aleksandr Solzhenitsyn. On February 19, I introduced Senate Joint Resolution 188 which would direct our President to declare Aleksandr Solzehnitsyn an honorary citizen of the United States. This is an unusual honor which, to my knowledge, has been conferred upon only two citizens of other lands, the Marquis de Lafayette and Sir Winston Churchill. Already, 33 Senators—one-third of the Senate—have joined in cosponsoring this resolution.

Solzhenitsyn stands for principles of freedom which are not narrowly partisan, but which are part of the very fiber of our Nation. Here is a man with great dedication to the cause of human freedom. He is a man who is willing to stand up and speak the truth in a land where speaking the truth has always meant death. Yet, as he himself has said, one word of truth can counterbalance the weight of the whole world. With his words of truth he has exposed the terror of the totalitarian system. And he has begged us not to become accomplices in that terror.

In his letter, Solzhenitsyn writes out of the despair of exile. Yet, even in that exile there burns a deep faith in the future, in the eventual freedom of his homeland, and in the freedom of the world.

He understands the importance of this gesture of honorary citizenship, and is humbled by the great role which he is now called upon to play in bringing about

that freedom. He says that the bestowal of this honor would be a great support in the worldwide struggle against totalitarian governments and ideologies.

Let me now go to the words of Solzhenitsyn himself which I had translated from the Russian text:

5 MARCH 1974.

Highly Respected Mister JESSE HELM'S: I am deeply touched by your actions and your proposal to the Senate and the House of Representatives of the United States to declare me an honorary citizen of your country, especially in view of your argument that my fate is not just a private fate, but remains forever tied up with the destiny of my homeland.

Obviously, it is a high honor for me and a great support in my position as an expellee from my homeland in this involuntarily chosen struggle, which for many years I have been compelled to conduct outside of the framework of art and literature, for the rights of man, his inner dignity, and his calm assessment of the dangers threatening us all.

In your Senate speech of February 19 (and again in your letter to me of March 1), you called me "Citizen of the World." This is all the more exacting a title inasmuch as I have in no way deserved it yet, since my life-experience has not yet given me an opportunity to include the tasks and needs of the entire world. However, the truth is that the closely intertwined condition of the world today cannot but lead to the emergence of such a level of understanding and responsibilities—which, obviously, will expand in the twentieth and twenty-first centuries.

Regretfully, it is only your hospitable invitation to visit the United States, and your own house, to meet with the representatives of American society, which I cannot accept at the present time. In particular now, in my unaccustomed new situation, I must with special diligence and attention concentrate on my principal literary work, on my main literary design, for which my entire life may not be long enough. And because of this, no travel at all and no extensive social activity are possible for me now.

With gratitude and good wishes,

Sincerely yours,

SOLZHENITSYN.

There is little that can be added. We must stand with this great man in his struggle and share his hope. We must support him, not only as members of a political party, but as Americans of all parties. I urge my fellow Americans, particularly my fellow Senators, to join with him in his fight for freedom.

I wish he could visit our country now, but, as his letter states, his life is too short and his mission is too great. This dedication is a part of his greatness. This is the way he was in the Soviet Union, and we cannot expect him to change now. And I have the feeling that, if we join with him, his mission will one day take him back to his homeland when his homeland is free.

THE IMPORTANCE OF SOYBEANS

Mr. HUMPHREY. Mr. President, a highly significant article, entitled "Soybeans," appeared in the February issue of Scientific American.

The article notes the rapid increase in soybean production and indicates its rising importance as an agricultural export. Other countries are starting to grow soybeans and the potential for production in India appears to be very promising.

It is also important to note, in this period of shortages of fertilizer and energy, that soybeans, with their nitrogen-fixing capability, supply part of their own fertilizer.

The article also discusses the versatility of soybeans, including their serving as a health food and meat substitute.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

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

SOYBEANS

(By Folke Dovring)

In 1930 soybeans were harvested from a million acres of farmland in the U.S. and the crop amounted to about 14 million bushels. Last year 56 million acres were in soybeans and the harvest is estimated at more than 1.5 billion bushels. Even more remarkable is the expanding role of soybeans in U.S. exports. As recently as 1950 soybean exports were negligible; last year they had a value exceeding $3 billion, or about 5 percent of all income from exports. This year soybeans may account for an even larger part of U.S. exports, thereby becoming a critical factor in the nation's balance of trade as a source of the money needed to pay for such essential imports as petroleum.

The economic value of soybeans lies in their protein and fat (extracted as soybean oil). Even though the fat content of soybeans (18 to 20 percent) is less than that of most other oilsecd crops, the output of fat per acre is often higher than that of other oilseeds because soybeans have a higher yield. Oil alone, however, would not have enabled soybeans to compete with other crops for farm acreage in the U.S.; of equal importance to the fat content is the protein content, which is as high as from 40 to 45 percent of the weight of the beans, an unusually large fraction for any crop.

The soybean is a relative newcomer to America. The plant originated in China, but (unlike many other crops) it did not spread around the globe during the era of geographical discovery. Until the early part of this century nearly all soybeans were grown in eastern Asia. The soybean is a staple food in the mainly vegetable diets of China, Japan and Indonesia but for a long time seemed to have little to contribute to the meat-oriented diets of the West, where it was used chiefly as soy sauce for Chinese cooking and for British ketchups. Attempts to grow soybeans in Europe have met with scant success because of the climate, which is characterized by drought in early summer. Efforts have also been made since late in the 19th century to grow the crop in Russia, but the U.S.S.R. has had a measure of success only in its Far East region.

The climatic possibilities for introducing soybeans on a large scale lay elsewhere. Both North and South America have large areas with predominant summer rains, as in eastern Asia. The wetter parts of southern Asia and tropical Africa also qualify as potential soybean country. Soybeans can also be grown under irrigation in any climate with warm summers.

Soybeans remained of small importance in the U.S. until World War II brought shortages of butter. With soybeans oil going increasingly into margarine, the harvested soybean acreage rose to 10 million in 1943, 30 million in 1964 and 40 million in the late 1960's. The 56 million acres in soybeans last year put the crop in a class with wheat and not far behind corn.

Soybeans first began to spread in the corn belt. In recent years the crop has become increasingly important in the lower Mississippi Valley and the Southeast. Thirty states have a significant acreage in soybeans; the first seven in order of contribution to the 1973 crop are Illinois, Iowa, Indiana, Missouri, Minnesota, Arkansas and Ohio. Soybeans are not much grown in the Western states for the same climatic reason as in Europe.

The soybean is a leguminous plant. Like other members of the family, such as peas and clover, it can harbor nitrogen-fixing bacteria on its roots and thus supply part of its own fertilizer. Although the yield of soybeans is much lower than the yield of corn and wheat in the high-rainfall areas where most soybeans are grown, the price per bushel is higher. As a result soybeans have in recent years surpassed wheat as a cash crop. With the prices that are now being paid, the 1973 crop of soybeans may prove to rival corn crop in value.

All of this has made the U.S. the world's major producer. About three-fourths of all the soybeans produced are grown in the U.S., and the bulk of the soybeans moving in world trade comes from the U.S. The second-largest producer is still China, but its production has not increased much in recent decades and only a minor part of the crop is exported. The only other exporter of consequence is Brazil, which in recent years has developed a big soybean enterprise and exports a substantial part of the crop. Other major soybean countries such as the U.S.S.R., Japan and Indonesia each produce less than a million tons per year; Japan has a large net import need of soybeans. Many other countries, notably Mexico and Colombia, have begun to grow soybeans commercially, but their output is not yet significant in world markets.

The expansion of the soybean business in the U.S. has had a profound impact both on the domestic food economy and on foreign trade. A comparison of the trends in butter and margarine illustrates the role that soybeans have come to play in the domestic food economy. In 1940 the ratio of butter to margarine in domestic consumption was 7:1. Now margarine is in the lead by a ratio of 2:1. Most of the increased output of margarine is made with soybean oil, which now accounts for three-fourths of the country's margarine production.

Even so, margarine takes only about a fifth of the soybean oil produced in the U.S. Other foods such as salad oil and shortening are made with soybean oil. Soybean oil also goes into a number of nonfood products and into the export trade. Soybean oil now accounts for more than half of all the food fat produced in the U.S. In the world as a whole soybeans have become the largest single source of edible fat, ahead of butter and also ahead of any other oilseed. Soybeans deliver some 15 percent of all world supplies of edible fat, and about a fourth of all the edible fat in international trade is soybean oil or the fat in whole soybeans.

Because of the rather low fat content of soybeans, the part of the bean that remains after the fat has been extracted is usually worth somewhat more than the oil, even though the oil brings a higher price per unit of weight. Soybean cake and soybean meal for feeding livestock are the chief products made from what is left after the oil is removed. Leaving aside feed grains such as corn and sorghum, the soybean products now make up nearly half of all commercial feedstuffs sold in the U.S. They have an even larger role in U.S. exports of livestock feed. For the rising supply of all kinds of meat, particularly poultry, the swelling flow of soybean cake and meal is of the greatest importance. U.S. exports are also important in the expansion of animal

husbandry and the meat supply in Western Europe and (more recently) Japan.

In foreign trade soybeans over the past five years or so have become the largest single item among U.S. agricultural exports, exceeding in value both wheat and corn. The devaluation of the dollar early last year, combined with a strong demand for farm products, brought the prices of such products to unprecedented levels. The soybean harvest of 1973 proved when finally added up to meet the expectation of from 1.5 to 1.6 billion bushels; if 40 or 50 percent of it is exported at current prices, soybeans could account for 10 percent of the value of U.S. exports in 1974.

The present high level of demand for American soybeans may prove to be a temporary extreme condition. What are the prospects for the longer term? Could soybeans come to occupy an even more strategic position in the national economy? The answer will depend on two trends: the trend toward a higher yield per acre of soybeans and the trend toward the more intensive consumption of soy protein in human foods, either as "artificial meat" or in other forms.

Soybeans biology has been and is the subject of considerable work in the U.S. Varieties have been developed that are suitable for cultivation in various parts of the country. Yields have been slowly but steadily increased.

Other countries besides the U.S. have benefited from this work, including Mexico and India, which both recently imported from the U.S. soybean strains that proved to be suitable for local conditions. The results are particularly promising in India, where certain American varieties have turned out to give higher yields than they do in the U.S. The potential for soybean production in India appears to be large.

Even though soybean yields are generally higher than those of other oilseeds or of other dry pulse crops such as peas and beans, the consensus among soybean biologists is that the yield potential of the soybean is far from exhausted. It may well prove possible to increase the yield of soybeans per acre to two or three times the levels now reached in the U.S. If such results are achieved, the scope for growth high-protein food will be correspondingly larger. The perspective is plausible; what remains uncertain is when it may materialize.

The perspective of producing soy-protein food for direct human consumption is not just a thing of the future. Meat analogues and other soy-protein dishes that many people find tasty are already on the market. Widespread acceptance by consumers may be only a matter of time. The commercial promotion of soybean recipes and a conscious economic policy favoring soybeans as human food will also be important.

The manufacture of imitation meat from soybeans rests on a technology that has been under way for some time. Soy-protein isolates have been available commercially in the U.S. since about 1960; by 1970 the production was some 20,000 metric tons per year. The protein isolate is spun into fibers, fashioned to resemble whatever kind of meat it is intended to resemble and flavored accordingly. The name for the fibers is "textured vegetable protein," usually shortened to TVP. As defined in a regulation issued by the U.S. Department of Agriculture, the material must have "a structural integrity and identifiable texture such that each unit will withstand hydration and cooking and other procedures used in preparing the food for consumption." In other words, it must not cease to look and taste like meat if it is boiled or fried.

A marketing test of imitation bacon strips conducted in Fort Wayne, Ind., in 1970 showed ready acceptance of the soybean product by the public. The price on an "as served" basis (that is, after cooking, which in natural bacon results in a loss of weight) is about half the price of natural bacon. At present imitation meat is available to the general public in two forms: imitation bacon bits, which are flavored and colored to resemble bacon, and unflavored textured vegetable protein. The bacon bits are recommended as a spice or an additive in dishes where natural bacon would be appropriate. Unflavored textured vegetable protein serves as a meat extender in hamburgers and other dishes where ground meat is a main ingredient. Here too the soy product costs about half as much as real meat.

The manufacturers of these meat substitutes have not seemed to be rushing to capture a large share of the meat market. Part of the explanation for their caution appears to be the fact that certain soy products put on the market a number of years ago without careful development gave soybean foods a bad name. It may also be that the manufacturers want to avoid conflict with the farmers and food processors involved in meat production—some of whom are members of the same companies or conglomerates as the manufacturers of textured vegetable protein.

Whatever the reasons for the cautious attitude of the manufacturers toward meat analogues, the fact is that the American public is already eating soy products to a larger extent than is indicated by the production of textured vegetable protein. Breakfast foods, biscuits, various kinds of bread, sausages and many other foods contain soybean meal in less expensive forms than textured vegetable protein. As of 1970 such foods consumed 10 times as many soybeans as the manufacture of textured vegetable protein. American food scientists have recently perfected a soy beverage that could substitute for milk, and they have also improved the taste of soybeans for consumption as whole beans (in bean salad, for example), as flakes in baby food and in other forms.

Religious groups and health-food groups with an interest in vegetable-based diets have developed many more soybean products and recipes than are available from standard sources. As a result a large variety of meat analogues can be found in specialty stores. Moreover, anyone, who likes to experiment in his own kitchen can discover more uses for textured vegetable protein than the major manufacturers offer. For example, if the unflavored products is mixed with a strongly flavored bacon analogue, the blend serves with good effect in recipes calling for minced meat.

Soy protein is nutritionally somewhat less complete than meat, but the few deficiencies can be made up easily from other vegetables, including corn. A complete diet without animal products is therefore readily attainable. Many more meat imitations than are currently available could be made from soybeans, including analogues of several boneless meat and poultry cuts.

A move toward a more vegetable diet would have several advantages for the public, such as lowering the cost of living and reducing the ingestion of fat. It would lessen the pressure of economic activity on the environment, since the current energy crisis is symptomatic of an impending scarcity of resources that would be greatly relieved if less land were used to feed domestic animals.

The production of natural bacon, for example, requires 10 times as much cropland as the same quantity of bacon analogue from soybeans; beef production calls for from 15 to 20 times as much land as is needed for soy protein. Moreover, since soybeans can obtain their own nitrogen fertilizer, they draw less on the energy-intensive industries that manufacture commercial fertilizers. The ecological pressure from high levels of application of nitrogen fertilizers would also diminish, because less nitrogen would leak into the ground water and the streams.

For countries with a low level of per capita income, foods based on vegetable protein offer even greater advantages. Although at present in the poorest countries soybeans are best consumed directly (or in such forms as flour additives and "soy milk"), in the longer term meat analogues could become highly important in economic development. Experience shows that when per capita income rises, the demand for meat goes up. It rises most rapidly at certain intermediate levels of income (between about $400 and $1,600 per capita per year in current prices). "Inflation feeds on red meat" is an expression that originated in France in the 1950's when the country was on such a middle-income level. The expression has particular point today in such countries as Argentina and Mexico. Sooner or later, if all goes well, the problem will come up in the present low-income countries. It would be far less difficult economically for those countries to plan toward large supplies of vegetable protein than to try to build up meat production on a scale that would satisfy the aspirations of their people, since vegetable protein is so much more sparing of resources. Indeed, the food situation of the entire world would benefit from a greater reliance on vegetable protein.

For the U.S. the question of agricultural priorities is closely tied to issues of foreign trade. In recent years the U.S. has become increasingly dependent on imports of petroleum, particularly from the Arab nations of the Middle East and North Africa. Apart from the political embarrassment of being dependent on such distant sources, the nation confronts the impact of petroleum imports on the U.S. balance of payments. The balance-of-payments situation is quite bad and was deteriorating until the early part of 1973. A modest surplus of payments in recent months has redeemed only a tiny fraction of the huge amount of dollars held in foreign countries. At present it appears that agricultural exports, with soybeans foremost among them, may bail out the U.S., at least for a time. The question is how long they can continue to do so. The answer lies, among other things, in the trends of consumption of meat and of energy.

Both trends have been upward, and since the early 1960's they have risen at rates exceeding those of the previous several decades. These two indicators are sure signs of rising standards of living. It is clear from the figures that Americans in general have become better off over the past dozen years and that the improvement has been faster than in earlier decades.

These developments would be all to the good if it were not for the problem of resources that underlies the rising figures for meat and for energy consumption. The problem is intensified by the fact that beef accounts for much of the increasing consumption of meat. At present the U.S. is paying for its imports (including meat as well as petroleum) by exporting soybeans, wheat, corn and other raw agricultural products. If the upward trend in meat consumption continues, however, more of the nation's corps will be needed to feed meat animals and less can be exported. If energy consumption continues to rise, petroleum imports can be expected to rise too.

In other words, the trend in meat consumption and energy consumption are on a collision course. If they continue upward, the two together will bring the U.S. into increasing difficulty. To put the matter rather crudely, the American public may have to choose between steaks and pleasure trips. A turn toward mass transit and other means of economizing on the consumption of energy could bring down the need for importing petroleum. In addition, however, a shift toward meat analogues and other high-protein foods based on vegetable sources—soybeans foremost among them—could reduce the re-

quirement for feed crops within the country and allow for higher exports of agricultural products to pay for petroleum and other essential imports while keeping the foreign-trade account in balance.

Agricultural products have historically been a large part of U.S. exports. Even now the U.S. has the largest potential for agricultural production of any nation. (Brazil could be come a match for the U.S. in the future, but that remains to be seen.) It is logical for the U.S. to employ its comparative advantage by paying for imports with the proceeds from farm exports.

In recent decades, however, the nation's farm exports have become relatively less important. Manufacturing industries have increased their share of the export trade because of their comparative advantage over other countries in technology and management. Their real export has been embodied technology.

Lately the industrial advantage has declined somewhat because much technology has been exported and much has been reproduced abroad. This was probably inevitable; a comparative advantage based on technology tends to be short-lived in an era of rapid technological progress. Comparative advantage based on natural resources is more dependable, which is why it is logical that the U.S. should again rely on its agricultural base to strengthen its foreign trade position.

The logic is even stronger now that worldwide demand for U.S. farm products has risen, partly because of rising standards of living in Europe, Japan and elsewhere and partly because many countries have more difficulty than the U.S. has in increasing agricultural production. The prospect for trade between the U.S. and the U.S.S.R. rests essentially on the superiority of the U.S. in agriculture and the large mineral resources of the U.S.S.R.

A revival of this country's role as food grower for much of the world will be easier to achieve if the U.S. can slow down or halt the trend toward devoting an increasing amount of land to feed domestic animals for an increasing consumption of meat. Recent experience is suggestive: if butter had continued to dominate margarine in the marketplace, less grain would now be available for export. In the future a shift toward meat analogues made with vegetable protein, soy protein being the cheapest and most abundant, could help to release more acreage for export crops.

The shifts in production, consumption and trade implicit in the argument set forth here cannot be affected suddenly. What is important is to look ahead at national problems and to be aware of the probable consequences of alternative courses of action. If foresight had been applied to the long-term prospects of the economy in the 1950's, for example, it is likely that neither the current energy crisis nor the adverse balance of foreign trade would have arisen.

The superiority of the soybean both for domestic purposes and for export comes from the wide range of products that can be made from it. An important general characteristic of a modern economy is an increasing versatility of raw materials. This characteristic, together with rising productivity and per capita income, is one of the sources of the widening freedom of choice that makes the socioeconomic environment an "optional society"—a society where the range of options open both to individuals and to society as a whole is wider than ever and still widening. The soybean ranks high in this respect, and so it is an eminently modern commodity. The biologists and food chemists who work with soybeans therefore hold important keys to the nation's economic future.

BERNARD LEWIS TESTIMONY ON THE PRESENT STAGE OF THE ARAB-ISRAELI CONFLICT

Mr. JACKSON. Mr. President, as part of its study of negotiation and statecraft, the Permanent Subcommittee on Investigations was privileged to take testimony Friday, March 8, from Prof. Bernard Lewis of the University of London. Professor Lewis, who has just returned from visits to Israel and Egypt, testified on the present stage of the Arab-Israeli conflict.

It is my strong conviction that we need history as a guide to sound judgments in foreign and defense affairs—including the handling of crucial negotiations such as those in process in the Middle East situation.

Few people can equal the range of Professor Lewis' historical and political insights into this conflict. As a distinguished historian of the Middle East, Professor Lewis sheds important new light on the relationship between Mideastern developments and East-West détente.

Since 1949 Bernard Lewis has been professor of history of the Near and Middle East at the University of London. He has also been a visiting professor at UCLA, Columbia University, Indiana University, and Princeton University, and a visiting member at the Institute for Advanced Studies in Princeton.

He is the author of such learned books as "The Emergence of Modern Turkey," revised edition 1968, "The Assassins," 1968, "The Middle East and the West," 1964, "The Arabs in History," revised edition 1971, "Race and Color in Islam," 1971, and "Islam in History," 1973. Professor Lewis has also written many scholarly articles, including several trenchant analyses of Russian interest in the Middle East.

I believe Professor Lewis' path-breaking analysis deserves the widest reading and study. I ask unanimous consent that it be printed in the RECORD.

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

THE PRESENT STAGE OF THE ARAB-ISRAELI CONFLICT

(By Prof. Bernard Lewis)

(Statement to the Permanent Subcommittee on Investigations, Friday, March 8, 1974).

For the first time since the signature of the Rhodes Armistice agreement, there is real hope for peace in the Middle East. When the Armistice Agreement was signed in 1949, the hope was widely held and still more widely expressed that the armistice would be followed by negotiations leading to a real peace between the conflicting parties. These hopes—incorporated in the actual text of the armistice—were not fulfilled, the tentative negotiations were abandoned, and the conflict between the Arab states and Israel settled into the form which has become painfully familiar. The war of 1956 was followed by an Israeli retreat, under American pressure, from occupied territories, but once again the expectations, much feebler this time, that this would pave the way to peace negotiations proved vain. The war of 1967 again broke the log jam, and there was a brief interval when there may have been some opportunity of beginning real peace negotiations. This opportunity, if indeed it ever existed, was lost and the situation was once again deadlocked by the Khartoum Summit conference in September 1967 and its adoption of the formula of no recognition, no negotiation, no peace.

Now once again, after yet another war, there seems to be a chance. Every opportunity, however, inevitably involves an equivalent danger, and it is therefore necessary to examine the present situation very closely for its local, regional and international implications.

THE STAGES OF THE CONFLICT

The Arab-Israeli conflict is *sui generis*, resembling no other conflict in the world. In the form in which it has existed since 1949 it is insoluble. In considering the possibility of a solution, we must therefore envisage a process in two stages—first the normalization of the conflict, and then, after this has been achieved, the resolution of the conflict and the normalization of relations between the contending parties.

To make the point in another way: in the first stage the issue of the conflict is the existence of Israel, in the second stage the size of Israel. In the first phase no agreement or even negotiation is possible, since there is no compromise or midway point between existing and not existing. In this phase, the Arab position is that Israel has no right to exist and that its very existence, therefore, irrespective of its actions or policies, constitutes an aggression. This was the view formulated most explicitly by the late President Nasser. The Arabs recognized neither the legitimacy of the Jewish state nor the existence of the Jewish nation, and saw Israel as a state based on a fiction and achieved by usurpation. "Justice" required that this usurpation should be undone and the state dismantled.

THE SIGNIFICANCE OF DIRECT NEGOTIATION

Both the Arabs and Israel understood the situation, and accurately expressed their understanding by the stress which both sides laid on the question of direct negotiation. On the Arab side negotiation was clearly not possible with a state, the very right of which to exist they did not recognize; even to enter into such negotiation, irrespective of its course or outcome, would have been to concede the point which they regarded as fundamental in the whole conflict. On the Israeli side, entry into direct negotiation became the touchstone of Arab good faith. In its absence, the Israelis sought maximum protection against political and perhaps physical extinction.

Outsiders often failed to understand this character of the conflict. They made light of the threats to Israel's existence, dismissing them as empty rhetoric and incapable of realization, and blamed Israel for demanding a degree of military security enjoyed by no other state—or perhaps only one other state—in the world; namely the safeguarding of her borders by the annexation or occupation of territory belonging to her neighbors. Israel replied that she faced a threat unknown to any other state in the world—that of annihilation by her neighbors.

The ruling generation of Israelis, dominated by memories of Auschwitz, could not dismiss the threat of annihilation so lightly, the more so since, as careful readers and hearers of the Arab media, they were better informed than the outside world of the seething hatred which these conveyed. Such fears were reinforced by observation of the political style in Arab countries and the treatment of even domestic political adversaries. At the time of the troubles in Jordan, in

September 1970, many Israelis asked "if that is how they treat each other, how would they treat us?"

In the second phase of the conflict the existence of Israel is accepted, and the problem is the delimitation of its frontiers, i.e., a simple straightforward diplomatic problem of the classical type—like Alsace-Lorraine and Schleswig-Holstein. These examples will make it clear that even such problems are far from easy. This one would be particularly difficult in that Israel has not and never has had any frontiers but only cease-fire lines. Even the old international frontier with Egypt was formally abolished by the Rhodes Armistice agreement—ironically at Egyptian insistence—and redesignated as a cease-fire line without prejudice to the claims of either party in an eventual political settlement.

The frontier problem is certainly a difficult one, but at least it is capable of discussion, negotiation, and perhaps even, by normal diplomatic processes, of final resolution.

THE EFFECTS OF RESOLUTION 242

Many observers have argued that this second phase has already been reached, and that the acceptance by Israel's Arab neighbors of Security Council Resolution 242 constitutes formal recognition of Israel's existence. The Israeli objection to this view has been very well put by Dr. Haykal: "If the Arabs wish to go back on their agreement to the Security Council Resolution," said Dr. Haykal, in an interview in *Al Nhar* of 2 August 1970, "they can easily do so by a single word. But if Israel should wish to go back on the implementation of this resolution, she will have to wage a new war to reconquer the territories she will have evacuated in accordance with this Resolution." This kind of statement, together with the frequent use by responsible Arab leaders of open-ended formulae such as "the recovery of occupied territories," "the removal of the consequences of aggression," "the restoration of the rights of the Palestinians" and the like, lead many Israelis to believe that the Arabs have not accepted the existence of Israel, that the limited and ambiguous recognition which they have expressed is tactical and temporary, and that their real aim remains the destruction of the Israeli state. They find support for this in the differences between the private and public statements of Arab leaders, sometimes even between two versions of a single public statement, as for example between the soft-spoken English text of an interview published in an American news magazine and the strident Arabic version of the same interview published in the Arabic press. Since 1967, talk of throwing the Jews into the sea has ceased, but enough remains in the charter, statements, and activities of the Palestine Liberation Organization to indicate the views of that body on the future of Israel and of its inhabitants.

AFTER THE OCTOBER WAR, TOWARDS A PEACE TREATY?

Since the October war there has been some diplomatic movement, and indications, more convincing than ever before, of a genuine desire for a settlement on the part of some Arab leaders, notably President Sadat. The next question is this: What is the purpose of these moves? Do they see them as a first step toward peace to be followed by others in the same direction—or do they see them as a first stage in the unravelling of the past—first to undo the war of 1967 and then, when circumstances permit, to undo the war of 1948–9? Clearly, much depends on the answer to this question.

There is no single or simple answer. The present phase is one of transition, in which many different attitudes can be detected among Arab leaders—attitudes which are subject to change in either direction. Israel cannot safely disregard explicit threats which the October war has shown to be more substantial than was thought. But equally, Israel cannot afford to neglect any real opportunity to achieve peace. Such an opportunity now exists. This opportunity must be exploited—but at the same time the dangers attending it should be identified and, as far as possible, guarded against. I would suggest that the best safeguard, as between the Arab States and Israel, is a signed peace and normalization of relations. It may be objected that such a program is unrealistic and Utopian. It would be equally unrealistic and Utopian to expect the Israelis to withdraw to less defensible borders without at least some assurance that they will not have to defend them against annihilation. This, after all, is what the conflict has been about for a quarter of a century. If the threat of annihilation is real, it must be countered; if false, it must be exorcised. This would make it possible to meet Arab fears and desires concerning Israeli expansion and the settlement of the problem of the Palestinians.

The Arabs are often blamed for loose, wild utterances. We should, however, note the accuracy, consistency and indeed integrity of their refusal to make a real peace. In one sense this is discouraging, but it also gives some grounds for hope that once this point is overcome, the way will really be open and not subject to sudden changes and reversals.

One should not overstate the significance of diplomatic peace-making, but it seems to me that formal peace negotiations between the parties and a formal treaty of peace would have a two-fold importance. In the first place it would mean the crossing of a vital psychological barrier in the Arab world—and such crossings are not easily reversed. In the second place it would set up what the record of events in the world since 1945 has shown to be a real obstacle to armed conflict—namely, a normal, demarcated, recognized, functioning, international frontier defended by passport and customs men and traversed by regular communications. Of the many wars fought since 1945, virtually all have begun over an undemarcated frontier—a partition line, a cease-fire or an *ad hoc* line of some kind. A recognized, international frontier still has some value.

A peace treaty would also be a token of good faith—an assurance that the ultimate aim of negotiation is really peace and not the unmaking of the past. If necessary, the process of normalization could be staggered and linked to a staggered territorial withdrawal. As Dr. Haykal remarked, the application of Resolution 242 is asymmetrical in that the Arabs could at any time reverse their compliance whereas Israel could only do so at the cost of another war.

It would be easy to withdraw verbal acceptance of Resolution 242, which in itself is more than sufficiently ambiguous; it would be much less easy to undo the normalization of relations. Diplomatic peace would give no final assurances, and would still leave many problems and dangers, such as changes of regime, government or merely policy on the Arab side. It would, however, constitute an important and probably an indispensable step in the direction of a real peace of mutual acceptance.

Both sides have an interest in such a peace. The Arabs can continue the struggle and might eventually succeed in destroying Israel, since the Israelis are few and their friends are fickle or far away or both. But to achieve this would require protracted struggle extending over decades or longer and involving a succession of wars. It would wreck the Arab economies, poison their public life, delay or prevent their development and worst of all, expose them to a far greater danger than Israel could possibly offer—the danger that in trying to recover Palestine they might lose Egypt, Syria, Iraq and the rest, and become vassals or subjects of the one power which might be willing to encourage and help them in their aim. Even without any decision or action on the Soviet part, this would be the virtually inevitable result of a continuance of the struggle.

THE SOVIET INTEREST

Which brings me to my next point: What is the Soviet position in the present situation? Unfortunately, the Middle East conflict is not just a local or regional one between the Arab states and Israel; if it had been, it would no doubt have been settled long since by the exhaustion of both sides and their realization that neither could impose a solution by force on the other. The Middle East is also one of the most important areas of confrontation between the superpowers—far more important in global terms than, for example, Southeast Asia, to which so much effort and attention have been given, on which so much blood and treasure have been spent. The Middle East directly adjoins both Russia and Europe; it includes the main land, sea and air routes to Asia and Africa; it contains the world's greatest reserves of oil, the lifeblood of modern industry and modern armies; it embraces the heart lands of Islam, the religion followed by the vast majority of the non-European subjects of the Soviet Union. By controlling the Middle East, Russia could outflank NATO, immobilize Europe, threaten Turkey and Iran from the rear, acquire direct access to Africa, and control the route to the Indian Ocean and the Indian subcontinent, now of crucial importance in the conflict with China. Russia has been concerned with the area for centuries and has steadily and relentlessly advanced her frontiers southward.

In 1955, after a period of relative inactivity, she entered a new phase of massive involvement in Arab countries. This began with the arms deal of September 1955 and was greatly extended with indirect and unintentional American help after the Suez War of 1956. Such help was again forthcoming after the war of 1967. Soviet activity was encouraged by the announcement of the Rogers Plan which, whatever its merits, was interpreted in the circumstances in which it was published as a sign of weakness and disinterest; it was further encouraged by the apparent American readiness to turn a blind eye to the immediate and blatant Soviet violations of the standstill agreement of August 1970 by introducing new missiles into the Canal Zone. The détente agreement of May 1972 was again interpreted by the Soviets not as an occasion to reduce the scale of their military activity in Syria and Egypt, but as a license to increase it. This could be seen in the greater strength, range and flexibility of the Soviet Mediterranean fleet, with its air and shore support and its amphibious capability; the increased Soviet presence in the Indian Ocean following the British withdrawal from the area; and in Soviet military involvement in Egypt, Syria, Iraq, and Southern Arabia.

THE SOVIET ROLE IN THE WAR

It has been claimed that the Soviet Union planned and launched the Syro-Egyptian attack of 6 October 1973. There is no hard evidence of this, though the military operations show unmistakable signs of Soviet military thinking and planning. It is, however, certain that even if the Soviets did not launch the offensive, they knew about it for at least several days before it took place. This is clear, among other things, from the prior evacuation of Soviet families and the stepped up rhythm of Soviet military supplies. The Soviets did not stop the offensive, though it is difficult to believe that they would have failed if they had tried. They did not inform the United States of the impending danger, thus violating one of the

most important of the détente agreements. They did nothing to stop the hostilities but, on the contrary, tried to extend the conflict by calling on other Arab states to send their forces and by coaching the Arab oil producers in the use of oil as a weapon against the West. They had already been doing this for some time through Arabic broadcasts and presumably through other channels. As the Arab armies advanced, the Russians fanned the flames—until a change of wind suddenly transformed them from arsonists to firemen.

The Israelis stopped the Arab advance on the third day in the north and on the fifth day in the south. On the fourth day the Soviets began a massive airlift of arms to Egypt and Syria and even arranged for the dispatch of North Korean and North Vietnamese pilots to serve with the Arab air forces. Only when the Israeli counter-offensives were well under way did the Soviets show interest in a ceasefire. They obtained this by threatening to end detente and exploited it immediately by trying, as in August 1970, to introduce new and more sophisticated weapons to the area.

The United States in effect intervened twice in the war, first by organizing her own airlift of supplies in response to that of the Russians and thus saving Israel, and second, by running a diplomatic airlift to stop the fighting and thus save the Arabs. The replacement of the formula of "no war, no peace" by a formula of "no victory, no defeat" is imaginative and constructive. It opens a real possibility for dialogue and negotiation which could lead to a genuine settlement; it also offers an opportunity to disengage the Egyptians, and perhaps others, from the Soviet embrace and persuade them to adopt a more friendly or at least a more neutral posture. The Soviets can, of course, see this as clearly as anyone else and are unlikely to acquiesce quietly in a course of action which would terminate or even reduce their influence in the Middle East and replace it with that of the United States.

THE DILEMMA OF AMERICAN POLICY

Herein lies the dilemma of American policy. To save the Arabs, it was necessary to save the Russians, and we may be sure that they will neither appreciate nor reciprocate this service. To win over the Arabs, it is necessary to restrain the Israelis, but this could weaken them and thus endanger the main source of America's present diplomatic strength in the Middle East. The game is one requiring great skill, clear and firm purpose, and above all, no delusions, especially the most perilous of all, self-delusion. For Russia detente is an instrument of policy; for America it could become a substitute for policy, and that would be very dangerous.

PRESENT SOVIET ATTITUDE AND INTENTION

At the moment the Soviets appear to be cautious and worried—alarmed by the military results of the war, the successes of American diplomacy so far, and the diplomatic immobility imposed on them by their total linkage to one side. There is the second point, that they are at the moment more concerned with the Chinese than with the Western adversary and therefore inclined to avoid confrontation on matters where the U.S. shows firmness. They are permitting and to some extent even encouraging the movement towards peace, but at the same time are taking the routine precaution of laying a political minefield across the way to peace which they can detonate at any time that peace endangers Soviet interests. Here I would draw your attention to the very important statement ascribed to Gromyko and published in Al-Ahram on 22nd January 1974:

"Andrei Gromyko gave assurances of the continuance of Soviet support for the Arab peoples and the people of Palestine and it was clear that he defined the attitude of the Soviet Union in the following points:

"Moscow does not oppose any efforts undertaken by the United States in the Middle East as long as these efforts have as their basic objective the protection of the rights of the Arab peoples and the people of Palestine, and as long as these efforts do not injure the interests of a third party.

"The Soviet Union will not accept anything less than the Arabs themselves would accept and if this does not happen, the Soviets will announce their position clearly.

"The key to the solution of the Middle East crisis is in the hands of Egypt in the first instance. The Soviets are fully aware of this and they will strive to establish relations with some of the other Arab states.

"The attitude of the Soviet Union toward Israel must be clearly defined. It is that the Soviet Union is the friend and strategic ally of the Arabs and that the security and peace of the peoples of the area depend on the solution of the problem of the Palestinian people and the restoration of their rights.

"The Soviet Union aims at maintaining relations with all the Arab states, irrespective of their political regimes."

This statement—seen by the more intransigent elements in Egypt as an expression of support for their views—appears to have no immediate relevance in the present situation. It has rather been issued for the record, for possible exploitation at a later stage if necessary. It tallies with the ambiguous Soviet attitude on the Palestinian question—they appear to oppose the establishment of a Palestinian state but at the same time cultivate the leaders of the PLO and adopt some of their formulae. This has been well described as a built-in destruct mechanism in any structure of peacemaking.

Meanwhile, the American position in the Middle East has been greatly strengthened. In 1967, when the U.S. did not intervene in the war, the Arab states broke off diplomatic relations. In 1973, when American intervention was decisive, Egypt decided to resume relations. The U.S. is now reaping the benefits of a firm policy in terms of prestige and influence. The Soviet Union is for the time being in a state of disarray. Europe has earned the mistrust of Israel, the patronage of the Arabs and the respect of neither. Only the U.S. has and is seen to have both power and responsibility. In this there lies a hope for peace.

WALTER W. HELLER—"THE CASE FOR FISCAL STIMULUS"

Mr. KENNEDY. Mr. President, last Thursday, I introduced amendment 1004 to H.R. 13025, the social security disability benefits bill, to raise the personal exemption in the Federal income tax to $850 from its present level of $750, and thereby give a much-needed fiscal stimulus to our sagging recessionary economy.

Today's Wall Street Journal contains a major article on the need for such a fiscal stimulus by Walter W. Heller, a former Chairman of the President's Council of Economic Advisers and now the Regents' Professor of Economics at the University of Minnesota.

In his article, Professor Heller strongly supports proposals for a tax cut to stimulate the economy. As he puts it:

It isn't often that a single measure promises to cut cost inflation, bolster aggregate demand, curb profiteering and still maintain vital incentives.

As he points out, the proposed tax cut will accomplish all these goals.

As the architect of the tax cut which pulled the economy out of its tailspin in the early 1960's, and which launched the longest uninterrupted period of economic growth and prosperity in our Nation's history, Professor Heller brings impressive credentials and extremely persuasive arguments to bear on this issue.

By acting now, Congress can seize the moment, and take a step that is capable of halting the recession into which our economy is now sinking.

Mr. President, I believe that Professor Heller's article will be of interest to all of us concerned about the health of our economy, and I ask unanimous consent that it may be printed in the RECORD.

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

[From the Wall Street Journal, Mar. 11, 1974]

THE CASE FOR FISCAL STIMULUS

(By Walter W. Heller)

Once again, the battle between anti-recessionists and anti-inflationists is joined. Without differing very much on the 1974 economic scenario—downturn and double-digit inflation in the first half followed by an upturn and some ebbing of inflationary pressures in the second—the antagonists run the gamut from "ease up" to "hold tight" in their prescriptions for fiscal-monetary policy in 1974.

Part of this division reflects conflicting diagnoses of the nature of this year's recession and inflation. Partly, it grows out of divergent appraisals of how much of any given demand stimulus will translate into jobs and output and how much into more inflation (either now or later). And in no small part, it goes beyond positive economics to a conflict of values.

Nothing throws the issues into bolder relief than the proposal for a quick income tax cut in the form of an increase in personal exemptions. A tax reduction of $5 billion to $6 billion a year could be effected either by boosting the per capita exemption from $750 to $900 or by adopting Senator Mondale's proposal to give the taxpayer the option of taking a $200 credit against tax or continuing to deduct $750 from income.

The equity case for this move is obvious:

Before the year is out, inflation will have eroded the real value of the $750 exemption by more than 20% since it went into effect at the beginning of 1972.

Even more important, boosting exemptions would concentrate the bulk of the tax benefits at the middle and lower end of the income scale where recent inflation, especially in the form of surging food and fuel prices, has exacted a particularly heavy toll. (To reach the lowest incomes calls for further action, e.g., a step-up in social service programs and relief from Social Security payroll taxes on the poor.)

Indeed, the social rationale for income and payroll tax relief in the lower brackets is so compelling that it would make sense even if it were matched by simultaneous tax increases elsewhere.

But equity aside, can a broad-based income tax cut stand on its *economic* merits? Those who say it can't—Messrs. Shultz, Burns, Fellner, McCracken and Stein somehow come to mind—cite such arguments as these:

Our current economic downturn is mainly the result of supply restraints, of shortages and bottlenecks; such demand deficiencies as exist will soon correct themselves.

Any further stimulus will simply increase the ferocity and tenacity of inflation.

Mr. Nixon's fiscal 1975 budget already contains all the stimulus the economy can stand. And besides, cutting income taxes today robs us of vital revenue-raising power we need for tomorrow.

Straw men? Hardly. But neither are they holy writ.

SOME UNMISTAKABLE SIGNS

First, as to the nature of recession. Though supply shortages get the headlines, a close look reveals unmistakable signs of a shortage of demand. The weary consumer, whiplashed by tight money and fiscal restraint and whipsawed by runaway food and fuel prices, has pulled in his horns:

For nearly a year, his consumption of durables other than autos has fallen in real terms, while his consumption of non-durables and services has kept only a trifle ahead of inflation.

As to autos, the gasoline shortage has converted an expected decline into an actual disaster. Lying behind the 27% drop in overall sales of domestic cars last month was a plunge of nearly 50% in demand for standard and larger models.

Tight money has cut the rate of residential construction outlays from $60 billion a year ago to around $47 billion today.

For consumers, January was perhaps the cruelest month. While personal income dropped $4 billion, consumer prices raced upward at a 12% annual rate. Real spendable earnings of non-farm workers, after taxes, were down 4% from a year earlier, the largest drop in 10 years.

Nor is any early rebound in sight. It will be months before exploding oil prices have worked their way through the economy, soaking up $15 billion to $20 billion of consumer purchasing power in the process. For that's the amount of tribute the American consumer has to pay foreign and domestic producers of oil—and in the shortrun, very little of the funds thus siphonored off will reappear in the economy as demand for exports or increased dividends and capital spending by the U.S. oil industry. So even with an end to the Arab embargo, the U.S. economy will continue to suffer the paradox of "oil drag"—a cost-inflation of prices and a tax-like deflation of demand.

Contrary to the Alice-in-wonderland reasoning in Mr. Nixon's veto message on the energy bill, a rollback in domestic crude oil prices could materially ease that drag. For example, a cutback in new oil prices to $8 and old oil prices to $4.25 (as against $7.09 and $5.25 in the energy bill), while maintaining strong incentives for boosting output of new oil and oil substitutes, would serve to:

Cut oil-cost inflation by $5 billion.

Restore $5 billion in real purchasing power to consumers.

Stop that amount of excess profits at the source.

It isn't often that a single measure promises to cut cost inflation, bolster aggregate demand, curb profiteering, and still maintain vital incentives. Yet doctrinaire pursuit of market ideology coupled with a paralyzing fear of further inflation seems to be binding policy makers to the opportunities for simultaneously serving different objectives of policy. Not all demand stimulants aggravate inflation on net balance.

That brings us to the second major charge against the proposed tax relief, namely, that much or even most of it will run off into added inflation. No one can deny that added dollars in consumers' hands will elicit some price increases. But in 1974, a year in which deficient demand will persist even after recovery replaces recession, the trade-off will be highly favorable. Consider the nature of today's inflation:

Above all, it reflects price pressures born of the food and fuel shortages of yesteryear which, as Arthur Burns cogently pointed out last fall, "hardly represent either the basic trend in prices or the response of prices to previous monetary or fiscal policies." After this year, those pressures will begin to burn themselves out, leaving a legacy of high but less rapidly rising prices.

In part, it is a lagged response to the boom in world commodity prices in general. And these pressures too will ebb even as demand recovers, much as they did after the price explosion set off by the Korean boom in 1951.

Further, it is the result of a sharp rise in unit labor costs, which moved ahead at a 9% annual rate in the last quarter of 1973 and will get worse in recession before getting better in recovery.

Upward price adjustments as industries are freed from controls will also give inflation a jolt, largely a one-shot phenomenon.

In other words, inflation in 1974 has a life of its own, nourished not by excess demand but mainly by a variety of cost factors beyond the reach of fiscal and monetary management. The great bulk of the stimulus of a prompt tax cut would therefore express itself in higher output, jobs, and income, not in higher prices.

It can be argued—indeed, George Perry of Brookings has argued—that a well tempered tax cut can help relieve cost-push pressure by redressing labor's cost-of-living grievances in part through tax relief rather than wage escalation. Labor leaders keep an eye closely cocked on that critical barometer, "real spendable earnings after taxes." Cut income and payroll taxes and real earnings rise. If a fiscal bargain could be struck with labor to substitute this paycheck sweetner in part for wage hikes, less of the 1973–74 food and fuel price upsurge will be built into wage bargains.

But what about the legacy of a weakened tax system in 1975 and later years? Won't the inflationary chickens come home to roost? Not if responsive fiscal and monetary policies head off renewed excess demand when it again threatens the economy.

For that matter, the Congress should build in a large part of the protection by coupling its exemption boost with a firm commitment to enact compensating revenue-raising tax reforms to become effective in and beyond 1975. The necessary funds could be raised simply by a substantial hike in the minimum tax plus a phasing out of most of the tax shelters for petroleum as oil price curbs are progressively relaxed. (It is worth noting that with appropriate pricing policies, one can both avoid punitive excess profits taxes and phase out the distorting and inequitable tax preferences for petroleum—thus serving both equity and efficiency.)

THE THIRD QUESTION

But one still has to confront the third question: Isn't Mr. Nixon's new budget already offering plenty of stiumlus to a sagging economy? And besides, shouldn't we be reassured by Mr. Ash's promise to "bust the budget" if Mr. Nixon's exercise in exorcism fails and the economy is by recession repossesed? The answer is "no" on both counts.

True, the fiscal 1975 budget gives the *appearance* of stimulus. Spending is scheduled to rise $30 billion, and the deficit to double from $4.7 billion to $9.4 billion. But as this most realistic of Mr. Nixons budget messages makes clear, "the recommended budget totals continue [the] policy of fiscal restraint as part of a continuing anti-inflation program." Indeed, the unified budget surplus on a full-employment basis would rise from $4 billion to $8 billion.

On a national income accounts basis, the rise in the full-employment surplus would be even greater. Even without fully accepting the St. Louis Federal Reserve Bank numbers showing a rise in the full-employment surplus from a rate of $2 billion in the first half of 1974 to nearly $13 billion in the first half of 1975, and even allowing for the inevitable slippage in the budget process, one can safely conclude that the fiscal 1975 budget, contrary to surface appearances, offers no substantial stimulus to the economy.

But what of the assurances that contingency plans will be rolled out to step up spending in case recession rears its ugly head? Given the typical lags in policy action and economic reaction, one can only say that the time to act is now. When a man is drowning, one should not deny him a life preserver on grounds that one can always resort to mouth-to-mouth resuscitation.

LET US MAKE CERTAIN FARMERS HOME CAN DO THE JOB

Mr. McGOVERN. Mr. President, this housing bill is a landmark piece of legislation for rural America. Its recognition of the special needs of rural and small town America is indeed gratifying.

The committee has proposed amendments which would significantly expand and modernize the rural housing program. In addition, they will equip rural housing programs with many features previously available only under the urban-oriented programs of HUD.

So the committee bill clearly places responsibility for decent rural housing on the shoulders of the Farmers Home Administration.

In so doing it assigns a very important set of responsibilities to Farmers Home. For instance, one amendment expands Farmers Home service territory to include towns of up to 25,000 population wherever a serious shortage of mortgage credit occurs in those larger towns. This plugs what has been a very serious gap in our present programs.

But there is another side to the coin for this and other amendments: the question can be fairly raised as to whether Farmers Home will be physically able to implement our intent to the fullest extent.

Over the past 10 years, the program responsibility and the caseload handled by Farmers Home have been increased many times over. Yet the agency's manpower and administrative overhead budget has not received as much attention. Thus it has been common, in the past few years, to refer to an "administrative bottleneck" in Farmers Home.

There seems to be pretty clear agreement, in the Congress at least, that Farmers Home is the agency when the subject is rural development—whether you are talking about rural housing, rural water and sewer, rural small enterprise, or nearly any other kind of rural community development activity.

This being the case, and considering the new responsibilities this housing bill and the Rural Development Act thrust upon the agency, I think there is an urgent and pressing need for a full scale investigation of the capacity of the Farmers Home Administration to meet these expanding obligations.

I want to say at the outset that such hearings should be based on the assumption that on an overall basis the Farmers Home Administration holds a well-deserved reputation for responsible service to rural America. We do not expect or believe that any investigation would uncover widespread scandals of the type that have plagued the Federal Housing Administration in urban areas like Philadelphia and Detroit. The uncovering of

fraud, bribery, or maladministration is not the purpose we have in mind.

What is needed is a thorough investigation into the scope of the authorities that have been vested in the Farmers Home Administration by the Congress and the capacity of that agency to properly administer those authorities.

Twenty years ago the Farmers Home Administration was limited to a relatively small program of providing supervised credit to family farmers—a worthy effort, but a small one. But during the sixties almost every year saw additional programs given to this agency. The housing program was expanded to serve not just farmers but all rural Americans. A substantial rural community water and sewer system construction program was created.

During the seventies the expansion of FHA programs has continued. The Rural Development Act of 1972 greatly broadened the scope of financial assistance in the development of rural community facilities, and a whole new category of business and industrial loans was created. The 1974 Housing and Community Development Act further increases the types of housing assistance available from the agency.

Today the Farmers Home Administration offers some 20 different loan and grant services. And each of these is needed if family farmers are to survive, if rural slums are to be eliminated and if rural communities are to grow and prosper.

But those of us who have had a chance to observe some of the approaches Farmers Home is being forced to take to cope with this extremely heavy workload are uneasy about the effectiveness of the agency's efforts. The staff has not in any sense kept pace, in terms of size and skills, with the expansion in the scope and size of the programs administered.

I mentioned the multiplication of authorities, but we must also be concerned about the volume of business conducted. In fiscal 1974 the agency expects to lend and grant nearly $3.8 billion, even though it is not trying to reach all the program levels set in the 1974 Appropriation Act. This compares with $700 million loaned in 1964—a 443-percent increase. In addition, during the past 10 years the amount of loans outstanding, loans that have to be serviced, has risen to $12 billion—a 275-percent increase. During the same 10-year period the staff has increased 64 percent. This current year the staff is being reduced 10 percent.

How can an agency so strapped for personnel begin to function in the manner in which the Congress intended? What will be the consequences of the steps the Office of Management and Budget is forcing the agency to take?

What about the increasing reliance on guaranteed loans, that is, loans made and serviced by private lenders with Farmers Home serving only to provide its stamp of approval and guarantee of repayment? What happens to the trademark of the old Farmers Home Administration—supervised credit—when guaranteed loans take over? What about the efforts that have been made to turn the appraisal and inspection of property over to the private sector? Will this lead to the corruption that plagued the urban housing program?

What about the efforts now being made to merge all of the USDA field operations into one office? How will the staffs of these one stop centers be able to explain all the types of service available from FHA? Even the curent FHA staff is hard put to keep abreast of all their regulations.

With a small staff, a large caseload and constantly expanding authorities, just what is happening to the people served and those supposed to be served by the Farmers Home Administration? How are the small farmers faring in all this turmoil? How are the poorly housed rural poor making out? What about those rural communities that need the grant funds for water and sewer systems that are being withheld by OMB? What are the real priorities set by the administration?

Mr. President, these are some of the questions that need answering. A thorough review of all the functions of the Farmers Home Administration—service to rural industries—must be conducted promptly.

There have been suggestions made that the Farmers Home make a thorough examination of its own personnel needs. This is an unworkable, impractical, approach to a very complicated situation. No Government agency is allowed to speak for itself—certainly not the Farmers Home Administration.

The responsibility for analyzing and evaluating the administrative structure of this agency rests with the Congress. Such an effort, on the part of the Senate, is long overdue.

I am going to propose to other Senators who have committee responsibility for rural matters to join with me in a careful inquiry of all questions relating to the FHA administration of the above rural programs.

PROTECTING AN ENVIRONMENTAL PROTECTION LAW

Mr. HUMPHREY. Mr. President, recently there appeared in the Washington Post an editorial entitled "Protecting an Environmental Protection Law." I commend its reading to every Member of the Congress and, indeed, to those who are deeply concerned about the protection of our environment.

As the editorial has properly noted, there is a move on within the Nixon administration to weaken the provisions of the National Environmental Policy Act, particularly the requirements for environmental impact statements. Mr. Russell E. Train of the Environmental Protection Agency and Mr. Russell W. Peterson of the Council on Environmental Quality are showing considerable courage in resisting these moves to weaken or waive the provisions of the law.

The Congress should once again express its determination that the Environmental Policy Act be adhered to. As long as the National Environmental Policy Act is public law, it must be observed and respected. No executive or administrative officer should be permitted to weaken or waive its provisions. If the administration feels that the act needs amendment, it should present such recommendations to the Congress and let the Congress work its will. I am confident that the Congress will not back away from an effective environmental policy commitment.

Mr. President, I ask unanimous consent that the Washington Post editorial be printed in the RECORD.

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

PROTECTING AN ENVIRONMENTAL PROTECTION LAW

When it slipped quietly through Congress in 1969—before the first Earth Day and before ecology became a common word—few foresaw the potential power of a law requiring federal agencies to submit an environmental impact statement before undertaking a particular project. As part of the National Environmental Policy Act, the provisions of the impact statement aroused little interest, and certainly no opposition, when Congress made it law. Now, five years later, the provisions have proven themselves important and useful and the environment has been well served by them. But the law has also been controversial, meaning that many federal administrators have found it bothersome to obey—accustomed as many of them were to the old way of not worrying too much about the impact of their projects upon the environment until the damage had been done. The much-needed law reversed this, making the agencies accountable *before* they acted.

The environmental impact statement is topical because reports now suggest that within the Nixon administration an effort is being made to waive its provisions. More and more we are hearing the long familiar let's-be-realistic argument, especially now during the energy crisis. To their credit, both Russell E. Train of the Environmental Protection Agency and Russell W. Peterson of the Council on Environmental Quality are resisting any proposals to weaken the law. Both have seen its utility and both have seen through the scapegoat theory that holds the environmentalists responsible for the current energy alarm.

The proposal to weaken the law is still a brushfire, and Mr. Train and Mr. Peterson may be able to put it out. Should they fail, though, as other environmentalists within the administration have failed before on other issues, it will be left to Congress to decide the fate of proposals to weaken the law. Some lawmakers will perhaps be tempted to use the energy problem as an excuse to push aside this sound piece of legislation. But they should not be allowed to sacrifice the long-term interests of the nation—and the next generation, as Mr. Peterson noted—for the immediate convenience of a few powerful interests.

TRIBUTE TO REPRESENTATIVE JULIA BUTLER HANSEN

Mr. JACKSON. Mr. President, with her retirement JULIA BUTLER HANSEN, the dean of Washington State's delegation in the House of Representatives and chairman of the House Interior Appropriations Subcommittee, will leave behind a legacy of accomplishment and permanent memories of her forthrightness and unwavering honesty.

Although I extend my best wishes to our distinguished colleague and bow to her desire to return to her home in the town of Cathlamet on the banks of the

Columbia I must say that I will miss her as a colleague to whom I have looked for advice and most important as a warm personal friend.

The political career of JULIA BUTLER HANSEN, totaling 37 years in public office, began on the city council of Cathlamet in early 1938, progressed to the Washington State Legislature where she served for 22 years and culminated in her election as a Representative in Congress in 1960. The scope of her career makes it easy to understand why she is one of the most respected and influential Members of Congress, one who knows the legislative process and the use of legislative power on behalf of the people as well as anyone who has served in public office. She is indeed a legislative craftsman with few her equal.

Mrs. HANSEN has said:

I am a Westerner and I want to return to the West.

In keeping with the Western tradition of an undaunted pioneering spirit she has blazed an impressive trail of firsts. It all began when she became the first woman to serve on the city council in her native Cathlamet. From there she went on to become the first woman to chair the county Democratic central committee and capped her career in State government as speaker pro tempore of the Washington State House of Representatives. When she arrived in Washington, D.C., she brought with her the savvy of a political veteran. She was the first Democratic woman to serve on the House Appropriations Committee. She is also the first and only woman to serve on the House Democratic Steering Committee. Her record is one of substance, of which she can be justly proud, as we are of her.

And it is not over. She said:

Life is not going to be long enough to do all the things that I want to do. I have so many interests.

Along with her congressional colleagues I want to wish her well as she returns to private life, about which she said:

At the end of the year, when my term expires, I shall return to my home in Cathlamet, Washington, with my husband, to write, to garden, do as I please, hang up the telephone or take the damn telephone off the hook, and when people I do not know appear at my door and walk in without knocking, I will have the great opportunity of telling them it is my private home.

Even though she is retiring from public office to the life of a private citizen, the last thing I would expect her to do would be to disassociate herself from the career of public service she has so admirably led for so many years. I was not surprised when she said:

As a private citizen, I shall continue, as long as I live, to have a strong interest in my community, district, State, and Nation.

Without a doubt this is what all of us in the Washington State delegation would expect from our distinguished Representative from the Third District.

I will again wish her well when she returns home and will express to her the hope that she, as a concerned citizen and valued friend, will not put the telephone off the hook when I keep calling for advice and help.

INFLATION

Mr. BROCK. Mr. President, according to the Lou Harris polls, inflation is the No. 1 concern of Americans today. Dr. Paul W. McCracken has written a fine editorial spelling out the details of this problem.

Most important, the former Chairman of the Council of Economic Advisers explains that only monetary and fiscal policy can deal with inflation. When virtually all economists agree on this point, we should consider it carefully. There are no easy escapes for us. Inflation is a grave danger, and monetary and fiscal responsibility is our single weapon against it.

I ask unanimous consent that this article be printed in the RECORD.

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

INFLATION

(By Paul W. McCracken)

While energy gets the headlines, it is not the most fundamental economic problem facing the industrial nations of the world. Their most fundamental problem is an ominous acceleration in the pace of inflation to what would have been referred to not so long ago as "banana republic rates."

The basic facts do not make a reassuring picture. For the OECD nations as a whole, the speed of inflation has accelerated from a 5.5% annual rate in the second half of 1972 to 7.5% in the next six months, and on to a 10.9% annual rate in the three months ending last October. In the last of the three periods the rates for the major member countries ranged from a low of 5.5% for Germany to a high of 16.3% for Australia.

ANNUAL RATE OF INCREASE IN CONSUMER PRICES

[In percent]

Period	OECD	United States	United Kingdom	Japan
1972—2d half	5.5	3.4	8.9	5.9
1973—1st half	7.5	6.2	8.4	11.8
3 months to October	10.9	11.4	12.0	13.0

Source: Economic Outlook, OECD, December 1973. Percentage change from previous period.

Nor is the problem simply food prices, though the explosion of food prices obviously made a major contribution to the trend. It is clear, however, that a serious acceleration in the rate of inflation was occurring in nonfood prices also, to a rate approaching 8% by the latter part of 1973.

For the United States the figures are both more reassuring and more disturbing. For the entire second half of last year consumer prices as a whole rose at a 9.4% yearly rate, but the rate for prices of all commodities other than food was only 5.6%. It is, of course, a commentary on the seriousness of the problem that one finds himself grasping for reassurance from a "only a 5.6% annual rate." The most disturbing aspect of our own price level problem, however, is that during the latter half of 1973 large increases in industrial prices at the wholesale level were occurring, and these will be affecting price tags confronting consumers this year. We cannot, in short, comfort ourselves with the beguiling thought that 1973 was some sort of special circumstances, and that somehow the inflation can be expected in 1974 to go away or die or slow down from sheer old age.

Is it really essential to counter the inflation? For many years many economists, perhaps even a majority, would have given that question a negative answer. The number taking that relaxed view, it seems safe to say, is probably diminishing. And for good reasons.

ALL GROUPS DISADVANTAGED

For one thing, in the American context a highly inflationary economy does not seem to perform well for any group. Average spendable weekly earnings in real terms last year decline 1.4% for those in the private nonagricultural economy, and there were actually declines in eight of the 12 months. This obviously means that for a majority of families outside agriculture the contents of the pay envelope were buying less as 1974 opened than they were a year earlier. And survey evidence is clear that the collapse of consumer confidence in 1973 had its origins largely in the inflation.

This quite naturally has led to the suspicion that businesses must be profiting, or even profiteering, from the hardships imposed by this shrinking purchasing power. Businesses do after all put the price labels on what consumers buy. Moreover, the profits figures seemed to confirm this suspicion. Corporate profits rose from $98 billion in 1972 to an estimated $126.5 billion in 1973, a rise of 29.1%. This was a good deal more than the 10.2% rise in total wages and salaries received.

A closer look, however, suggests that even reported profits have not done quite all that well either. If we take a longer look, for example, we would find that reported profits in real terms rose 22% from 1965, the year before inflation began to accelerate, to 1973, substantially less than the 40% gain in real after-tax incomes of consumers. Indeed for manufacturing companies, profits after taxes as a percent of stockholder equity in 1973 were if anything somewhat low relative to other years of high employment. And, as we shall see in a moment, the profits picture is considerably worse than these data seem to suggest.

Now the point of this arithmetic is not to prove the identity of the hero and the villian. That verdict seems to be remarkably immune to empirical evidence. What is clear is that our economy when it is under inflationary pressure simply performs poorly. And this poor performance has a socially divisive and disintegrating effect that sets group against group. Each, not doing well itself, plausibly assumes that others must be getting away with something.

Moreover, our experience during the last decade has to raise the question about whether even in the politically stable and economically advanced nations of the world the rate of inflation might continue to accelerate. The 1957 stabilization program had by mid-1958 set the price level on a trend rising at the gentle rate of 1½% per year (probably not much more than unmeasured grains in quality). The acceleration of the price level after 1965 was finally halted by early 1970 at about a 7% rate, which by mid-1971 had been worked down but only to about 4%. And even in the face of wage-price freezes and controls 1973 closed with something like a 10% rate. If the basic rate of inflation could go from 1½% to 4% and then (even with controls) to 10%, the possibility of even higher rates ahead if stern action is not taken cannot be ruled out as nonsense.

What would "stern action" be? One thing which obviously will not do the job is incomes policies—a phrase long on tone but short on solid content. In the early 1970s a "strong incomes policy" was supposed to be the way we could have full employment, price stability, vigorous growth, and a pricing system which in some mysterious way would retain fluidity and work in spite of the imposed arthritis.

In fact for two-and-a-half years now this country has had a price-wage program far tougher than anything really contemplated by incomes policies. Even so from July 1971 to December 1973 the consumer price index rose at the average rate of 5.5% per year. And there was a marked tendency toward acceleration at the end even though the controls program was stern enough to create mounting distortions in production and marketing

patterns. (When The Saturday Review can get paper only by bartering propane gas, as reported in this newspaper on Feb. 13, one must assume that these distortions have become pervasive.)

The attack on this problem must be two pronged. It may be that modern societies do not have the knowledge and will to keep the price level reasonably stable. This contingency has to be assigned an uncomfortably high probability. Both government and business must, therefore, take more seriously explorations of ways to keep the impact of inflation as neutral as possible. The personal exemptions and bracket limits of the personal income tax, for example, should be adjusted automatically for changes in the consumer price index. The government should obligate itself to pay holders of savings bonds a contractual "real" rate. The present procedure by which even interest receipts that do not leave these bond holders whole in real terms are then taxed as income is morally dishonest—doubly so when we remember that the victims are those with limited alternatives for employing their savings.

The accounting profession has delayed inexcusably in facing up to the implications of a rising price level. As a result conventional procedures vastly exaggerate profits, and therefore the tax liability, for two reasons. One is a failure to charge as costs the full economic value of items used in production. (The national income experts have been far more alert to this problem than accountants generally.) Second, conventional accounting procedures do not—as they should if their figures are to be meaningful—account for the full economic value of capital expiring or used up in the current accounting period.

When the price level was edging upward at only 2% or 3% per year, a certain establishmentarian resistance by the accounting profession to new thinking was not serious. The economy has enough flexibility to adapt to displacements if they are not large.

Now the magnitudes are larger, the consequences are already serious, and the profession should give this problem intellectual leadership or court a serious backlash not so far down the way.

PROFITS AFTER TAXES OF NONFINANCIAL CORPORATIONS

[In billions]

Year	As reported	Understatement of costs	As adjusted	Profits in 1965 prices: Total as adjusted	Profits in 1965 prices: Retained earnings
1965	$38.2	$2.1	$36.1	$36.1	$19.2
1966	41.2	3.2	38.0	37.3	19.4
1967	37.8	3.8	34.0	32.1	14.2
1968	38.3	6.9	31.4	28.8	9.6
1969	34.3	9.7	24.6	21.6	3.4
1970	28.2	11.4	16.8	14.0	−2.7
1971	34.4	12.5	21.9	17.5	1.3
1972	39.2	14.3	24.9	19.5	2.9
1973	50.3	25.1	25.2	18.7	2.1

Source: Machinery and Allied Products Institute.

According to a study by the Machinery and Allied Products Institute, which has led the way in rigorous work on capital goods economics, the undertsatement of true economic costs by conventional accounting procedures in 1973 was about $25 billion. After-tax profits last year, therefore, were actually 30% below those in the mid-1960's. And when profits, with more realistic estimates of costs, are expressed in 1965 prices throughout, the real purchasing power of after-tax profits in 1973 is found to be roughly half that in 1965.

The most dramatic aspect of these data, expressed in 1965 prices, is that earnings reemployed in businesses (retained earnings) dropped from $19 billion in 1965 to $2 billion last year.

Now one need not love corporations or profits, and there seems to be no modern difficulty in restraining tendencies toward such affection, to be concerned about such trends. This is the flow of purchasing power on which society relies to an important extent for improving its productive facilities. These figures take much of the mystery out of why the economy has been reeling under the heavy demands that we have placed upon it for improvements.

The only real solution to these problems is, of course, a more stable price level. Could this be achieved without a rise in unemployment? The answer is, of course, "No." And one requirement of a well-rounded stabilization program would be reasonable provision for income maintenance. It is neither necessary nor morally just to imply that those whose employment might be interrupted should "eat cake."

With such a program the social displacements even during the period of disinflation are apt to be less than the capricious displacements from inflation. That also seems to be the instinct of people generally. A Harris study for the Senate Committee on Government Operations found that 63% of the respondents thought inflation and related matters are the biggest problem confronting the country compared to 6% for unemployment. In any case the magnitude of any probable rise in the unemployment rate would not be apt to be large during the disinflationary adjustment period. The favorable effect on the economy's operating rate from the demise of price controls, as bottleneck restraints that have limited the expansion fade, would work the other way.

COUNTERING INFLATION

How then could the inflation be countered? No inflation has ever been countered except through reliance on the fundamentals of fiscal and monetary restraint. This is where we got the current inflation besetting the industrial nations of the world today. During 1972 the rate of monetary expansion, which set the stage for 1973, was 12% for the U.S. 15% for France, 14% for Germany, 16% for Canada, and 25% for Japan. And is fiscal 1973 our own budget would have shown a substantial deficit even if the economy had been at reasonably full employment.

Some prices, such as for food and fuels, did make an enormous rise, but these do not add up to generalized inflation unless there is overly expansive fiscal and monetary policies. And fiscal and monetary restraint is where the fundamental therapy is to be found.

For Federal Reserve policy in 1974 this would seem to mean monetary expansion in the 6%–7% zone, and preferably toward the low end of that range. While in the short run one can never be sure where the basic monetary track is, we seem currently to be on such a course.

As for present policy, the fiscal plan put forward by the President earlier this month is at the outside edge of what would permit making real headway toward a more stable purchasing power of money. And the Congress has an opportunity in this session for a major step toward a new stability by completing action on legislation to reform budget procedures.

With a policy of restraint, firmly but carefully pursued, the price level will begin to stabilize, if we are patient and realistic about the time required. It is even possible that such a commitment to the long-run good might rally a surprising amount of citizen support in the short-run.

FREEDOM OF SPEECH

Mr. BUCKLEY. Mr. President, in our passionate commitment to the great principles of freedom of speech that are enshrined in the first amendment, we too often these days suspend any critical judgment when it comes to matters of decency, of propriety, of civility, of taste, for fear that we will be accused of having a lower regard for these essential freedoms than do others.

Recently, a particularly outrageous abuse of freedom of expression was brought to my attention. It involved a cartoon in the student newspaper of City College, in New York City, which managed to combine obscenity with a particularly offensive attack on the religion of a significant portion of the student body. The publication in question is supported by compulsory contributions exacted of every member of the student body.

In commenting on the incident, the president of City College expressed his own personal outrage, but then while talking about the freedom of the press, failed to make all the important distinctions about the sums of the publication's financial support, the civilizing role that is supposed to be one of the functions of our academic community, and the social equivalent of yelling "fire" in as pluralistic a society as ours. In the words of Thomas Jefferson, a man whose life epitomized the principles of the first amendment:

To compel a man to furnish contributions of money for the propagation of opinions which he disbelieves and abhors, is sinful and tyrannical.

Mr. President, I ask unanimous consent that there be printed in the RECORD, a statement that I have issued on this sorry subject.

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

STATEMENT BY JLB ON OBSERVATION POST DRAWING

The February 13th issue of the Observation Post, a publication written and edited by students of City College, contained a vicious and incredibly offensive anti-religious drawing. Although the drawing in question was specifically directed against Roman Catholics, the bigotry underlying it was directed against all religions. President Marshak of City College has sent a letter to those responsible for the publication of this drawing, stating his "personal outrage" and that he is "dismayed and deeply offended" by the drawing. It is my understanding that Alfred A. Giardino, Chairman of the Board of Higher Education, has asked Chancellor Robert J. Kibbee to investigate possible changes in university policy concerning such incidents at the next Council of Presidents meeting on March 11, 1974.

One of the most heartening signs to emerge from this distasteful incident is the outrage of the students of City University as shows by a statement of the Student Senate and by letters to the editor of the newspaper in question. It is obvious that civility, one of the cornerstones of civilized discourse and ordered freedom evidently is still alive and well among the students, faculty and administrators in our cities and universities. These expressions of outrage are welcome but, considering the circumstances, they are not enough.

Part of the reason for the reluctance of university and college officials to take immediate stronger measures appears to be the fear that any action taken against those responsible for this deliberate act of anti-

Catholic prejudice will be seen as an abridgement of free speech and of freedom of the press.

President Marshak has written:

'City College, as a matter of principle, does not practice censorship of the student press in news or editorial matters. Nor does it intend to do so in the future. However, freedom to publish implies the right of others to criticize what is published."

While I realize that President Marshak's view reflects the current by-laws of the University, it seems to me to be missing the point of the incident. What is at stake here is not the "right of others to criticize" an obscene and anti-religious cartoon published in a campus newspaper, but the question of whether anyone has a "right" to publish such a cartoon in a paper supported by compulsory contributions extracted from the entire student body. Thus offended students are denied the right to express their criticism in a most telling way; namely, through a withholding of their financial support. "Freedom to publish" quite simply is not the issue and I find quite disturbing a statement of absolute refusal to exercise administrative responsibility by stopping such offensive and divisive practices.

My own position on this question is based on my conviction that no one has the right to publish anti-religious, or racist, or clearly divisive propaganda of whatever nature in such a publication. There can be no compromise with bigotry and there should be no question as to the absolute prohibition of material offensive to racial, religious and ethnic groups in publications paid for out of funds imposed on students attending tax-supported institutions.

Therefore, I urge the Council of Presidents at their next meeting to immediately implement existing regulations against religious and racial bigotry in campus publications or, if existing regulations are not sufficient, to create explicit and strict regulations governing such matters, including expulsion of any student or group of students who deliberately abuse the tax-supported education institution's power to impose student fees which go to pay the costs of printing and publishing campus publications. According to university officials, this is not the first incident in which the people of New York City have been subjected to expressions of religious prejudices in student publications of the City's institutions of higher learning. I urge that the Council of Presidents, by swift and decisive action, make certain it is the last.

I have sent a letter to Peter E. Holmes, Director of HEW's Office for Civil Rights, and to J. Stanley Pottinger, head of the Department of Justice's Civil Rights Division, asking them to investigate the possibility of such anti-religious propaganda constituting "discrimination" as outlined in federal statutes. I do not believe it is unreasonable to state that it is discriminatory to deliberately offend the religious convictions of members of religious and racial groups in a publication that has its office in and owes its very existence to an institution receiving public funds. The time has come for the taxpayers of New York to demand that their right to be free of racial and religious oppression and discrimination in their own education institutions is not only paid lip service but defended in fact.

AMERICA AND A HUNGRY WORLD

Mr. KENNEDY. Mr. President, the world today has entered a period, perhaps an era, of scarcity of precious resources—and none is more precious, nor apparently more scarce, than food. This is particularly so in one-fourth of the world—mostly in West Africa, South Asia, and the Central American-Caribbean area—which face starvation this year.

In an important dispatch printed in the Christian Science Monitor, Richard Critchfield explores some of the chief elements in this crisis, and discusses what the United States can do to help

Mr. President, I believe Mr. Critchfield's article will contribute significantly to the Senate's understanding of the food crisis now threatening several millions of people around the globe, and I ask unanimous consent that it be printed in the RECORD.

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

ONE-FOURTH OF THE WORLD IS LOSING ITS FIGHT TO SURVIVE—WHAT WILL AMERICA DO ABOUT IT?

(By Richard Critchfield)

WASHINGTON.—The poorest fourth of the world could slip into a period of incredible chaos within the next 12 months.

Normally restrained experts on energy, agriculture, population, and the global economy are starting to predict bankruptcy, social breakdown, and starvation for as many as 1 billion people by late this year or early 1975.

Some 30 countries could be affected, mostly in tropical Africa, South Asia, and the Central American-Caribbean area.

So many things have come together so fast there is a fear that even if the "rich bloc" of the United States, the Soviet Union, Europe, Japan, and the Mideast oil states were to begin political steps now to forge a Marshall Plan-type response—and there is little sign yet that this will happen—it might not come in time.

Some of the chief elements of the crisis:

The cost of energy, mostly oil, for the poor two-thirds of the world in 1974 will rise $10 billion over two years ago, according to the Overseas Development Council in Washington. The additional cost of food and fertilizer imports will be at least $5 billion more.

The initial impact of the energy crisis has been to heighten isolationism in the United States, as evidenced in late January when the House of Representatives by a vote of 248 to 155 killed the administration bill to fund the International Development Association (IDA), the World Bank's soft-loan subsidiary.

Low-credit deals for surplus American food through the PL480 program have also come to a standstill. World wheat reserves in 1973 fell to their lowest level in 20 years; and with wheat tripling in price and in such short supply, U.S. traders can market any surplus abroad for record-high profits.

The earth's population will reach 4 billion by the end of the year, and 5 billion in little more than another decade. In the poor countries no satisfactory method of control has been found. It would seem nothing now can stop their populations from doubling in the next 24 years.

Earth's climate is going through its biggest shift since 1700, turning slightly colder, with greater extremes of rainfall variation—the equatorial zones getting wetter and the inland zones on either side of the equator getting drier.

DROUGHT FORECAST

The likelihood of disastrous floods and droughts is further increased by deforestation of mountainsides, overgrazing, and overcultivation. Meteorologists warn that even the Great Plains of the U.S. and Canada—practically the earth's only food surplus region—is overdue for a major drought.

When one adds everything together—more floods, more drought at a time of low world food reserves, bankrupt countries unable to import enough food to feed their growing cities nor enough fertilizer to grow in the countryside, populations reaching critical densities and growing American isolationism—it is hard to see anything immediately ahead save one violent political explosion after another.

What can be done?

The situation is by no means hopeless.

Even among the less-developed countries, there are widely varying levels of economic strength coming into play—most conspicuously just now among the oil-exporting nations.

And the long-accumulating human and technological resources of the industrialized countries haven't really been tested yet.

But the leadership of the United States will be essential.

The U.S. is the only major industrialized economy that can hope to return to a strong position by late 1974. It is nearly 90 percent self-sufficient in oil; together with Canada it grows most of the world's now scarce surplus food, is benefited by greatly increased demand and prices for its other raw-material exports, and is probably the most attractive country for investment from other capital-surplus countries.

(Western Europe and Japan are weak on all four counts. Most of their prosperity was somewhat artificial, to the extent that it was based on cheap Mideast oil; and those days are over.)

The major need for the next few years is somehow to transfer back to the poorer countries some $12 billion to $15 billion a year, in addition to the present flow of investment and aid.

James P. Grant of the Overseas Development Council and others estimate *some two*-thirds of this amount can be handled on commercial or near-commercial terms through the International Monetary Fund (IMF), expanded World Bank loans, increased medium-term export credits, and the Eurocurrency markets.

The rest—directed toward the 30 poorest countries—will need to be supplied on grant or highly concessional terms; debts will need to be rescheduled and new technical assistance supplied.

Some $2 billion to $3 billion a year is urgently needed on these terms, preferably channeled through the IMF and World Bank, the Asian Development Bank, and the Inter-American Development Bank.

A special further need is an investment of about $15 billion over the next six years in expanded fertilizer production. The limits of existing capacity have now been reached. New fertilizer plants are needed, and more of their product must get into the hands of the world's farmers, especially in the poorer countries.

Among the countries most in need, the potential "returns" on all this are enormous.

Agricultural yields in India, the Philippines, and Bangladesh, for instance, are still relatively low. With enough irrigation, insecticides, and fertilizer they could double their grain production in 10 years.

Ceylon and Nepal have unexploited hydroelectric potential, India has large unexploited coal reserves, and the Mekong River, if developed, could some day support a population as big as that of the Ganges or Yangtze.

But the most immediate terms of the problem are those of stark survival.

And the biggest imponderable is whether the United States politically has the interest and the will to lead the way toward the solution.

The oil-producing countries also can play an important role. Iran has already provided some dramatic initiative with its pledge two weeks ago of a $1 billion loan toward a new development fund to help the poorer countries get through the immediate squeeze caused by higher oil prices.

But the Iranian proposal stipulates that contributions to the fund must also come from its fellow oil-surplus countries and from the 12 major industrial countries of the world.

How will the United States respond?

This remains the critical question of the moment, for the United States is by far the country with the greatest maneuvering room for making the hard decisions that must be made about allocation of capital resources.

America's foreign-exchange earnings have soared because of the sharp price rises for wheat, soybeans, and other U.S. farm products. In this new price situation, the United States has yet to provide food in large amounts at concessional prices to the poorest countries faced with hunger and severe malnutrition.

Sen. Edward M. Kennedy (D) of Massachusetts has proposed 10 percent of U.S. food surpluses be set aside for this purpose. But for the past two months the Agency for International Development in Washington has been unable to procure any wheat at all, and should there suddenly be a famine in the next few weeks, it would have no wheat at all to supply in relief.

As is often mentioned, the United States with 6 percent of the earth's people consumes 35 percent of its resources.

Every American food is high-energy consuming. A poor Asian eats about 400 pounds of grain a year and little else. An American eats more than a ton—150 pounds directly as bread, pastries, and breakfast cereals but the rest indirectly as meat, milk, and eggs.

The resources needed to feed an American—land, water, and fertilizer—are five times those needed for an average Indian or Nigerian. And an American's overall energy consumption is 60 times greater.

Specific comparisons can turn up far greater extremes.

A poor Javanese eats rice, lights his house with coconut oil from a nearby palm tree, and aside from his plow's steel tip and cooking utensils consumes almost no nonreplenishable resources. Compare him with the New York executive with his private jet, skyscraper office suite, power launch, air-conditioned mansion, and all the rest.

The affluent New Yorker may consume 25,000 or 50,000 times as much energy as a Javanese peasant.

DECISIONS INTERRELATED

Decisions as to how the earth's available resources can best be used are becoming more critical by the day—and also more interrelated.

The "food crisis" and the "oil crisis" are fast becoming joined into one total energy problem.

Under existing technology, increasing food production depends heavily on more fertilizer—and fertilizer is mostly made from oil and natural gas.

Fertilizer is not a by-product; it is the direct result of an energy-intensive manufacturing process. And experience shows it takes a 3.5 percent increase in fertilizer to get a 1 percent increase in crop yield.

Experts sum it up by estimating it now takes the energy equivalent of 88 gallons of gasoline to grow one full acre of corn.

The choice of how to use a given quantity of oil becomes clear-cut. One either gets the 88 gallons of gasoline or the acre of corn, not both.

Making the choice will not fall to America unconditionally.

The United States in 1970 depended on imports for more than half of its supplies of 6 of the 13 basic raw materials required by a modern economy. By 1985, it is projected to be primarily dependent on imports for supplies of 9 of the 13 basic raw materials, including 3 vital ones: bauxite, iron ore, and tin.

Technological advances in telecommunications, miniaturization, solar energy, fusion, and the rest may allow for some continuation of American affluence—but for the immediate future a change in American lifestyles seems inevitable. The United States will have to give up more resources to Chile, Peru, Zambia, and Zaire in exchange for copper; Malaysia, Bolivia, and Thailand for tin; India and Pakistan for jute; Southeast Asia for rubber and copra; and so on.

It means a trade-off on energy and food, and a few thrifty years where the choice will be a real one between air-conditioning a home or feeding a dozen or even a hundred Asians.

Only a few years ago British author-statesman C. P. Snow warned Americans it might not be long before they began to view global famine on their living-room TV set.

The cruel irony of 1974, which Lord Snow did not forecast, is that it is beginning to be appreciated that the energy consumed by that TV set, if converted into fertilizer and food, might save the lives of those seen starving on the screen.

Can Americans afford affluence at such a high human price?

Within the next nine to 12-months as the pressure builds in a dozen Afro-Asian cities, we may begin to perceive the answer.

FUNDS FOR HIGHER EDUCATION IN INDIANA

Mr. HARTKE. Mr. President, I am pleased to provide for the information of my colleagues a chart prepared by the Indiana Commission on Higher Education which depicts the amount of money which has gone to higher education in Indiana under title I, community service and continuing education program, Higher Education Act of 1965, as amended. This is a most important Federal aid program with which I have been involved since its inception.

Mr. President, I ask unanimous consent that the chart to which I have referred be printed in the RECORD.

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

PROJECTS FUNDED IN FISCAL YEAR 1973 UNDER THE INDIANA TITLE I, COMMUNITY SERVICE AND CONTINUING EDUCATION PROGRAM, HIGHER EDUCATION ACT OF 1965, AS AMENDED

Institution	Title	Director	Federal contribution	Institution contribution
Indiana Vocational Technical College	Demonstration and Pilot Educational Training Program for Home Health Care Aides.	Mr. Paul Arnold	$23,530	$15,510
Indiana University-Purdue University at Indianapolis	City County Internship	Dr. John Liell	20,545	8,805
Indiana University, Bloomington Campus	Elected and Appointed Officials Training Program	Dr. Roy Jumper	35,000	22,369
Purdue University, Lafayette Campus	Institute on Community Awareness and Involvement in Environmental Issues	Mr. Peter Harrington	40,000	20,000
Indiana University-Purdue University at Indianapolis	Coordinated Comprehensive Early Childhood Development	Dr. John Liell	36,391	19,595
Indiana State University, Terre Haute Campus	In-Service Workshop Series for Child Care Workers	Dr. Jan McCarthy	71,447	35,865
University of Evansville	Interim Support for Project INPUT	Mr. Richard Griffin	4,645	6,095
Ball State University	The Huffer Experience	Dr. Ruth Hockstetler	35,000	37,459
University of Evansville	Continuing Education and Guidance Program for Women	Dr. Jan Walker	10,000	9,007
Do	Leadership Development for Community Blacks	Mr. Joseph T. Holt	7,535	3,762
Ball State University	An Evaluation of Labor and Industry as Related to Current Decline and Future Growth of Manufacturing in Muncie, Ind.	Mr. Joseph Brown	13,078	8,704
Indiana University, South Bend Campus	Analysis and Use of the Health System Model for Saint Joseph County	Dr. Monahar Nasta/ Dr. George Wing	22,300	14,577

MARYLAND FOOD COMMITTEE

Mr. BEALL. Mr. President, since coming to the Senate I have had the pleasure of working with a most industrious and energetic group of Marylanders who comprise the Maryland Food Committee. Under the able leadership of Mrs. Susan P. Tippett, the executive director, the Maryland Food Committee has become a significant force in efforts to overcome hunger in the State of Maryland. As a result of their efforts many of the school systems, local governments, and the State of Maryland have increased their commitment to improving the nutrition of people throughout the Free State. Their pioneering efforts served as model projects for Federal legislation designed to provide food supplements to needy women and children.

In addition to raising private funds and seeking new legislative initiatives, the Maryland Food Committee has worked diligently to mobilize the existing resources of the Federal, State, and local governments in the cause of combating hunger. I can assure my colleagues that Mrs. Tippett, Mrs. Sterns, Mrs. Miller, Dr. Paige, and the other members of the Maryland Food Committee are very vigorous and skillful proponents of their cause. It has been my pleasure to meet with the members of the Maryland Food Committee and to work closely with them in securing the cooperation of the U.S. Department of Agriculture, the Office of Economic Opportunity, and the Department of Health, Education, and Welfare. Although not all of these battles have been successful, I was pleased to note that USDA recently approved a number of WIC applications in the State of Maryland. The projects and grant amounts are as follows: Comprehensive Child Health Care program, Johns Hopkins University—$23,000; Garrett County Health Department—$8,200; Johns Hopkins University—$61,500; Prince Georges County Health Department—$97,500, and the Provident Com-

prehensive Neighborhood Health Services in Baltimore—$17,700. The total for these projects is $207,900.

Mr. President, I was pleased that the Maryland Food Committee received the recognition that it so ably deserves in an article entitled "Solving the School Lunch Problem" which appeared in the Washington Post on March 7, 1974. I ask unanimous consent, Mr. President, that the article be printed in the RECORD at the conclusion of my remarks.

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

SOLVING THE SCHOOL LUNCH PROBLEM

(By Pat Brown Kelly)

The Maryland Food Committee uses verbs that don't sound as if they have anything to do with food. Like love. And prod, poke, unravel, nudge, overcome.

From its basement office in Maryland's Episcopal diocesan house in Baltimore, the committee puts these verbs to work to feed hungry children and needy adults throughout Maryland—the tenth richest state in the United States, committee members like to point out.

The committee prods government agencies responsible for feeding the poor with publicity about food problems. It gives starting money to local feeding programs which, in turn, nudge the state for more funds. The committee's considerable contacts with Maryland's doctors, lawyers and bankers unravel red tape. Ecclesiastical pressure also helps.

These tactics, orchestrated by a small group of hardworking women who have done their homework, have helped feed thousands of hungry poor people. In the process, the committee, a volunteer organization of more than 100 private citizens, has become a model advocacy group for antihunger organizers and nutrition experts.

Recently anti-hunger task force representatives from Boston, New Haven, Philadelphia, Cleveland, Jersey City, Gary, Saginaw, and the state of Kentucky attended a two-day seminar in Baltimore, learning from the Maryland Food Committee.

"Citizen advocacy groups have never before been able to demonstrate the hunger problem and present a workable solution at the same time," says Rodney Leonard, director of the Community Nutrition Institute, a Washington-based anti-hunger organization that has worked with task forces across the country. This committee does.

Hunger was a more popular cause in 1969, when the food committee went to work on its first issue: the federal school lunch program. Then only 5,000 Baltimore school children were getting free lunches, even though 100,000 eligible city children were eating less than one adequate meal a day. Schools which did not have cafeterias presented a special problem.

The mayor of Baltimore challenged private citizens on his nutrition task force to "do something." Among them were Susan Tippett, now executive director of the Maryland Food Committee; and Frances Stearns, the committee's food stamp consultant. These two women later helped organize the statewide committee. Ann Miller, the committee's "contact person," and Jean * * * were to become what one anti-hunger representative called the "driving force" behind the Maryland Food Committee.

Looking back during a recent interview, Ann Miller recalled the initial quandary about how to approach the school lunch problem.

The state and federal governments had money to feed needy children; public pressure, the fledgling committee decided, would force them to spend it. A little "grease money" to the schools could encourage them to come up with matching public funds.

The women appealed to churches and synagogues for starting funds. "Feeding the hungary is a primary concern of every religious group," Mrs. Tippett said. "We simply reminded the churches of their obligation."

In September, 1969, Maryland religious groups sponsored the first anti-hunger offering, now an annual event. The first drive produced almost $70,000; the final tally of last September's drive is expected to be about $74,000. In addition, the Episcopal diocese of Maryland gave the committee rent-free office space.

The "grease money" bought cafeteria equipment for some schools, paid a food worker's salary at others, provided food items where they were most needed. There was always a string attached. Schools that got assistance were expected to work toward feeding more children, perhaps by adding the salary of another food worker to the next budget or by applying for more state or federal funds. Committee members explained what government funds were available and how to apply for them; and helped solve every kind of related problem, from locating volunteer lunch supervisors to informing parents that free school lunches were available to their children.

Today more than 130,000 Maryland children are eating free or reduced-price lunches. The committee acknowledges its work helped increase participation by "more than 600 per cent," but says 50,000 more children are not getting lunches to which they are entitled.

The Maryland Food Committee's second major project, a pilot program to distribute iron-fortified milk for anemic infants, gained national attention. Ann Miller explained its beginning: "We had started in the schools, but then began worrying about what happened to children before they got there." Studies showed that half the inner-city children had iron-deficiency anemia. Premature birth and infant mortality rates were high.

In January, 1971, the committee set up a program for 260 infants in the Cherry Hill section of Baltimore. The committee paid for the milk and the city health department picked up the tab for administrative costs.

Dr. David Paige of Johns Hopkins University School of Hygiene and Public Health, a member of the Maryland Food Committee's board of directors, evaluated the changes in the infants' heights, weights and blood characteristics.

He discovered that after eight or more months on the fortified formula, the infants' anemia had been largely corrected and growth was improved significantly. The committee then helped start similar programs in other areas of Baltimore, in Anne Arundel and Prince Georges counties and in nine counties along the eastern shore.

The committee's pioneering work helped bring two other results: an Office of Economic Opportunity grant to Johns Hopkins for a larger iron-fortified-milk program now reaching 1,800 Maryland babies, and national legislation establishing a supplemental feeding program for mothers and infants that provides iron-fortified formula.

The Maryland Food Committee also has worked to increase Marylanders' participation in school breakfast, summer lunch, day care and elderly feeding programs.

Expanding the food stamp program is a continuing concern. Frances Stearns assists with a pilot program, funded by OEO, to reach more persons eligible for food stamps.

The committee is also working to ease—with emergency food and administrative assistance—the transition of elderly, blind and disabled persons from public assistance to a new Social Security income program.

Perhaps more important than the Maryland Food Committee's weapons against hunger are the people who decide when and how to use them. They have forced the criticism that most of the women who run the committee represent "the American classic of women who are bored with the suburban bit," according to Rodney Leonard; but even their critics admit their combination of talents would be hard to duplicate.

Susan Tippett, a nurse, studied at Johns Hopkins and was assistant director of the medical care clinic at the University of Maryland. Her father was a well known professor of medicine. Committee members say she is the "backbone" of the group. She studies federal legislation and regulations for food programs, testifies before Congressional committees, speaks at conferences, and does the committee's crucial follow-up work with public officials.

"Mary Q. Citizen could do what Susan does," Jean Noble told a group of hunger task force representatives, "but not many Marys have the guts."

Ann Miller is a public health nurse who served as chief nurse at the Comprehensive Child Care Clinic at Johns Hopkins. Her later supervisory work in the Baltimore city health department gave her a background in day care and infant feeding that the committee relies on. "Ann knows more people in Maryland than anyone else I know," says Mrs. Tippett, who knows a lot of people, including a banker cousin who helped launch an innovative coupon-check voucher system for the Johns Hopkins infant feeding program.

Frances Stearns studied portrait painting and anthropology. As Baltimore city welfare chairwoman for the League of Women Voters, she learned the intricacies of the food stamp program.

The commitee relies on Jean Noble to keep things organized. "Jean knows the refinement of paper work," Mrs. Tippett says. A church activist and former secretary to a bank officer, Mrs. Noble has contributed endless hours of typing as well as her leadership activities.

Of the four, only Mrs. Tippett receives any pay—a small salary from the committee for part-time work. Also paid on a part-time basis are a secretary, a nutritionist and the school breakfast coordinator. Their salaries plus all the committee's administrative expenses amount to about $20,000 a year.

For the future, the Maryland Food Committee is considering some new possibilities—such as nutrition education through food advertising. There is no lack of food problems in Maryland, the committee says. One of the biggest problems is convincing many of the counties that there are hungry people who need help.

S. 821—THE JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT OF 1974

Mr. BAYH. Mr. President, I am pleased to announce that the Senate Subcommittee to Investigate Juvenile Delinquency, on March 5, 1974, reported unanimously to the full Judiciary Committee, S. 821, the Juvenile Justice and Delinquency Prevention Act of 1974.

I was joined by my distinguished colleague from Kentucky, Senator MARLOW W. COOK, the ranking minority member of the subcommittee in introducing S. 821 on February 8, 1973. S. 821, as reported by the subcommittee, is substantially similar to the bill we introduced. We are gratified by the cosponsorship of this bill by 23 distinguished colleagues: Senators ABOUREZK, BIBLE, BROCK, BURDICK, CASE, CHURCH, CRANSTON, GRAVEL,

HART, HUMPHREY, INOUYE, KENNEDY, MATHIAS, MCGEE, MCGOVERN, MONDALE, MONTOYA, MOSS, PASTORE, RANDOLPH, RIBICOFF, TUNNEY, and WILLIAMS.

S. 821 provides for Federal leadership and coordination of the resources necessary to develop and implement at the State and local community level effective programs for the prevention and treatment of juvenile delinquency. The bill establishes a new Juvenile Justice and Delinquency Prevention Administration within the Department of Health, Education, and Welfare to provide comprehensive national leadership for the problems of juvenile delinquency and to insure coordination of all delinquency activities of the Federal Government. The bill authorizes substantial grants to States, local governments, and public and private agencies to encourage the development of programs and services designed to prevent juvenile delinquency, to divert juveniles from the juvenile justice system and to provide community-based alternatives to traditional detention and correctional facilities used for the confinement of juveniles.

The bill creates a National Institute for Juvenile Justice to serve as a center for national efforts in juvenile delinquency evaluation, data collection and dissemination, research and training. The Institute, through an Advisory Committee on Standards for Juvenile Justice, will be charged with developing recommendations on Federal action to facilitate adoption of standards for the administration of juvenile justice.

The bill also amends the Federal Juvenile Delinquency Act, virtually unchanged for the past 35 years, to provide basic procedural rights for juveniles who come under Federal jurisdiction and to bring Federal procedures up to the standards set by various model acts, many State codes, and court decisions.

The subcommittee held 10 days of hearings and heard 80 witnesses on S. 821 and S. 3148, a similar bill which I introduced in the 92d Congress. These hearings demonstrated the need for a comprehensive overhaul of Federal juvenile delinquency programs combined with assistance to States, local governments, and private agencies to prevent delinquency and to provide community-based alternatives to juvenile detention and correctional facilities. The bill has been endorsed by the National Council on Crime and Delinquency, the National Council of Juvenile Court Judges, the American Parents Committee, the Boys Clubs of America, the Girls Clubs of America, the American Federation of State, County and Municipal Employees, the National Congress of Parents and Teachers, the National Executive Committee of the American Legion, the National Legal Aid and Defender Association, the National Federation of Jewish Women, the National Association of State Juvenile Delinquency Program Administrators, the National Association of Social Workers, the Family Service Association of America, the National Governors Conference, the National League of Cities and U.S. Conference of Mayors and many other concerned organizations.

We cannot afford to delay any longer. I urge my colleagues in the Congress to give this bill careful consideration. I hope that they will act expeditiously to give this country the comprehensive, coordinated juvenile delinquency program it so desperately needs.

Mr. President, I ask unanimous consent that S. 821, as amended, be printed in the RECORD.

There being no objection, the bill—S. 821—was ordered to be printed in the RECORD, as follows:

That this Act may be cited as the "Juvenile Justice and Delinquency Prevention Act of 1974."

TITLE I—FINDINGS AND DECLARATION OF PURPOSE

FINDINGS

SEC. 101. The Congress hereby finds—

(1) that juveniles account for almost half the arrests for serious crimes in the United States today;

(2) that understaffed, overcrowded juvenile courts, probation services, and correctional facilities are not able to provide individualized justice or effective help;

(3) that present juvenile courts, foster and protective care programs and shelter facilities are inadequate to meet the needs of the countless neglected, abandoned, and dependent children, who, because of this failure to provide effective services, may become delinquents;

(4) that existing programs have not adequately responded to the particular problems of the increasing numbers of young people who are addicted to or who abuse drugs particularly non-opiate or polydrug abusers;

(5) that States and local communities, which experience the devastating failures of the juvenile justice system, do not presently have sufficient technical expertise or adequate resources to deal comprehensively with the problems of juvenile delinquency;

(6) that the adverse impact of juvenile delinquency results in enormous annual cost and immeasurable loss in human life, personal security, and wasted human resources;

(7) that existing Federal programs have not provided the direction, coordination, resources, and leadership required to meet the crisis of delinquency; and

(8) that juvenile delinquency constitutes a growing threat to the national welfare requiring immediate, comprehensive, and effective action by the Federal Government.

PURPOSE

SEC. 102. It is the purpose of this Act—

(1) to provide the necessary resources, leadership, and coordination to improve the quality of juvenile justice in the United States and to develop and implement effective prevention and treatment programs and services for delinquent youth and for potentially delinquent youth, including those who are dependent, abandoned, or neglected;

(2) to increase the capacity of State and local governments, and public and private agencies, institutions, and organizations to conduct innovative, effective juvenile justice and delinquency prevention and treatment programs and to provide useful research, evaluation, and training services in the area of juvenile delinquency;

(3) to develop and implement effective programs and services to divert juveniles from the traditional juvenile justice system and to increase the capacity of State and local governments to provide critically needed alternatives to institutionalization;

(4) to develop and encourage the implementation of national standards for the administration of juvenile justice, including recommendations for administrative, budgetary, and legislative action at the Federal, State, and local level to facilitate the adoption of these standards;

(5) to guarantee certain basic rights to juveniles who come within Federal jurisdiction;

(6) to establish a centralized research effort on the problems of juvenile delinquency, including an information clearinghouse to disseminate the findings of such research and all data related to juvenile delinquency;

(7) to provide for the thorough and prompt evaluation of all federally assisted juvenile delinquency programs.

(8) to provide technical assistance to public and private agencies, institutions, and individuals in developing and implementing juvenile delinquency programs;

(9) to establish training programs for persons, including professionals, paraprofessionals, and volunteers, who work with delinquents or potential delinquents or whose work or activities relate to juvenile delinquency programs; and

(10) to establish a new Juvenile Justice and Delinquency Prevention Administration in the Department of Health, Education, and Welfare to provide direction, coordination, and review of all federally assisted juvenile delinquency programs.

DEFINITIONS

SEC. 103. For the purpose of this Act—

(1) the term "community-based" facility, program, or service means a small, open group or home or other suitable place located near the juvenile's home or family and programs of community supervision and service which maintain community and consumer participation in the planning, operation, and evaluation of their programs which may include, but are not limited to medical, educational, vocational, social, and psychological guidance, training, counseling, drug treatment and other rehabilitative services;

(2) the term "construction" includes construction of new buildings and acquisition, expansion, remodeling, and alteration of existing buildings, and initial equipment of any such buildings, or any combination of such activities (including architects' fees but not the cost of acquisition of land for new buildings). For the purposes of this paragraph, the term "equipment" includes machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them;

(3) the term "Federal juvenile delinquency program" means any juvenile delinquency program which is conducted directly or indirectly, or is assisted by any Federal department or agency, including any programs funded under this Act;

(4) the term "juvenile delinquency program" means any program or activity related to juvenile delinquency prevention, control, diversion, treatment, rehabilitation, planning, education, training, and research, including drug abuse programs; the improvement of the juvenile justice system; and any program or activity for neglected, abandoned, or dependent youth and other youth who are in danger of becoming delinquent;

(5) the term "local government" means and city, county, township, town, borough, parish, village, or other general purpose political subdivision of a State, and an Indian tribe and any combination of two or more of such units acting jointly;

(6) the term "public agency" means any department, agency, or instrumentality of any State, unit of local government, or combination of such States or units;

(7) the term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

(8) the term "Secretary" means the Secretary of Health, Education, and Welfare.

TITLE II—AMENDMENTS TO THE FEDERAL JUVENILE DELINQUENCY ACT

DEFINITIONS

SEC. 201. Section 5031 of title 18, United States Code, is amended to read as follows:

"§ 5031. Definitions.

"For the purposes of this chapter, a 'juvenile' is a person who has not attained his eighteenth birthday, or who has not attained his twenty-first birthday and is alleged to have committed an act of delinquency prior to his eighteenth birthday, and 'juvenile delinquency' is the violation of a law of the United States committed by a person prior to his eighteenth birthday which would have been a crime if committed by an adult."

DELINQUENCY PROCEEDINGS IN DISTRICT COURTS

SEC. 202. Section 5032 of title 18, United States Code, is amended to read as follows:

"§ 5032. Delinquency proceedings in district courts; transfer for criminal prosecution.

"A juvenile alleged to have committed an act of juvenile delinquency shall not be proceeded against in any court of the United States unless the Attorney General, after investigation, certifies to an appropriate district court of the United States that the juvenile court or other appropriate court of a State (1) does not have jurisdiction or refuses to assume jurisdiction over said juvenile with respect to such alleged act of juvenile delinquency, or (2)) does not have available programs and services adequate for the rehabilitation of juveniles.

"If the Attorney General does not so certify, such juvenile shall be surrendered to the appropriate legal authorities of such State.

"If an alleged delinquent is not surrendered to the authorities of a State or the District of Columbia pursuant to this section, any proceedings against him shall be in an appropriate district court of the United States. For such purposes, the court may be convened at any time and place within the district, in chambers or otherwise. The Attorney General shall proceed by information, and no criminal prosecution shall be instituted for the alleged act of juvenile delinquency except as provided below.

"A juvenile who is alleged to have committed an act of juvenile delinquency and who is not surrendered to State authorities shall be proceeded against under this Chapter unless he has requested in writing upon advice of counsel to be proceeded against as an adult except that with respect to a juvenile sixteen years and older alleged to have committed an act after his sixteenth birthday which if committed by an adult would be a felony punishable by a maximum penalty of ten years imprisonment or more, if imprisonment, or death, criminal prosecution on the basis of the alleged act may be begun by motion to transfer of the Attorney General in the appropriate district court of the United States if such court finds, after hearing, that there are no reasonable prospects for rehabilitating such juvenile before his twenty-first birthday.

"Evidence of the following factors shall be considered, and findings with regard to each factor shall be made in the record, in assessing the prospects for rehabilitation; the age and social background of the juvenile; the nature of the alleged offense; the extent and nature of the juvenile's prior delinquency record; the juvenile's present intellectual development and psychological maturity; the nature of past treatment efforts and the juvenile's response to such efforts; the availability of programs designed to treat the juvenile's behavioral problems.

"Reasonable notice of the transfer hearing shall be given to the juvenile, his parents, guardian, or custodian and to his counsel. The juvenile shall be assisted by counsel during the transfer hearing, and at every other critical stage of the proceedings.

"Once a juvenile has entered a plea with respect to a crime or an alleged act of juvenile delinquency subsequent criminal prosecution or juvenile proceedings based upon such alleged act of delinquency shall be barred.

"Statements made by a juvenile prior to or during a transfer hearing under this section shall not be admissible at subsequent criminal prosecutions."

CUSTODY

SEC. 203. Section 5033 of title 18 U.S.C. is amended to read as follows:

"§ 5033. Custody prior to appearance before magistrate.

"Whenever a juvenile is taken into custody for an alleged act of juvenile delinquency, the arresting officer shall immediately advise such juvenile of his legal rights, in language comprehensible to a juvenile, and shall immediately notify the Attorney General and the juvenile's parents, guardian, or custodian of such custody. The arresting officer shall also notify the parents, guardian, or custodian of the rights of the juvenile and of the nature of the alleged offense.

"The juvenile shall be taken before a magistrate forthwith. In no event shall the juvenile be detained for more than twenty-four hours before being brought before a magistrate."

DUTIES OF MAGISTRATE

SEC. 204. Section 5034 of title 18 U.S.C. is amended to read as follows:

"§ 5034. Duties of magistrate.

"If counsel is not retained for the juvenile, or it does not appear that counsel will be retained, the magistrate shall appoint counsel for the juvenile. Counsel shall be assigned to represent a juvenile when the juvenile and his parents, guardian, or custodian are financially unable to obtain adequate representation. In cases where the juvenile and his parents, guardian, or custodian are financially able to obtain adequate representation but have not retained counsel, the magistrate may assign counsel and order the payment of reasonable attorney's fees or may direct the juvenile, his parents, guardian, or custodian to retain private counsel within a specified period of time.

"The magistrate may appoint a guardian ad litem if a parent or guardian of the juvenile is not present, or if the magistrate has reason to believe that the parents or guardian will not cooperate with the juvenile in preparing for trial, or that the interests of the parents or guardian and those of the juvenile are adverse.

"If the juvenile has not been discharged before his initial appearance before the magistrate, the magistrate shall release the juvenile to his parents, guardian, custodian, or other responsible party (including, but not limited to, the director of a shelter-care facility) upon their promise to bring such juvenile before the appropriate court when requested by such court unless the magistrate determines, after hearing, at which the juvenile is represented by counsel, that the detention of such juvenile is required to secure his timely appearance before the appropriate court or to insure his safety or that of others."

DETENTION

SEC. 205. Section 5035 of this title is amended to read as follows:

"§ 5035. Detention prior to disposition.

"A juvenile alleged to be delinquent may be detained only in a juvenile facility or such other suitable place as the Attorney General may designate. Whenever possible, detention shall be in a foster home or community-based facility located in or near his home community. The Attorney General shall not cause any juvenile alleged to be delinquent to be detained or confined in any institution in which adult persons convicted of a crime or awaiting trial on criminal charges are confined. Alleged delinquents shall be kept separate from adjudicated delinquents. Every juvenile in custody shall be provided with adequate food, heat, light, sanitary facilities, bedding, clothing, recreation, education, and medical care including necessary psychiatric, psychological, or other treatment."

SPEEDY TRIAL

SEC. 206. Section 5036 of this title is amended to read as follows:

"§ 5036. Speedy trial.

"If an alleged delinquent who has been detained pending trial is not brought to trial within thirty days from the date when such juvenile was arrested, the information shall be dismissed with prejudice, on motion of the alleged delinquent or at the direction of the court, unless the Attorney General shows that additional delay is unavoidable, caused by the juvenile or his counsel, or consented to by the juvenile and his counsel. Unavoidable delay may not include delays attributable solely to court calendar congestion.

RIGHTS

SEC. 207. Section 5037 of this title is amended to read as follows:

"§ 5037. Rights in general.

"A juvenile charged with an act of juvenile delinquency shall be accorded the constitutional rights guaranteed an adult in a criminal prosecution, with the exception of indictment by grand jury. Public trial shall be limited to members of the press, who may attend only on condition that they not disclose information that could reasonably be expected to reveal the identity of the alleged delinquent. Any violation of that condition may be punished as a contempt of court."

DISPOSITION

SEC. 208. A new section 5038 is added, to read as follows:

"§ 5038. Dispositional hearing.

"(a) If a juvenile is adjudicated delinquent, a separate dispositional hearing shall be held no later than twenty court days after trial unless the court has ordered further study in accordance with subsection (c). Copies of the presentence report shall be provided to the attorneys for both the juvenile and the Government at least three court days in advance of the hearing.

"(b) The court may suspend the adjudication of delinquency or the disposition of the delinquent on such conditions as it deems proper, place him on probation, or commit him to the custody of the Attorney General. Probation, commitment, or commitment in accordance with subsection (c) shall not extend beyond the juvenile's twenty-first birthday or the maximum term which could have been imposed on an adult convicted of the same offense, whichever is sooner.

"(c) If the court desires more detailed information concerning an alleged delinquent, it may commit him after notice and hearing at which the juvenile is represented by counsel, to the custody of the Attorney General for observation and study by an appropriate agency. Such observation and study shall be conducted on an outpatient basis, unless the court determines that inpatient observation and study are essential. No alleged delinquent may be committed to the custody of the Attorney General for study and observation without the consent of his attorney and his parent, custodian, or guardian. Unless the juvenile upon advice of counsel consents, no judge who has read or heard social data regarding an alleged delinquent as a result of such study, or in the course of a transfer hearing, shall preside over the hearing to adjudicate the de-

linquency of the juvenile. In the case of an adjudicated delinquent, such study shall not be conducted on an inpatient basis without prior notice and hearing. The agency shall make a complete study of the alleged or adjudicated delinquent to ascertain his personal traits, his capabilities, his background, any previous delinquency or criminal experience, any mental or physical defect, and any other relevant factors. The Attorney General shall submit to the court and the attorneys for the juvenile and the Government the results of the study within thirty days after the commitment of the juvenile, unless the court grants additional time."

JUVENILE RECORDS

SEC. 209. A new section 5039 is added, to read as follows:

"§ 5039. Use of juvenile records.

"(a) Upon the completion of any formal juvenile delinquency proceeding, the district court shall order the entire file and record of such proceeding sealed. After such sealing, the court shall not release these records except under the following circumstances:

"(1) inquiries received from another court of law;

"(2) inquiries from an agency preparing a presentence report for another court;

"(3) inquiries from law enforcement agencies where the request for information is related to the investigation of a crime or a position within that agency;

"(4) inquiries, in writing, from the director of a treatment agency or the director of a facility to which the juvenile has been committed by the court; and

"(5) inquiries from an agency considering the person for a position immediately and directly affecting the national security.

Information about the sealed report may not be released when the request for information is related to an application for employment, license, bonding, or any civil right or privilege. Responses to such inquiries shall not be different from responses made about persons who have never been involved in a delinquency proceeding.

"(b) The entire file and record of juvenile proceedings where an adjudication of delinquency was not entered shall be destroyed and obliterated by order of the court.

"(c) District courts exercising jurisdiction over any juvenile shall inform the juvenile and his parent or guardian, in writing, of rights relating to the sealing of his juvenile record. The information in these communications shall be stated in clear and nontechnical language.

"(d) During the course of any juvenile delinquency proceeding, all information and records relating to the proceeding, which are obtained or prepared in the discharge of official duty by an employee of the court or an employee of any other government agency, shall not be disclosed directly or indirectly to anyone other than the judge, counsel for the juvenile and the government, or others entitled under this section to receive sealed records.

"(e) Unless a child who is taken into custody is prosecuted as an adult—

"(1) neither the fingerprints nor a photograph shall be taken, without the written consent of the judge; and

"(2) neither the name nor picture of any child shall be made public by any medium of public information in connection with a juvenile delinquency proceeding."

COMMITMENT

SEC. 210. A new section 5040 is added, to read as follows:

"§ 5040. Commitment.

"A juvenile who has been committed to the Attorney General has a right to treatment and is entitled to custody, care, and discipline as nearly as possible equivalent to that which should have been provided for him by his parents. No juvenile may be placed or retained in an adult jail or correctional institution.

"Every juvenile who has been committed shall be provided with adequate food, heat, light, sanitary facilities, bedding, clothing, recreation, education, and medical care, including necessary psychiatric, phychological, or other care.

"Whenever possible, the Attorney General shall commit a juvenile to a foster home or community-based facility located in or near his home community."

SUPPORT

SEC. 211. A new section 5041 is added, to read as follows:

"§ 5041. Support.

"The Attorney General may conduct with any public or private agency or individual and such community-based facilities as halfway houses and foster homes, for the observation and study and the custody and care of juveniles in his custody. For these purposes, the Attorney General may promulgate such regulations as are necessary and may use the appropriation for 'support of United States prisoners' or such other appropriations as he may designate."

PAROLE

SEC. 212. A new section 5042 is added, to read as follows:

"§ 5042. Parole.

"The Board of Parole shall release from custody, on such conditions as it deems necessary, each juvenile delinquent who has been committed, as soon as the Board is satisfied that he is likely to remain at liberty without violating the law."

REVOCATION

SEC. 213. A new section 5043 is added to read as follows:

"§ 5043. Revocation of parole or probation.

"Any juvenile parolee or probationer shall be accorded notice and a hearing with counsel before his parole or probation can be revoked."

SEC. 214. The table of sections of chapter 403 of this title is amended to read as follows:

"Sec.
"5031. Definitions.
"5032. Delinquency roceedings in district courts; transfer for criminal prosecution.
"5033. Custody prior to appearance before magistrate.
"5034. Duties of magistrate.
"5035. Detention prior to disposition.
"5036. Speedy trial.
"5037. Rights in general.
"5038. Dispositional hearing.
"5039. Use of juvenile records.
"5040. Commitment.
"5041. Support.
"5042. Parole.
"5043. Revocation of parole or probation."

TITLE III—JUVENILE JUSTICE AND DELINQUENCY PREVENTION ADMINISTRATION

ESTABLISHMENT OF ADMINISTRATION

SEC. 301(a) There is hereby created within the Department of Health, Education, and Welfare the Juvenile Justice and Delinquency Prevention Administration (referred to in this Act as the "Administration").

(b) There shall be at the head of the Administration a Director (referred to in this Act as the "Director") who shall be appointed by the President, by and with the advice and consent of the Senate.

(c) The Director shall be the chief executive of the Administration and shall exercise all necessary powers, subject only to the direction of the Secretary of the Department of Health, Education, and Welfare. The Director shall be Assistant Secretary.

(d) There shall be in the Administration a Deputy Director who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy Director shall perform such functions as the Director from time to time assigns or delegates, and shall act as Director during the absence or disability of the Director or in the event of a vacancy in the office of the Director.

(e) There shall be in the Administration an Assistant Director, who shall be appointed by the Director, whose function shall be to supervise and direct the National Institute for Juvenile Justice established under section 501 of this Act.

PERSONNEL, SPECIAL PERSONNEL, EXPERTS, AND CONSULTANTS

SEC. 302. (a) The Secretary is authorized to select, employ, and fix the compensation of such officers and employees, including attorneys, as are necessary to perform the functions vested in him and to prescribe their functions.

(b) The Secretary is authorized to select, appoint, and employ not to exceed three officers and to fix their compensation at rates not to exceed the rate now or hereafter prescribed for GS–18 of the General Schedule by section 5332 of title 5 of the United States Code.

(c) Upon the request of the Secretary, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of its personnel to the Director to assist him in carrying out his functions under this Act.

(d) The Secretary may obtain services as authorized by section 3109 of title 5 of the United States Code, at rates not to exceed the rate now or hereafter prescribed for GS–18 of the General Schedule by section 5332 of title 5 of the United States Code.

VOLUNTARY SERVICE

SEC. 303. The Secretary is authorized to accept and employ, in carrying out the provisions of this Act, voluntary and uncompensated services notwithstanding the provisions of section 3679(b) of the Revised Statutes (31 U.S.C. 665(b)).

CONCENTRATION OF FEDERAL EFFORTS

SEC. 304. (a) The Secretary shall establish overall policy and develop objectives and priorities for all Federal juvenile delinquency programs and activities relating to prevention, diversion, training, treatment, rehabilitation, evaluation, research, and improvement of the juvenile justice system in the United States. In carrying out his functions, the Secretary shall consult with the Interdepartmental Council and the National Advisory Committee for Juvenile Justice and Delinquency Prevention.

(b) In carrying out the purposes of this Act, the Secretary is authorized and directed to—

(1) advise the President as to all matters relating to federally assisted juvenile delinquency programs and Federal policies regarding juvenile delinquency;

(2) assist operating agencies which have direct responsibilities for the prevention and treatment of juvenile delinquency in the development and promulgation of regulations, guidelines, requirements, criteria, standards, procedures, and budget requests in accordance with the policies, priorities, and objectives he establishes;

(3) conduct and support evaluations and studies of the performance and results achieved by Federal juvenile delinquency programs and activities and of the prospective performance and results that might be achieved by alternative programs and activities supplementary to or in lieu of those currently being administered;

(4) coordinate Federal juvenile delinquency programs and activities among Federal departments and agencies and between Federal juvenile delinquency programs and activities and other Federal programs and activities which he determines may have an important bearing on the success of the entire Federal juvenile delinquency effort;

(5) develop annually with the assistance of the Advisory Committee and submit to the President and the Congress, after the first year the legislation is enacted, prior to September 30, an analysis and evaluation of Federal juvenile delinquency programs conducted and assisted by Federal departments and agencies, the expenditures made, the results achieved, the plans developed, and problems in the operations, and coordination of such programs. This report shall include recommendations for modifications in organization, management, personnel, standards, budget requests, and implementation plans necessary to increase the effectiveness of these programs;

(6) develop annually with the assistance of the Advisory Committee and submit to the President and the Congress, after the first year the legislation is enacted, prior to March 1, a comprehensive plan for Federal juvenile delinquency programs, with particular emphasis on the prevention of juvenile delinquency and the development of programs and services which will encourage increased diversion of juveniles from the traditional juvenile justice system; and

(7) provide technical assistance to Federal, State, and local governments, courts, public and private agencies, institutions, and individuals, in the planning, establishment, funding, operation, or evaluation of juvenile delinquency programs.

(c) The Secretary may require departments and agencies engaged in any activity involving any Federal juvenile delinquency program to provide him with such information and reports, and to conduct such studies and surveys, as he may deem to be necessary to carry out the purposes of this Act.

(d) The Secretary may delegate any of his functions under this title, except the making of regulations, to any officer or employee of the Administration.

(e) The Secretary is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public agency or institution in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement as may be agreed upon.

(f) The Secretary is authorized to transfer funds appropriated under this Act to any agency of the Federal Government to develop or demonstrate new methods in juvenile delinquency prevention and rehabilitation and to supplement existing delinquency prevention and rehabilitation programs which the Director finds to be exceptionally effective or for which he finds there exists exceptional need.

(g) The Secretary is authorized to make grants to, or enter into contracts with, any public or private agency, institution, or individual to carry out the purposes of this Act.

(h) All functions of the Secretary under this Act and all functions of the Secretary under the Juvenile Delinquency Prevention Act (42 U.S.C. 3801 et seq.), shall be administered through the Juvenile Justice and Delinquency Prevention Administration.

JOINT FUNDING

SEC. 305. Notwithstanding any other provision of law, where funds are made available by more than one Federal agency to be used by any agency, organization, institution, or individual to carry out a Federal juvenile delinquency program or activity, any one of the Federal agencies providing funds may be designated by the Secretary to act for all in administering the funds advanced. In such cases, a single non-Federal share requirement may be established according to the proportion of funds advanced by each Federal agency, and the Secretary may order any such agency to waive any technical grant or contract requirement (as defined in such regulations) which is inconsistent with the similar requirement of the administering agency or which the administering agency does not impose.

AMENDMENTS TO TITLE 5, UNITED STATES CODE

SEC. 306. (a) Paragraph (17) of section 5315 of title 5, United States Code, is amended to read as follows:

"(17) Assistant Secretaries of Health, Education, and Welfare (6), one of whom shall be the Director of the Juvenile Justice and Delinquency Prevention Administration."

(b) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(131) Deputy Director, Juvenile Justice and Delinquency Prevention Administration."

INTERDEPARTMENTAL COUNCIL

SEC. 307. (a) There is hereby established an Interdepartmental Council on Juvenile Delinquency (hereinafter referred to as the "Council") composed of the Attorney General, the Secretary of Health, Education, and Welfare, the Secretary of Labor, the Director of the Special Action Office for Drug Abuse Prevention, the Secretary of Housing and Urban Development, or their respective designees, and representatives of such other agencies as the President shall designate.

(b) The Secretary of the Department of Health, Education, and Welfare shall serve as Chairman of the Council.

(c) The function of the Council shall be to coordinate all Federal juvenile delinquency programs.

(d) The Council shall meet a minimum of six times per year and the activities of the Council shall be included in the annual report required by section 304(b)(5) of this title.

(e) The Chairman shall appoint an Executive Secretary of the Council and such personnel as are necessary to carry out the functions of the Council.

ADVISORY COMMITTEE

SEC. 308. (a) There is hereby established a National Advisory Committee for Juvenile Justice and Delinquency (hereinafter referred to as the "Advisory Committee") which shall consist of twenty-one members.

(b) The members of the Interdepartmental Council or their respective designees shall be exofficio members of the Committee.

(c) The regular members of the Advisory Committee shall be appointed by the President from persons who by virtue of their training or experience have special knowledge concerning the prevention and treatment of juvenile delinquency or the administration of juvenile justice, such as juvenile or family court judges; probation, correctional, or law enforcement personnel; and representatives of private voluntary organizations and community-based programs. The President shall designate the Chairman. A majority of the members of the Advisory Committee, including the Chairman, shall not be full-time employees of Federal, State, or local governments. At least seven members shall not have attained twenty-six years of age on the date of their appointment, of whom at least three shall have been under the jurisdiction of the juvenile justice system.

(d) Members appointed by the President to the Committee shall serve for terms of four years and shall be eligible for reappointment except that for the first composition of the Advisory Committee, one-third of these members shall be appointed to one-year terms, one-third to two-year terms, and one-third to three-year terms; thereafter each term shall be four years. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term.

DUTIES OF THE ADVISORY COMMITTEE

SEC. 309. (a) The Advisory Committee shall meet at the call of the Chairman, but not less than four times a year.

(b) The Advisory Committee shall make recommendations to the Secretary at least annually with respect to planning, policy, priorities, operations, and management of all Federal juvenile delinquency programs.

(c) The Chairman may designate a subcommittee of the members of the Advisory Committee to advise the Secretary on particular functions or aspects of the work of the Administration.

(d) The Chairman shall designate a subcommittee of five members of the Committee to serve as members of an Advisory Committee for the National Institute of Juvenile Justice to perform the functions set forth in section 505.

(e) The Chairman shall designate a subcommittee of five members of the Committee to serve as an Advisory Committee to the Secretary on Standards for the Administration of Juvenile Justice to perform the functions set forth in section 507.

COMPENSATION AND EXPENSES

SEC. 310. (a) Members of the Advisory Committee who are employed by the Federal Government full time shall serve without compensation but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in carrying out the duties of the Advisory Committee.

(b) Members of the Advisory Committee not employed full time by the Federal Government shall receive compensation at a rate to exceed the rate now or hereafter prescribed for GS–18 of the General Schedule by section 5332 of title 5 of the United States Code, including traveltime for each day they are engaged in the performance of their duties as members of the Advisory Committee. Members shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred by them in carrying out the duties of the Advisory Committee.

TITLE IV—FEDERAL ASSISTANCE FOR STATE AND LOCAL PROGRAMS

PART A—FORMULA GRANTS

The Secretary is authorized to make grants to States and local governments to assist them in planning, establishing, operating, coordinating, and evaluating projects directly or through contracts with public and private agencies for the development of more effective education, training, research, prevention, diversion, treatment, and rehabilitation programs in the area of juvenile delinquency and programs to improve the juvenile justice system.

ALLOCATION

SEC. 402. (a) In accordance with regulations promulgated under this title, funds shall be allocated annually among the States on the basis of relative population of people under age eighteen. No such allotment to any State shall be less than $200,000, except that for the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands, no allotment shall be less than $50,000.

(b) Except for funds appropriated for FY 1974, if any amount so allotted remains unobligated at the end of the fiscal year, such funds shall be reallocated in a manner equitable and consistent with the purposes of this title. Funds appropriated for fiscal year 1974 may be obligated in accordance with Subsection (a) until June 30, 1976 after which time they may be reallocated. Any amount so reallocated shall be in addition to the amounts already allotted and available to the States, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands for the same period.

(c) In accordance with regulations promulgated under this title, a portion of any allotment to any State under this part shall be available to develop a State plan and to pay that portion of the expenditures which are necessary for efficient administration. Not more than 15 per centum of the total annual allotment of such State shall be

available for such purposes. The State shall make available needed funds for planning and administration to local governments within the State on an equitable basis.

STATE PLANS

SEC. 504. (a) In order to receive part A formula grants, a State shall submit a plan for carrying out its purposes. In accordance with regulations established under this title, such plan must—

(1) designate a single State agency as the sole agency responsible for the preparation and administration of the plan, or designate an agency as the sole agency for supervising the preparation and administration of the plan;

(2) contain satisfactory evidence that the State agency designated in accordance with paragraph (1) (hereafter referred to in this Act as the "State agency") has or will have authority, by legislation if necessary, to implement such plan in conformity with this part;

(3) provide for supervision of the programs funded under this Act by the State agency by a board appointed by the Governor (or the Chief Executive) (A) which shall consist of not less than twenty-one and not more than thirty-three persons who have training, experience, or special knowledge concerning the prevention and treatment of juvenile delinquency or the administration of juvenile justice, (B) which shall include representation of units of local government, law enforcement and juvenile justice agencies such as law enforcement, correction or probation personnel, and juvenile or family court judges, and public agencies concerned with delinquency prevention or treatment such a welfare, social services, mental health, education or youth services departments; (C) which shall include representatives of private organizations; concerned with delinquency prevention or treatment; concerned with neglected or dependent children; concerned with the quality of juvenile justice, education or social services for children; which utilize volunteers to work with delinquents or potential delinquents; community-based delinquency prevention or treatment programs; and organizations which represent employees affected by this Act, (D) a majority of whose members (including the Chairman) shall not be full-time employees of the Federal, State, or local government, and (E) at least one-third of whose members shall be under the age of twenty-six at the time of appointment and of whom at least three shall have been under the jurisdiction of the justice system;

(4) provide for the active consultation with and participation of local governments in the development of a State plan which adequately takes into account the needs and requests of local governments;

(5) provide that at least 50 per centum of the funds received by the State under section 401 shall be expended through programs of local government insofar as they are consistent with the State plan, except that this provision may be waived at the discretion of the Secretary for any State if the services for delinquent or potentially delinquent youth are organized primarily on a statewide basis;

(6) provide that the chief executive officer of the local government shall assign responsibility for the preparation and administration of the local government's part of the State plan, or for the supervision of the preparation and administration of the local government's part of the State plan, to that agency within the local government's structure (hereinafter in this Act referred to as the "local agency") which can most effectively carry out the purposes of this Act and shall provide for supervision of the programs funded under this Act by the local agency by a Board which meets the appropriate requirements of paragraph (3);

(7) provide for an equitable distribution of the assistance received under section 401 within the State;

(8) set forth a detailed study of the State needs for an effective, comprehensive, coordinated approach to juvenile delinquency prevention and treatment and the improvement of the juvenile justice system. This plan shall include itemized estimated costs for the development and implementation of such programs.

(9) provide for the active consultation with and participation of private agencies in the development and execution of the State plan; and provide for coordination and maximum utilization of existing juvenile delinquency programs and other related programs, such as education, health, and welfare within the State;

(10) provide that not less than 75 per centum of the funds available to such State under section 401, whether expended directly by the State or by the local government or through contracts with public or private agencies, shall be used for advanced techniques in developing, maintaining, and expanding programs and services designed to prevent juvenile delinquency, to divert juveniles from the juvenile justice system, to establish programs as set forth in section 403(11), and to provide community-based alternatives to juvenile detention and correctional facilities. The advanced techniques include but are not limited to—

(A) community-based programs and services for the prevention and treatment of juvenile delinquency through the development of foster-care and shelter-care homes, group homes, halfway houses, homemaker and home health services and any other designated community-based diagnostic, treatment, or rehabilitative service;

(B) community-based programs and services to work with parents and other family members to maintain and strengthen the family unit, so that the juvenile may be retained in his home;

(C) youth service bureaus and other community-based programs to divert youth from the juvenile court or to support, counsel, or provide work and recreational opportunities for delinquents and youth in danger of becoming delinquent;

(D) comprehensive programs of drug abuse education and prevention, and programs for the treatment and rehabilitation of drug addicted youth, and "drug dependent" youth (as defined in section 2(g) of the Public Health Service Act (42 U.S.C. 201(g));

(E) educational programs or supportive services designed to keep delinquents or youth in danger of becoming delinquent in elementary and secondary schools or in alternative learning situations;

(F) expanded use of probation and recruitment and training of probation officers, other professional and paraprofessional personnel and volunteers to work effectively with youth;

(11) provides for a statewide program through the use of probation subsidies, other subsidies, other financial incentives or disincentives to units of local government, or other effective means, that shall:

(A) reduce the number of commitments of juveniles to any form of juvenile facility as a percentage of the state juvenile population;

(B) increase the use of non-secure community-based facilities as a percentage of total commitments to juvenile facilities; and

(C) discourage the use of secure incarceration and detention.

(12) provides for the development of an adequate research, training, and evaluation capacity within the State;

(13) provide within two years after submission of the plan that juveniles who are charged with or who have committed offenses that would not be criminal if committed by an adult, shall not be placed in juvenile detention or correctional facilities, but must be placed in shelter facilities;

(14) provide that juveniles alleged to be or found to be delinquent shall not be detained or confined in any institution in which they have regular contact with adult persons incarcerated because they have been convicted of a crime or are awaiting trial on criminal charges;

(15) provide for an adequate system of monitoring jails, detention facilities, and correctional facilities to insure that the requirements of section 403 (13) and (14) are met, and for annual reporting of the results of such monitoring to the Secretary;

(16) provide assurances that assistance will be available on an equitable basis to deal with all disadvantaged youth including, but not limited to, females, minority youth, and mentally retarded or emotionally handicapped youth;

(17) provide for procedures which will be established for protecting under Federal, State, and local law the rights of recipients of services and which will assure appropriate privacy with regard to records relating to such services provided to any individual under the State plan;

(18) provide that fair and equitable arrangements are made, as determined by the Secretary of Labor, to protect the interests of employees affected by assistance under this Act. Such protective arrangements shall include, without being limited to, such provisions as may be necessary for—

(A) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective-bargaining agreements or otherwise;

(B) the continuation of collective-bargaining rights;

(C) the protection of individual employees against a worsening of their positions with respect to their employment;

(D) assurances of employment to employees of any State or political subdivision thereof who will be affected by any program funded in whole or part under provisions of this Act;

(E) training or retraining programs.

The State plan shall provide for the terms and conditions of the protective arrangements established pursuant to this section;

(19) provide for such fiscal control and fund accounting procedures necessary to assure prudent use, proper disbursement, and accurate accounting of funds received under this title;

(20) provide reasonable assurance that Federal funds made available under this part for any period will be so used as to supplement and increase, to the extent feasible and practical, the level of State, local, and other non-Federal funds that would in the absence of such Federal funds be made available for the programs described in this part, and will in no event supply such State, local, and other non-Federal funds;

(21) provide that the State agency will from time to time, but not less often than annually, review its plan and submit to the Secretary an analysis and evaluation of the effectiveness of the programs and activities carried out under the plan, and any modifications in the plan, including the survey of State and local needs, which it considers necessary; and

(22) contain such other terms and conditions as the Secretary may reasonably prescribe to assure the effectiveness of the programs assisted under this title.

(b) The Board appointed pursuant to Sec. 403(a)(3) shall approve the State plan and any modification thereof prior to submission to the Secretary.

(c) The Secretary shall approve any State plan and any modification thereof that meets the requirements of subsection (a) of this section.

(d) In the event that any State fails to submit a plan, or submits a plan or any modification thereof, which the Secretary, after reasonable notice and opportunity for hearing determines does not meet the requirements of subsection (a), the Secretary shall make that state's allotment under the provisions of 402(9) available to the public and private agencies in that State for Part B—Special Emphasis Prevention and Treatment Programs.

PART B—SPECIAL EMPHASIS PREVENTION AND TREATMENT PROGRAMS

SEC. 411(a) The Secretary is authorized to make grants to and enter into contracts with public and private agencies, organizations, institutions, or individuals to—

(1) develop and implement new approaches, techniques, and methods with respect to juvenile delinquency programs (as defined in section 103(4));

(2) develop and maintain community-based alternatives to traditional forms of institutionalization;

(3) develop and implement effective means of diverting juveniles from the traditional juvenile justice and correctional system;

(4) improve the capability of public and private agencies and organizations to provide services for delinquents and youths in danger of becoming delinquent; and

(5) facilitate the adoption of the recommendations of the Advisory Committee on Standards for Juvenile Justice as set forth pursuant to section 507(b).

(b) Not less than twenty-five per centum of the funds appropriated for each fiscal year pursuant to this Title shall be available only for special emphasis prevention and treatment grants and contracts made pursuant to this part.

(c) Among applicants for grants under this part, priority shall be given to private organizations or instituitons who have had experience in dealing with youth.

CONSIDERATIONS FOR APPROVAL OF APPLICATIONS

SEC. 412. (a) Any agency, institution, or individual desiring to receive a grant, or enter into any contract under this part, shall submit an application at such time, in such manner, and containing or accompanied by such information as the Secretary may prescribe.

(b) In accordance with guidelines established by the Secretary, each such application shall—

(1) provide that the program for which assistance under this title is sought will be administered by or under the supervision of the applicant;

(2) set forth a program for carrying out one or more of the purposes set forth in section 404;

(3) provide for the proper and efficient administration of such program;

(4) provide for regular evaluation of the program;

(5) indicate that the applicant has requested the review of the application from the State and local agency designated in section 403, when appropriate;

(6) indicate the response of such agency to the request for review and comment on the application;

(7) provide that regular reports on the program shall be sent to the Secretary and to the State and local agency, when appropriate; and

(8) provide for such fiscal control and fund accounting procedures as may be necessary to assure prudent use, proper disbursement, and accurate accounting of funds received under this title.

(c) In determining whether or not to approve applications for grants under this title, the Secretary shall consider—

(1) the relative cost and effectiveness of the proposed program in effectuating the purposes of the Act;

(2) the extent to which the proposed program will incorporate new or innovative techniques;

(3) the extent to which the proposed program meets the objectives and priorities of the State plan, when a State plan has been approved by the Secretary under section 403 (b) and when the location and scope of the program make such consideration appropriate;

(4) the increase in capacity of the public and private agency, institution, or individual to provide services to delinquents or youths in danger of becoming delinquent;

(5) the extent to which the proposed project serves communities which have high rates of youth unemployment, school dropout, and delinquency; and

(6) the extent to which the proposed program facilitates the implementation of the recommendations of the Advisory Committee on Standards for Juvenile Justice as set forth pursuant to section 507(b).

PART C—GENERAL PROVISIONS

WITHHOLDING

SEC. 421. Whenever the Secretary, after giving reasonable notice and opportunity for hearing, to a recipient of financial assistance under this title, finds—

(1) that the program or activity for which such grant was made has been so changed that it no longer complies with the provisions of this title; or

(2) that in the operation of the program or activity there is failure to comply substantially with any such provision;

the Secretary shall notify such recipient of his findings and no further payments may be made to such recipient under this title (or in his discretion that the state agency shall not make further payments to specified programs affected by the failure) by the Secretary until he is satified that such noncompliance has been, or will promptly be, corrected.

USE OF FUNDS

SEC. 422. (a) Funds paid to any State public or private agency, institution, or individual (whether directly or through a State or local agency) may be used for:

(1) securing, developing, or operating the program designed to carry out the purposes of this Act;

(2) not more than 50 per centum of the cost of the construction of innovative community-based facilities for less than 20 persons (as defined in sections 103(1) and 103(2) of this Act) which, in the judgment of the Secretary, are necessary for carrying out the purposes of this Act.

(b) Except as provided in subsection (a) of this setcion, no funds paid to any public or private agency, institution, or individual under this Title (whether directly or through a State or local agency) may be used for construction as defined in Section 103(2) of this Act.

PAYMENTS

SEC. 423. (a) In accordance with criteria established by the Secretary, it is the policy of Congress that programs funded under this title shall continue to receive financial assistance providing that the yearly evaluation of such programs is satifactory.

(b) At the discretion of the Secretary, when there is no other way to fund an essential juvenile delinquency program, the State may utilize 25 per centum of the funds available to it under this Act to meet the non-Federal matching share requirement for any other Federal juvenile delinquency program grant.

(c) Whenever the Secretary determines that it will contribute to the purposes of the Act, he may require the recipient of any grant or contract to contribute money, facilities, or services up to 25 per centum of the cost of the project.

(d) Payments under this title, pursuant to a grant or contract, may be made (after necessary adjustment, in the case of grants, on account of previously made overpayments or underpayments) in advance or by way of reimbursements, in such installments and on such conditions as the Secretary may determine.

TITLE V—NATIONAL INSTITUTE FOR JUVENILE JUSTICE

NATIONAL INSTITUTE

SEC. 501. (a) There is hereby established within the Juvenile Justice and Delinquency Prevention Administration a National Institute for Juvenile Justice (referred to in this Act as the "Institute").

(b) The Institute shall be under the general supervision and direction of the Secretary, and shall be headed by the Assistant Director of the Administration appointed under section 301(c).

INFORMATION FUNCTION

SEC. 502. The Institute is authorized to—

(1) serve as an information bank by collecting systematically and synthesizing the data and knowledge obtained from studies and research by public and private agencies, institutions, or individuals concerning all aspects of juvenile delinquency, including the prevention and treatment of juvenile delinquency;

(2) serve as a clearinghouse and information center for the preparation, publication, and dissemination of all information regarding juvenile delinquency, including State and local juvenile delinquency prevention and treatment programs and plans, availability of resources, training and educational programs, statistics, and other pertinent data and information.

RESEARCH, DEMONSTRATION, AND EVALUATION FUNCTIONS

SEC. 503. The Institute is authorized to—

(1) conduct, encourage, and coordinate research and evaluation into any aspect of juvenile delinquency, particularly with regard to new programs and methods which show promise of making a contribution toward the prevention and treatment of juvenile delinquency;

(2) encourage the development of demonstration projects in new, innovative techniques and methods to prevent and treat juvenile delinquency;

(3) provide for the evaluation of all programs assisted under this Act in order to determine the results and the effectiveness of such programs;

(4) provide for the evaluation of any other Federal, State, or local juvenile delinquency program, upon the request of the Secretary; and

(5) disseminate the results of such evaluations and research and demonstration activities particularly to persons actively working in the field of juvenile delinquency.

TRAINING FUNCTIONS

SEC. 504. The Institute is authorized to—

(1) develop, conduct, and provide for training programs for the training of professional, paraprofessional, and volunteer personnel, and other persons who are or who are preparing to work with juveniles and juvenile offenders;

(2) develop, conduct, and provide for seminars, workshops, and training programs in the latest proven effective techniques and methods of preventing and treating juvenile delinquency for law enforcement officers, juvenile judges and other court personnel, probation officers, correctional personnel, and other Federal, State, and local government personnel who are engaged in work relating to juvenile delinquency.

INSTITUTE ADVISORY COMMITTEE

SEC. 505. The Institute Advisory Committee established in section 309(d) shall advise, consult with, and make recommendations to

the Assistant Director concerning the overall policy and operations of the Institute.

ANNUAL REPORT

SEC. 506. The Assistant Director shall develop annually and submit to the Secretary after the first year the legislation is enacted, prior to June 30, a report on research, demonstration, training and evaluation programs funded under this title, including a review of the results of such programs, an assessment of the application of such results to existing and to new juvenile delinquency programs, and detailed recommendations for future research, demonstration, training, and evaluation programs. The Secretary shall include a summary of these results and recommendations in his report to the President and Congress required by section 304(b) (5).

DEVELOPMENT OF STANDARDS FOR JUVENILE JUSTICE

SEC. 507. (a) The Institute, under the supervision of the Advisory Committee shall submit to the President and the Congress a report which—based on recommended standards for the administration of juvenile justice at the Federal, State and local level—

(1) recommended Federal action, including but not limited to administrative, bugetary, and legislative action required to facilitate the adoption of these standards throughout the United States; and

(2) recommends State and local action to facilitate the adoption of these standards for juvenile justice at the State and local level.

(c) Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies is authorized and directed to furnish to the Advisory Committee such information as the Committee deems necessary to carry out its functions under this Act.

SEC. 508. Records containing the identity of individual juveniles gathered for purposes pursuant to this Title may under no circumstances be disclosed or transferred to any individual or other agency, public or private.

TITLE VI—AUTHORIZATION OF APPROPRIATION

SEC. 601. To carry out the purposes of this Act there are hereby authorized to be appropriated $100,000,000 for the fiscal year ending June 30, 1974; $200,000,000 for the fiscal year ending June 30, 1975; $300,000,000 for the fiscal year ending June 30, 1976; and $400,000,000 for the fiscal year ending June 30, 1977.

SEC. 602 (a) Not more than 5 percent of the funds appropriated annually for the purposes of this act shall be used for the purposes authorized under Title III.

(b) Not more than 15 percent of the funds appropriated annually for the purposes of this act shall be used for purposes authorized under Title V.

OUR FLIP-TOP, SNAP-TAB, THROWAWAY SOCIETY: CAN WE AFFORD IT?

Mr. HATFIELD. Mr. President, this morning the Washington Post carried an editorial discussing throwaway beverage containers. To me, I think that passage of a national law banning the sale of nonreturnable beverage containers should be a top priority for Congress. Not because it is the only environmental spoiler, for that is not so. Not because other problems are not equally compelling.

We should pass national legislation banning throwaways because it would signal one restraint on the snap-tab, flip-top, throwaway society that pervades too much of today's society. We must reverse this drift, and passage of such a bill would indicate that our society can pick out a definable area of environmental waste, attack it, and control it. We should enact such a law as S. 2062 envisions.

Mr. President, I ask unanimous consent to have the editorial printed in the RECORD.

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

A REGIONAL ATTACK ON THROWAWAYS

A little more than two months ago, we recommended new legislative controls to deal with the nation's mounting mess of metal and glass from throwaway soft drink and beer containers. At the time, there were efforts both in Congress and in various Greater Washington jurisdictions to do something about this problem, despite continuing protestations and court actions on the part of the container industry. The idea of the proposed measure was to eliminate the nonreturnable beverage container.

The industry—which in the year before produced 60 billion of these throwaways—would like us all to believe that the answer lies in a better public attitude about litter and in new recycling methods. Certainly, the advertising campaign urging Americans to "pitch in" is constructive; but while you're helping to scoop up the additional 10 billion or so throwaways produced since our last editorial (or even some of the 17 million used in Montgomery County since then), it may relieve you somewhat to know that some lawmakers are still working to get rid of the "handy" throwaway.

Senators Mark O. Hatfield and Robert W. Packwood from Oregon—where a state law is already in effect—are among those pressing for enactment of S. 2062, a bill that would ban all nonreturnable beverage containers. Hearings before the Senate Commerce Committee are expected this spring. On the local level, Montgomery County has been studying proposals for months, and there is legislation pending in the city of Rockville. Loudoun County in Virginia and Bowie in Maryland's Prince Georges County already have passed legislation to require deposits on containers, but have been blocked from putting them into effect as a result of court actions by the container industry.

The most effective control, to be sure, would be a federal law, since attempts to control the sale of disposable bottles and cans on a county-by-county or town-by-town basis have limited impact in areas such as Greater Washington. In the meantime, however, there is encouraging news: Last week, representatives of 10 area jurisdictions—including the District of Columbia—agreed to ask the Metropolitan Washington Council of Governments to prepare model legislation that could lead to a regional tax or deposit on throwaway beverage containers.

Just as water and air pollution are regional problems that transcend political boundaries, the pollution from throwaways cries out for regional cooperation and action. We urge the Council of Governments to proceed promptly on this matter and to produce a uniform measure for Greater Washington before too many more billions of throwaways are foisted on the region.

GENEVA CONFERENCE ON THE HUMANITARIAN LAWS OF WAR

Mr. KENNEDY. Mr. President, the headlines in our newspapers daily remind us of the cruelty and indiscriminate character of so much of modern warfare. We need only think of yesterday's report of over 30 children killed in a mindless mortar attack on a school playground in South Vietnam, or the recent rocket attacks on Phnom Penh. Beyond the decade of carnage in Indochina, there has also been armed conflicts in the Middle East, in South Asia, and in Africa.

It is with these tragic memories of violence and conflict fresh in our minds, that the world meets today in Geneva in a crucial effort to update the Geneva Conventions of 1949 for the Protection of War Victims. In a conference called by the Swiss Government and the International Committee of the Red Cross, some 130 governments and other organizations are meeting today in a Diplomatic Conference on the Reaffirmation and Development of International Humanitarian Law Applicable in Armed Conflicts.

Mr. President, it has been my privilege to be appointed as a congressional advisor to the U.S. delegation. As chairman of the Judiciary Subcommittee on Refugees I have long been concerned over the impact of modern warfare on civilians.

The conference in Geneva will continue over the next 2 to 3 months, during which considerable progress is anticipated in upgrading international standards for the protection of prisoners of war and for the accounting of missing and dead personnel, in expanding the laws of war to prohibit or restrain the use of certain weapons that are particularly cruel and indiscriminate in their effect, and to extend the protection of civilians in areas of armed conflict.

As a congressional advisor to the American delegation, I filed a statement with the conference this week to lend my support to some concerns of the American delegation, as well as to comment on some additional items of concern to me personally.

Over the coming weeks and months I will follow the work and progress of the conference and report to the Senate, for there can be no underestimation of the importance of this conference in advancing the humanitarian laws of war.

Mr. President, I ask unanimous consent that the full text of my statement submitted to the Geneva Conference be printed in the RECORD.

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

STATEMENT SUBMITTED TO THE GENEVA DIPLOMATIC CONFERENCE ON THE REAFFIRMATION AND DEVELOPMENT OF INTERNATIONAL HUMANITARIAN LAW APPLICABLE IN ARMED CONFLICT, BY SENATOR EDWARD M. KENNEDY, CONGRESSIONAL ADVISER TO THE U.S. DELEGATION

I welcome this opportunity to encourage and support the important work of this Conference.

Here in Geneva, talks are now underway between the United States and the Soviet Union to seek an end to the nuclear arms race. The Conference on European Security and Cooperation is meeting here to strengthen ties between East and West. In Vienna, the NATO and Warsaw Pact nations are negotiating the reduction of armed forces based in Europe. And at the United Nations, the Ad Hoc Committee on the Indian Ocean is discussing efforts to make that area a zone of peace.

All these efforts are critical in the effort

to build a world that is not subject to the tyranny of war and the unrestricted competition in military arms.

But, as important as these efforts are, none of them is concerned with the human imperative of limiting the suffering of people both in conflict and as its result. None of them is concerned with the way in which wars are fought, with the tragic consequences of fighting, or with the need to promote the dignity of man despite man's continued resort to violence. That is the purpose of this conference, and as such its work will have an immediate impact on the human condition.

Nearly a decade ago—in 1965—the 20th International Conference of the Red Cross urged "The International Committee of the Red Cross to Pursue the Development of International Humanitarian Law." The International Committee of the Red Cross responded, and with the cooperation of individual governments, legal experts, the United Nations, and others, has presented two Draft Additional Protocols to the Geneva Conventions of 1949. These two Protocols are the outcome of a careful and realistic effort—earning our highest tribute for the ICRC, and for all those involved in the preparation of this Conference.

For today—after much pessimism—we finally have a good basis for deliberation. We have grounds to hope that the powers represented here will reach workable agreements: *First,* that will apply more broadly those principles and standards of human decency long associated with the Geneva Conventions—*Second,* that will increase protection for the victims of armed conflict—and *Third,* that will prohibit or restrain particularly cruel and indiscriminate weapons and means of warfare.

The urgency of our agenda is marked in the history of our generation. We meet in the aftermath of many conflicts and wars, under the spectre of continuing violence, and with the prospect of more to come. We meet in an age of rapid change in the power and destructiveness of weapons—when some wars are fought by remote control—or with weapons that often cause unnecessary suffering and are indiscriminate in their effects.

But nothing symbolizes more the urgency of our task, than the chain of ravaged populations which has stretched around the globe in recent years. With each new link in the chain, the physial destruction and toll of human misery and death has increasingly outpaced the efforts of peoples, governments, and humanitarian organizations to respond.

All over the world, people were on the move. Villages were leveled by mortars and bombs. Hospitals and schools, and houses were destroyed. Refugees poured into the countryside of their homelands or across international boundaries in unparalleled numbers. Children were orphaned or maimed or killed. Millions were injured—and millions died—and millions more—caught in the crunch of violent conflict and disaster—suffered stunted lives and crippled spirits.

This human tragedy brought forth efforts to stem the tide of suffering and to reaffirm and develop international humanitarian law. And the broad representation at this Conference testifies to the fact that these efforts are considered an urgent necessity by virtually all of the world's nations.

Ideally, we are here because of our personal and national moral commitment to the dignity and worth of human life. But at the very least, we are here to develop some new guidelines of enlightened self-interest. These guidelines can promote the interests of each party engaged in conflict because they promote the interests of all. And mankind as a whole—both today and in the future—will gain.

The Draft Protocols being considered in this Conference clearly reflect progress in the long effort to reaffirm and develop international humanitarian law. And I am hopeful that, after due deliberation, the Conference will approve separate protocols for the protection of victims of both international and non-international armed conflicts.

Today, I will not review each protocol in detail. But as a member of the United States Senate who has closely followed humanitarian issues, I would like to lend my support to some concerns of my government and would like to comment on some additional items of concern to me personally—which are shared by many of my colleagues in the Senate, and by millions of Americans.

First, the articles on wounded, sick and shipwrecked persons accomplish long-sought objectives, which will surely be sustained by the Conference. Some useful additions should be made for missing and dead persons. And the articles dealing with medical transport and related issues could usefully be expanded and refined. But the articles clearly help to afford wounded, sick and shipwrecked persons with modern means of transport and efficient medical care. They also help establish standards and procedures to ensure medical attention without discrimination for those in need.

Second, the objectives on prisoner of war status—contained in Article 42 of the first protocol—deserve the support of all participants in the Conference. Harsh experience in recent years requires us to find a reasonable formula for the broader application of the Third Geneva Convention—and to include, as prisoners of war, those "members of organized resistance movements who have fallen into the hands of the enemy."

Serious consideration should also be given to paragraph 3 of Article 42, which contains specific language for according prisoner of war status to "members of movements of armed struggle for self-determination". In light of continuing conflicts for this purpose—and the recognized right to self-determination by the United Nations—our concern for the treatment of prisoners cannot be limited by outdated definitions of warfare. We have a humanitarian obligation and responsibility to accord prisoner of war status to captured personnel in all organized armed conflicts—regardless of their label or place of combat.

Third, the Conference should consider strengthening the language on the "appointment of protecting powers and of their substitute",—especially in defining a more positive role for the ICRC, in cases where no protecting power is appointed.

Fourth, in broadening the scope of protection granted civilians, the Draft Protocols usefully supplement the existing convention. The Protocols suggest that enormous strides can be made in special measures for women and children; as well as—

In outlawing reprisals against all civilians;

In granting wider international recognition to refugees;

In providing humanitarian relief;

In providing general protection for civilian objects; and

In providing for non-defended and neutralized localities.

For some time, the issue of protecting civilian populations has been the subject of sharp controversy and debate—especially as it relates to the second protocol for non-international armed conflicts. And this is reflected in the deliberations of this conference. No one will deny the difficulty of defining who civilians are, and what the bounds of their protection and relief should be. And no one will deny the difficulty of implementing whatever new standards and procedures are agreed to by the powers represented here today.

But saying that the effort is difficult merely underscores the urgency of our work. That something more needs to be done can be seen in the recent history of military practices, in the changing character of warfare and weaponry, and in the expanding conception of the battlefield and armed conflict.

And given the nightmare of human misery and death the world has witnessed in Indochina, in South Asia and in other parts of the world—we are duty-bound to strengthen as much as possible the standards and means for the protection and relief of civilians. And we are duty-bound to avoid loopholes that only dilute our responsibilities and obligations under international convention and law.

In this connection, I am extremely hopeful that the Conference will consider strengthening the Provisions in the Draft Protocol protecting objects indispensable to the survival of the civilian population. Food, water, and livestock are among these objects. And the Conference should seriously consider proposals to prohibit starvation as a means of warfare.

In another area, the Conference will seek to define when military activity—and its collateral damage to civilians and civilian objects—is out of proportion to the concrete military advantage that is sought. Those provisions should be strengthened, and an effort must finally be made to define and restrict "zonal bombardment"—from the air, the land, or the sea.

We hold fresh in our minds the spectre of rocket attacks on Phnom Penh—the mindless slaughter in the "free-fire zones" of Indochina and elsewhere—and the impact on civilians of "area-type ordnance" and anti-personnel weapons. These images compel us to restrain "zonal bombardment" and the indiscriminate military practices that so tragically injure and kill civilians, and cause uncounted thousands to leave their homes as refugees.

Our concern with this terrible practice of war also highlights the need to go beyond restrictions on the methods and means of warfare—and on military practices affecting civilians. An important effort should also begin on prohibiting or restricting the use of *specific weapons,* which are particularly cruel or indiscriminate in their effect.

For too long the community of nations has left the sole judgment on these matters to individual governments and commanders in the field. But this reliance on the self-restraint of belligerents has clearly failed in conflict after conflict. The cruelty of many modern weapons is now beyond question—from incendiary weapons like napalm and phosphorus, to high velocity ordnance, high-explosive anti-personnel mines, and modern fragmentation bombs.

If we are to restrain the conduct of war—in the interests of everyone—we can no longer permit the makers of such weapons to judge whether their products avoid unnecessary suffering. And we can no longer permit the users of these weapons to decide by themselves whether the weapons are justified by military necessity. These judgments also concern the broader community of nations. And unless there are international standards for weapons, even those nations claiming the right of deciding for themselves will suffer from anarchy in the conduct of war.

I therefore strongly urge this conference and the ICRC, in the coming weeks and months, to pursue this issue—with the reasonable and proper goal of restricting or prohibiting specific weapons that are particularly cruel and indiscriminate in their effect.

Surely, if there is a single lesson of our time it is this: that technology—left alone—often outpaces man's ability to control it. Nowhere, perhaps, is this more evident than in the development of weapons and war. This technology feeds upon—and builds upon—the general scientific advance of society. The record is clear that general progress for the

good of man carries with it changes in the technology of war—some of which could return our societies to the dark ages, and reduce man's progress to ashes.

We do not have to limit the general progress of our societies in order to limit the weapons of war. But we do have to strengthen self-restraint. We do have to act through international agreements, and through standards and procedures sanctioned by international convention and law.

Decades ago, the international community had the courage and capacity to ban the dum-dum bullet and to outlaw gas warfare. Today, we in our turn must have the courage and capacity to update standards of restraining conflict in the light of changed conditions. To do less is to abandon mankind's effort to curb the scourge of war.

The outside world now touches each of our countries as never before—more so, perhaps, than we ever thought possible. Everywhere new technology and communications bring men and nations closer together. More and more, the concerns of one become the concerns of all.

This can be of immense benefit to mankind. But it can also place us all in peril, as the pace of warfare becomes more intense; as the destructiveness of conventional weapons increases; and as military hardware is transported around the globe, fueling local wars and threatening serious confrontation among the major powers.

Even efforts to control the nuclear arms race, to reduce forces on both sides in Europe, and to end the threat of war in the Middle East, cannot in themselves end the danger posed for mankind by man's continuing resort to violence.

The future may lie beyond our vision; but it is not completely beyond our control. And given our common humanity, and our shared interest to reduce suffering and promote the well-being of people at home and abroad, there is much that we can do as a community of nations.

We can press for new controls on the production and deployment of weapons of mass destruction.

We can continue building peace in Indochina, the Middle East, and other troubled areas.

We can act to reduce the sources of conflict in the world, including the vast disparities in income between rich and poor countries, and the potential scramble for scarce resources.

And, at this Conference, we can also update the Geneva Conventions of 1949, and take a significant step towards reducing the horrors of violence and conflict—for civilians and soldiers alike—and advance humanitarian standards for the protection and care of all mankind.

Earlier in this century, the great Bengali philosopher-poet—Tagore—reminded us, that:

"Through the troubled history of man
Comes sweeping a blind fury of destruction . . .
Shatter this age-long shame of ours,
And raise our head into the boundless sky,
into the generous light, into the air
of freedom."

And in our own generation, Albert Camus has this to say:

"Perhaps we cannot prevent this world from being a world in which children are tortured. But we can reduce the number of tortured children. And if you don't help us, who else in the world can help us do this?"

THE REPUBLICAN CHALLENGE

Mr. STAFFORD. Mr. President, when so many negatives abound about the fate of the Republican Party it is refreshing indeed to have the positives accentuated. This is what my colleague, the distinguished Senator from Massachusetts, Senator BROOKE did in a speech at the Dane County Republican Party Lincoln Day dinner in Madison, Wis., February 28. I commend Senator BROOKE's remarks to my colleagues on both sides of the aisle as a stimulating and reflective analysis of the plight and prospects of the Republican Party and our Nation's political processes. I ask unanimous consent that Senator BROOKE's remarks be printed in the RECORD.

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

THE REPUBLICAN CHALLENGE

(By Senator EDWARD W. BROOKE)

Traditionally, Lincoln Day Dinner speeches blend evocative reminiscences of Abraham Lincoln with provocative predictions of great days ahead for the Grand Old Party.

To follow this tradition at this time would show a callous disregard of the anxieties and concerns of Republicans, indeed of all Americans.

Similarly, it would not serve any useful purpose tonight for me to review in depth my reasoning as to what I consider the best course of action for the President to follow at this time.

Rather, I want to explore with you some thoughts and ideas as to how, I think, we as a Party can meet the perhaps unprecedented challenges of election years 1974 and 1976. But before I begin I want to sound a warning to my Party.

When I was a boy, I enjoyed reading Rudyard Kipling. He is probably as great a storyteller and spinner of yarns as has ever written in the English language.

I remember one of his stories about a lighthouse keeper who came both to hate and to fear the wakes from the ships that passed his solitary watch. One night, he rowed out into the ship channel and planted bell buoys so as to divert these ships away from his lighthouse. Needless to say, the results were disastrous for the next ships that came along.

And the results will be disastrous for us if we as Republicans attempt to shift our responsibilities and thus risk the consequences of a wrecked Party!

We must recognize the fact that millions of Republicans, who can in no way be considered responsible for the inept and illegal activities of "Watergate" are being blamed.

Look at the results of the special election in Michigan's Fifth Congressional District. This House seat was on the Republican side for 62 years. The former House Minority Leader, our Vice President, Gerald Ford, occupied the seat for twenty-five years. That seat has now shifted to the already crowded Democratic side of the House and the reason is obvious—Watergate. Analyses show that the Republican vote fell 55 per cent below the average GOP vote in the ten previous elections in the Fifth District while the Democratic vote was only seven per cent below this average. I could go on to analyze the results of the 12th Pennsylvania special congressional election, but the message is the same—Republicans stayed home on election day.

And the latest Gallup Poll is similarly ominous. It indicates the Democrats now have a 2 to 1 lead in the forthcoming Congressional races. The 29 per cent preference for Republicans is the lowest in 38 years of Gallup's polling. Only by facing up to these hard facts will our Party be able to withstand the inevitable torrents of reprehension and respond positively to our nation's problems.

First we Republicans must educate the American people to the fact that the Republican Party is not responsible for Watergate! Above all the Republican Party and Republican candidates should not be apologists for the misguided men who perpetrated criminal actions and abuse of powers against the American people.

Our courts of law will determine the guilt or innocence of those involved. The House of Representatives will decide whether our President has committed an impeachable offense. Meanwhile our Party can devote its energies to addressing the important foreign and domestic issues which confront our nation.

And we must begin at once to restore our Party's battered image, not through public relations gimmickry, but by setting an example of political propriety in politics. Toward this end I have some suggestions.

Without delay, Republican National Chairman George Bush and the State Chairmen should begin to develop campaign fundraising and spending standards that will serve as a model for Republican candidates at all levels of government.

There is a wealth of proposals and data from which such a code could promptly be drafted for the 1974 primary and general elections. And there are measures pending in Congress that provide clear guidelines for such reform. Whether or not comprehensive campaign funding and spending reforms are enacted by this Congress, we Republicans should have a code in force that would readily dovetail with any potential federal law.

Our code should include: stricter limits on the total contributions of an individual or family to candidates and committees; limits on the amounts wealthy candidates and their families can contribute to their own campaigns; compaign spending ceilings on a formula basis, which could be applied readily to every race—aldermanic to congressional; and full, precise and periodic disclosure of all campaign receipts and expenditures.

Where state laws dictate or Republican candidates choose, even more exacting standards should be adopted. But with a campaign funding and spending code all GOP candidates could seize the initiative; announce their intention to adhere; and demand their opponents to follow suit.

Such a code could be readily developed and easily disseminated. And as we Republicans in the Congress press for new, rigid federal campaign laws, we can point with pride to our voluntary Republican efforts nation-wide.

Another campaign initiative is imperative. We must assure that the campaign organizations of future Republican Presidential candidates are responsive to the Republican Party.

We Republicans, who worked hard in the wards and precincts for Richard Nixon, have been shocked at the revelations of certain activities of the Committee to Re-elect the President or "CREEP" as it has been called.

And many of us remember the jurisdictional hassles and confusion that this independent campaign organization caused in 1972. In far too many instances, loyal party regulars were ignored and by-passed, and our GOP workers divided. There was scant attention paid to the needs and resources of the Party. In effect, we Republicans gave the Presidential campaign committee a blank check in Miami Beach. And the President's committee went its separate way in too many cases, without even touching base with the regular Republican organizations. To be sure, requests came down to them from CREEP. But they asked for Party labor, not

for Party advice. And too often these requests came from rank amateurs.

To be sure it is encouraging to have the energy, enthusiasm and inputs of young or inexperienced campaign workers. But in 1972 we saw what happens when you exclude the cautious, contemplative wisdom of the seasoned political veterans, who have battled in the front lines of countless campaigns.

Creep taught us many lessons. The most important of which is: let us Republicans tolerate no more creeps!

To be sure candidates at all levels need their own advisors and spokesmen. Obviously independent organizations are needed to reach out to Democrats and Independents. And, of course, some latitude is in order to respond to the varying personalities of candidates.

But we should rightfully demand consultation and cooperation with the Republican machinery at all levels. And, hence, I suggest that between now and 1976 as GOP Presidential aspirants move about the country, the state, county and local Republican organizations should demand of these aspirants a clear plan as to how, if nominated, they will structure their campaign organizations to provide for full consultation and cooperation with GOP organizations.

And once we nominate our candidate in convention, the Republican National Committee should, in concert with the candidate, devise an organizational structure that insures effective liaison and, give and take, among the Presidential campaign team, national, state, county and local Republican committees.

We Republicans thus will insure restraints, and prevent abuses. And through a well-coordinated, inclusive and open Presidential campaign effort we shall restore the people's confidence in the processes by which we elect our nation's highest elective official.

Yet, the process by which we select the nominee for our nation's second highest elective office falls far short of the significance of that office. Americans are mindful of George McGovern's embarrassing search for a running mate at the Democratic national convention.

Academic theories have been advanced as to the selection of Vice Presidential nominees. Some have suggested that aspirants for the Vice Presidency seek the nomination through state primaries. We Republicans should begin a search for new methods of selection, which would in effect make the selection of the Vice Presidential nominee a shared responsibility of the National Convention as well as the Presidential nominee. Traditionally, the Presidential nominee all but dictates to the Convention his choice of an individual, who will serve as his running mate and could well become the President of the United States.

And while I am not wedded to a particular method of selecting a Vice Presidential nominee I would like to stimulate Republican thought in this regard. Perhaps the Convention should require the Presidential nominee, once selected, to submit a slate of candidates for his running mate. These recommendations could in turn be reviewed by a panel which would screen the candidates and report its findings to the Convention as a whole. The Convention in turn would select the Vice Presidential nominee from the slate after reviewing the report of the panel.

Of *all* of the problems which beset America today, the crisis of confidence is the most-harmful for it impedes the resolution of all problems.

Various polls indicate that: only 30 per cent of the American people approve of the President's conduct; only 30 per cent express confidence in the press; and only 21 per cent of the people rate Congress favorably.

Skepticism, cynicism, and despair abound!

In our nation today, there is a yearning for a political system which is just, basically honest and which puts forth positive, practical programs and produces results. And I think the first Party to do this will receive the broad support of the American people.

I just don't believe Americans want their political Parties and leaders to exploit their fears. I believe Americans want their parties and their leaders to give hope to their ideals.

Of course we cannot escape the negatives in the election years 1974 and 1976. But neither can we ignore the positives. And the Republican Party does have positives! We have programs and a record of progress that Republican candidates can run on and, more importantly, build on!

The Nixon Administration's foreign policy initiatives and successes deserve the gratitude of the American people, who long for a permanent structure of peace.

We can point with pride to the new era of détente with the Soviet Union. We can find encouragement in the progress to date in the Strategic Arms Limitations Talks. We can find hope in the opening of channels of communications with the People's Republic of China.

Our diplomatic efforts in the Mideast averted the spread of hostilities beyond this explosive area and continue to provide the basis for a permanent end to the tensions that have so long threatened the world.

The mutual force reduction talks and our evolving relations with our European allies are positive steps toward European stability.

At home, we find positive Republican initiatives consistent with enduring Republican principles. Under the Nixon Administration the flow of power and decision making to Washington has been reversed. Regionalism and revenue sharing have rightly lowered decision-making powers to levels where individuals have more control over their own destiny.

The Nixon Administration has taken on the mammoth Federal bureaucracy and endeavored to make it less expensive and more responsive. It has trimmed our Defense establishment and ended conscription. It has advanced progressive programs in welfare reform, health and housing, which, though, I take exception to some specifics—are, in my opinion, conceptually worthy.

And by building on these initiatives, we shall discover the great Republican opportunity—to resurrect a Party from despair, to recommit ourselves the fundamental principles, and by applying these principles to the most perplexing issues of our time, to reconstruct a sound approach to government.

Afflicted with the burden and blame of an unfolding American tragedy, we must at once reach back for our strength and ahead of our future.

As the great President we honor tonight said in his time of national crisis: "the occasion is piled high with difficulty, and we must rise with the occasion."

We face an arduous task, but, I believe it is one, which, with dedication and determination, can be accomplished. Our present difficulties are not reasons to abandon the Republican Party. Indeed, they are the reason to stay on and save it.

THE OLDER AMERICANS TAX COUNSELING ASSISTANCE ACT

Mr. BURDICK. Mr. President, I am pleased to join the chairman of the Special Committee on Aging, Senator FRANK CHURCH, in sponsoring S. 2868, the Older Americans Tax Counseling Assistance Act.

This bill would build on an existing tax-aide-for-the-elderly project to insure that older Americans pay no more than their fair share of Federal taxes.

Regardless of age or intelligence, filling out a Federal tax form is rarely easy. Every time there is a change in one's income, family status or employment status, he or she must learn about new forms and new schedules. This maze of forms, schedules, and required copies is getting to be a serious problem with all Federal programs and is something Congress should be working to correct.

For the over-65 taxpayer, however, the Federal tax form presents unusually serious complexities. The older person faces new income credit schedules, taxes on pensions, estate taxes and a host of other new provisions which are often more complex than those utilized in pre-retirement years. Suddenly the elderly taxpayer is faced with a whole new set of rules. The impact can be mind-boggling. The effect can be even more disheartening for elderly widows. Often with a low or moderate income, they rarely have had any tax experience. It is hard enough to deal with the basic 1040 form, to say nothing about the legal jungle faced in trying to work through the retirement provisions in current tax law.

The results of these complexities are that many elderly people pay more income tax than they need to. Witnesses before the Senate Committee on Aging say up to 50 percent of all older citizens pay more than required by law.

One immediate solution is tax counseling. The Older Americans Tax Counseling Assistance Act would expand an already successful venture in this area. Last year the IRS trained 2,500 elderly counselors. They, in turn, assisted over 100,000 older men and women. Under the sponsorship of the NRTA and the AARP, this program has already shown its value. The Federal assistance proposed in S. 2868 would expand this by directing the IRS to train more volunteer counselors, most of whom would be over 60 themselves. The bill also provides reimbursements to the volunteers for their out-of-pocket expenses incurred during training and counseling.

This is a small but positive step, I believe. As our Government and its laws get bigger and more complicated, I think this kind of program will become more and more valuable. No one should be penalized for failing to understand laws and regulations that can boggle an expert. The tax aide program humanizes an otherwise overwhelming difficulty and makes it a little easier for older people to cope with today's big government.

TO FEED THE NATION

Mr. McGOVERN. Mr. President, on Monday, March 4, I was honored with an opportunity to make the keynote address to the Second Annual Legislative Conference of the American School Food Service Association.

As chairman of the Senate Select Committee on Nutrition and Human Needs, I have over the years developed a deep respect for and close working relationship with many of their members. They are a dedicated group, 65,000 strong, committed to feeding America's schoolchildren.

I was asked to speak to the issue of child nutrition and the problems we mutually share in insuring a continuation of our vital programs in this area.

The members of this group, like all

Americans, are deeply concerned about the ever increasing demands on our family food budgets. They, as well as I, are terribly worried that children from the middle-income homes are being priced out of the school lunch program. This is especially cruel since these parents pay taxes to support the program. Since just last year, half a million children have been lost to this program.

My remarks contain an analysis of this nutrition predicament.

I feel very strongly, as do the members of the American School Food Service Association, that our child feeding programs need to be preserved and kept intact, because healthy children are our best investment for a prosperous future.

Mr. President, I ask unanimous consent that the text of my remarks, as prepared for delivery at the American School Food Service Association conference opening, be printed in the RECORD.

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

TO FEED THE NATION

(By Senator GEORGE MCGOVERN)

My friends with the American School Food Service Association: Once again, it is a pleasure for me to visit with you and work with you.

We have had some great successes over the past five years.

But we have never assembled together at a time of more potential difficulty for the Nation, or for the vital work of feeding the nation's schoolchildren.

Recently, I expressed deep concern because I learned of plans within the Administration to take away federally purchased commodities from the nation's schools.

Secretary of Agriculture Butz, reacting in his inimitable way, was reported as saying that I was "a cheap politician."

A gentleman from Rhode Island apparently saw a report of that in his local paper because he wrote me shortly afterwards.

One thing's for sure, he wrote, "There are no 'cheap' politicians, contributors, or friends in the Administration . . . and there are no 'cheap' policies or programs being promoted by the Administration."

In fact, he continued, "there's no 'cheap' fuel oil in New England and there's no 'cheap' gasoline in America."

Lastly, he said, referring to Russian Wheat Deal, "There's no 'cheap' food" either.

After I read that letter, I decided there really wasn't anything else to say—except that maybe that with the cost of everything else these days, it's probably better to be a "cheap" politician than an expensive one.

Secretary Butz is known for his sense of humor though.

But the American people keep on asking, "Why is that man laughing?"

Especially when the people are crying all the way home from the supermarket.

I heard a story of one man recently who went grocery shopping with his wife and was so upset, he had to stop at the doctor's for a sedative on the way home.

Then he saw the doctor's bill and went into a state of shock.

Which is just about the state the country's in today—psychological and economic shock.

What we need is a transfusion of national leadership to get us out of it.

Blind faith and optimism won't do anymore. The American people want action. They want a government that "can do" instead of one that "won't do."

People—all kinds of people are really hurting from the inflation and shortages.

They are hurting especially when it comes to food, paying more and getting less.

That is something the Government should care deeply about.

It should more than care. It should do something.

There are those who will say, "Look, the Government's not in such great shape itself. How can it do more? Where is it going to get the money?"

I appreciate that kind of concern. But if we will only get our priorities straight—and by that I mean putting human needs first—we can do more for ourselves.

For example, just this week, there have been front-page reports about the military budget to the effect that at least one and a half billion dollars—and I've heard that the real figure may be double that—has been added to that budget as a hedge against an economic slow-down and unemployment.

In other words, this extra money for the Pentagon is sheer padding.

A billion and a half dollars. Maybe three billion dollars.

Now, I'm not against the need for national defense or for the government to hedge against slow-down and unemployment. But why do we always have to do it in the defense budget which is already 85 billions of dollars or almost one-third of all federal spending.

Why can't we do a little hedging in the direction of the nation's human needs for a change.

Isn't it about time we put the human needs of the American people up front?

In my entire Congressional career, I have spent more time on food and nutrition than any other subject—trying to make sure that the farmer is encouraged to grow as much food as he can for a fair return and that the consumer is encouraged to buy a decent diet at a fair price.

In fact, I've probably spent more time on this subject than anybody else in the Congress—except perhaps for my old colleague Senator Humphrey . . . but then it's hard to spend more time than Senator Humphrey on anything . . . he's got the patent on the 25-hour day.

Based on my own experience, I believe the food crisis we now face was unnecessary.

The first step we need to take is to start telling the truth.

There is an old saying about the weather in New England to the effect that the only thing you can depend on is that it will change.

Well, the same thing is just about true when it comes to the Agriculture Department's predictions and estimates of the food production and food price situation.

Like the weather, they change all the time—only unlike the weather predictions, they are too frequently wrong.

In 1973 USDA predicted that food prices would go up about six percent.

Instead, those prices zoomed up 22 percent.

This year's prediction by USDA is that prices will go up another 14 to 15 percent—all other things being equal.

I don't want to frighten anybody unnecessarily today. But my best staff people tell me that instead of 14 to 15 percent, this year's increase will be at least as large as last year's—another 22%.

Unfortunately, as most Americans are only too aware these days, our luck isn't running very good and other things—meaning fuel in particular—are definitely not equal.

The fuel crisis isn't just keeping millions of motorists waiting in line for hours to get a couple of gallons of gas. It is striking at the very heart of our agricultural economy.

It is keeping thousands of farmers waiting in line—waiting for the fertilizer they need to run the equipment to harvest the crops—waiting for the trucks and trains to get those crops to market.

Just like everybody else the American farmer is waiting in line longer and paying more just to get his job done—paying a lot more in some cases.

That's why the price of food may go higher this year than last.

In fact, unless we begin to deal with this crisis, instead of somebody's passing fancy, this year's increase in the cost of food may go as high as 30 percent—or eight percent higher than last year.

Now, if this comes to pass, what is it going to mean to the American people? How are they going to take it? Can they take it? Another 30 percent over last year's 22 percent. A fifty percent increase in the *cost of food* in two years? On top of the doubling and tripling in the cost of fuel?

And these increases are taking place, mind you, while the real income of the average working family is dropping—last year by about three percent and, if a slow-down really hits this year, that drop could double to six percent.

What is it going to mean to the nutrition of the American people? What is it going to mean to the nutrition of children in the nation's schools?

Unfortunately, because the government doesn't collect enough information, nobody can say with any precision what this will mean to the average family.

But we can predict very accurately what it is going to mean to programs like school lunch—because the harm is already happening all around the country.

We are losing children by the hundreds of thousands and those children are losing the good nutrition they so badly need—especially because they may no longer be getting all they need at home.

Over the past year as the average price of lunches rose five to ten cents, a half-million children from middle-income homes dropped out of the program.

In effect, children of parents whose taxes go to support this vital program, are being deprived of its benefits.

If the Administration had had its way, the losses would have been even more severe.

They fought the congressionally enacted increase in reimbursement rates—the escalator clause—the special milk program and the increase in administrative expenses. Fortunately, thanks to your support and that of thousands of others, the positive forces in Congress prevailed.

It is still a mystery to me exactly what the administration, which is continually talking about the need for local control and power, expects local school districts to do with their budgets when costs are increasing and revenues decreasing.

If food prices and other costs do shoot up as badly or worse this year, then lunch prices may have to go up another five to ten cents.

If that happens and if sufficient extra federal support is not forthcoming, then the inevitable result will be the loss of another half-million children from middle-class families.

We cannot let that happen. We in Congress, and you in the Country, must prevent it. This vital program should be expanding, not contracting. More important, parents should be able to count on the Government to lend some stability to their living costs, so that they don't have to save at the expense of their children's diets.

No one planned this crisis. Like most accidents, it was more the result of the driver than road conditions or vehicle malfunction. The cause of last year's price increases can be traced to three basic decisions by the Administration: (1) the sale to the Russians in 1972 of one-fourth of our entire annual wheat crop; (2) devaluation of the dollar to stimulate export sales during a period of world-wide supply shortages and (3) the termination of the U.S. food reserves stockpiled in the commodity stabilization program.

Devaluation did, of course, stimulate ex-

port sales. Resulting competition for the supply of basic commodities was so tight that most of the U.S. fertilizer supply had been sold abroad by the end of 1973, and the U.S. now appears to have committed so much of present wheat reserves to foreign customers that a real shortage in grain is possible this spring.

Now even devaluation has been undercut by unstable world economic conditions. The falling price of the dollar relative to gold has more than canceled all the devaluations since 1971. The effort by the Administration to balance our export accounts has been at the expense of the American consumer who is paying the difference in high prices. And it is not non-competitive American business practices, or high wages that put our balance of payments in the red—it was our overextension in military commitments abroad.

Exporting our standard of living will not solve the present crisis of the world currency system, nor will it bring any tangible benefits to the American consumer. The farmer, while benefiting in the short-run by increased sales last year, now finds himself without fertilizer, fuel, pesticide and other vital inputs necessary to maintain agricultural output.

A major part of the problem is Mr. Butz's almost fanatical view of the so-called 'free-market economy' in food and agriculture.

Mr. Butz's philosophy serves the interests of the big international traders first and the interests of farmers and consumers a distant second.

The international traders know no nationality. They have no hesitation about breaking the price for farmers in one country with cheap surplus from another. Nor do they hesitate to short one country's consumers to turn a bigger profit someplace else.

Above all, they want the markets to stay 'free.' Free to bust most of the time. But free to boom too, when calamity strikes. For they, and only they, are able to play the angles and profiteer from wild swings in prices.

Playing the angles is what has been murdering the American consumer. The time is overdue to straighten those angles out.

The American government has to stand up for the American farmer and the American consumer.

The Government can start by establishing a National Nutrition Policy that makes sense.

That's why, as chairman of the Select Committee on Nutrition and Human Needs, I have called for the Senate to convene its own National Nutrition Policy Conference this June . . . to give the Congress the kind of expertise it needs to plan for the future instead of just patching up the mistakes of the past.

Even before the Conference convenes though, I know this: Our school feeding programs are and must continue to be a keystone in any National Nutrition Policy we may devise.

Just think what we could do with that billion and a half or three billion dollars of defense budget padding in the food area.

We could make sure that school lunch prices don't go sky high so that another half million children from working families can't afford to buy them any more.

We could buy more high-quality protein products so that every child would get the maximum nutrition out of his daily lunch.

We could buy the new equipment to replace the old equipment and give our children the most modern nutrition money can buy.

We could expand the school breakfast program so that parents who are sending the children off to school in the dark now can at least know they are going to get some hot food at the other end.

We could expand our nutrition services to the elderly, who are being especially hard-hit by these rising prices of all kinds.

We could do these things. We should do these things. But, instead, we keep on going along in the same old rut, making the same kinds of mistakes attending all the world, but neglecting our own health and well-being.

Second, to protect us against the market manipulators, the Government can finally establish something I have been proposing for a number of years—a National Food Reserve.

For some years, before the current Administration took office, we had the equivalent of a national food reserve in the form of stored surpluses.

But with little consideration of our needs, those stores have been sold off. Now the cupboard is bare.

We have to recreate the mechanisms that give maximum encouragement to the American farmer to grow as much as he can and enable the American Government to hold some in reserve against the time when the good years turn lean.

Beyond this, I think we have to begin facing up to the grim fact that free-trade internationally—no matter how desirable theoretically—may no longer be a principle upon which we can operate.

The Arab Oil Cartel—regardless of the Israeli-Arab War—may be a continuing thing and its example may spread through the world's economy.

If that should come to pass, we will no longer have a world-wide free economy but instead will have a world-wide controlled economy.

In such a world, we cannot afford to be the sheep among wolves. We will have to manage our own affairs accordingly.

We may be forced to establish a national supply council. Such a council would receive monthly statements from all sectors of the economy on the true state of commodity supplies of all kinds on hand.

The council should have the capability of monitoring supplies and reserves of basic resources world-wide and projecting those reserves against demand five years hence.

The world is changing and we must be prepared to change with it, or face the consequences of standing still.

We must be prepared to develop long-range national policies that serve the public interest, rather than short-range measures that benefit singular private interests.

One of the great public interests to be served is the nutrition of the American people, and especially the nutrition of the Nation's children.

I look forward to continuing our work on behalf of those children.

U.S. NEWS & WORLD REPORT INTERVIEW WITH NIKOLAY S. PATOLICHEV, SOVIET MINISTER OF FOREIGN TRADE

Mr. BUCKLEY. Mr. President, the Soviet Minister of Foreign Trade, Mr. Nikolay S. Patolichev, recently gave an interview to the U.S. News & World Report which was published in their edition of March 18, 1974, and subsequently in the March 11, 1974, edition of the Washington Post.

The interview raises some important policy issues that should not be overlooked in the current controversy over the terms—both political and economic—which will govern United States-Soviet trade in the future. While I expect to comment on these matters in more detail at a later date, I would like to call attention to both the tone and content of Minister Patolichev's comments. The tone was uncompromising, the content instructive.

He emphasized that the proposed large-scale trade deals, including the $20 billion natural gas development project—North Star in western Siberia and the Yakutsk development in eastern Siberia—would not be feasible in the absence of subsidized credit financing of the enterprise through Export-Import Bank guarantees to commercial lenders. As the interview emphasized, the Soviet's export earnings do not permit them to finance the importation of this technology on their own. Consequently, the decision to provide U.S. credit guarantees for the financing of this enterprise demands a great deal of careful study from the perspectives of resource dependency, long-term economic relations without traditional trading partners and our own political interests in the matter. Mr. Patolichev has raised more questions than he has answered.

Mr. President, I ask unanimous consent that the U.S. News & World Report interview and the Washington Post article on the interview be placed in the RECORD.

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

RUSSIA SPELLS OUT THE TERMS FOR MORE TRADE WITH UNITED STATES—INTERVIEW WITH NIKOLAY S. PATOLICHEV, SOVIET MINISTER OF FOREIGN TRADE

Is there really a big, new market for U.S. businessmen in Russia? Mr. Patolichev, in a *rare* visit to this country, came to the conference room of "U.S. News & World Report" to lay out Moscow's terms for expanded trade:

Question. Mr. Minister, do you see a big increase in trade between the Soviet Union and the United States over the next few years?

Answer. The prospects of trade depend very much on the terms that are offered. The terms at present are not such that would enable us to develop trade on a very large scale. But it would be different if conditions changed.

Question, what changes are needed?

Answer. The obstacles that Soviet exports encounter in your country at present have to be eliminated. Trade cannot go on endlessly on a one-way basis in the favor of your country, Sooner or later trade must be bilateral, and if possible—I reiterate, if possible—it should be balanced.

Question. What sorts of obstacles do you face here?

Answer. Well, take an example. We are discussing the sale of the YAK 40 airplane, a commercial tri-jet for feeder airlines. Your customs tariff is 30 per cent of the cost of the aircraft. We can't accept that. It *is a pro*hibitive tariff. Competing airplanes from countries other than the U.S.S.R. don't face that high tariff when dealing with you.

Question. Is that why you want Congress to extend most-favored-nation treatment to Soviet trade?

Answer. Let me point out that MFN is not a special favor. It really involves nothing more than equal opportunity—treating one trading partner in the same manner as you treat all other trading partners.

Now, for almost two dozen years this market has been practically closed to us. We have other things to occupy ourselves with than sitting and thinking how to enter the U.S. market. Provided that the conditions are similar to those offered elsewhere, we will

start to work on studying your market. But without these conditions there is no need to study it.

Question. How much could you increase your exports to the U.S. if Congress approved most-favored-nation treatment for your trade?

Answer. We are starting practically from scratch. Even if we doubled or trebled our exports at this time, it still would be very small. Eventually, it could be susbtantial.

Question. Is there danger that the whole trade relationship between the United States and the Soviet Union is going to turn sour?

Answer. Eliminate the discrimination against our exports, and the situation will be reversed. But you have to lift these restrictions.

Question. Do you see the Soviet Union continuing to import large amounts of grain from America?

Answer. If the restrictions on our exports were removed, under those circumstances our two countries could do business on a continuous basis. Of course, one year may differ from another—depending, for example, on the crop or other conditions—but a basis for continuous business will be there.

Nineteen seventy-two was a very unfortunate year in agriculture for us, and therefore we had to buy somewhat larger quantities of grain. But the American side was very interested in closing that deal at the time.

Question. Are you concerned by the fact that many Americans feel that the Soviet Union outsmarted the U.S. on that deal?

Answer. Don't say we outsmarted you—because the Americans are sea wolves on the ship of trade and we are just young sailors. What we did was to come to the United States and ask, "Do you have grain to sell to us?" And the Americans said, "Yes."

Of course, we didn't sound trumpets. We approached the grain companies we had dealt with in the past. They told us their price, and we paid it. We bought wheat in Canada and Australia at the same price. Everything was done according to the classical pattern of trade. I don't know who is telling these fairy tales about our outsmarting you.

Question. Would you be willing to sell some of that wheat back to the United States if we run short before our new harvest?

Answer. The American side already has asked us to reschedule their commitment to deliver grain until after June, when you start harvesting, and we have agreed.

Question. Aside from grain, what are you especially interested in buying here in the United States?

Answer. We will be interested in machinery and equipment for various branches of industry. We have been developing our chemical industry at a rapid pace and also light industry and textile manufacture.

We are working out ambitious plans to develop oil and gas processing. We already have made a deal with Occidental Petroleum in connection with a big chemical complex near Kuibyshev, where there is a natural-gas reserve.

American companies will supply equipment, and in exchange they will receive ammonia over a 20-year period. They also will deliver superphosphoric acid against ammonia. You see, the same ship that carries superphosphoric acid to our country can take back the ammonia. It will be a very efficient shuttle system.

Question. How big is that deal?

Answer. In terms of present prices, it would be worth about 20 billion dollars. Our investment to build this chemical complex in the U.S.S.R. amounts to 1.5 billion dollars, and we are going to purchase equipment from the U.S. in the amount of 700 million dollars.

Question. Some analysts say that people in the Soviet Union have more money than they can spend on available goods. Is there any reason why American consumer goods—such as appliances and autos—should not be exported to your country?

Answer. We already import a lot of consumer goods. I would say that 40 per cent of our total imports are made up of consumer goods and materials to produce consumer goods. We buy large quantities of garments, footwear, knitted wear and so on from the socialist countries. Also we are developing this kind of trade rapidly with Western countries such as France, Italy, Japan, Finland and others.

But in order to buy, one needs funds for it. Sometimes we wish to buy more consumer goods, but we must be sensible about whether we can afford it or not. That's why we need normal trade conditions to sell our goods. If we sell more to the U.S., we shall buy more from the U.S.

Question. What does Russia have to sell that would interest Americans?

Answer. We are very sophisticated in producing power-generation equipment. Without borrowing from anyone, we have developed our own sophisticated power-generation machinery. That holds true for atomic power plants as well as thermal and hydroelectrical power plants. The prospects in this field are great because we now are starting to produce on a large scale.

Power hydrofoil boats are another example. But here, without MFN, we face a U.S. tariff of around 35 per cent, and that is almost prohibitive.

Question. Didn't you submit a bid several years ago to supply generators for an addition to the Grand Coulee Dam in Washington State?

Answer. Yes, we made a joint bid together with Westinghouse Electric. You see, we are not very experienced in the niceties of participating in bidding of this sort. Perhaps we will be practicing it more widely in the future.

Question. What about consumer goods? What do you hope to sell in the U.S. in this category?

Answer. We can think about optics and precision instruments. We already have made some progress with jewelry, such as polished diamonds. We sell wrist watches—but we must sell them disassembled because of your high tariff. That is another problem caused by the fact that we do not enjoy most-favored-nation treatment.

We can find products that are suitable for your market—perhaps not in the quantities that we would wish, but in substantial quantities.

Question. There has been a lot of talk in the past several years about a deal with the United States and Japan to develop natural-gas fields in Siberia on a similar basis. What's happened to that?

Answer. We've been exploring a very big reserve at Yakutsk. The forecast is for 13 trillion cubic meters. What we are going to do now is to confirm the minimum quantities of gas in this field in co-operation with Japan—and perhaps with the United States in a very short period of time—in order to start building a project and start supplying gas from this area.

Question. How soon do you expect to sign an agreement with American companies for the development of this Siberian gas?

Answer. Active discussions are going on. Of course, there are a number of difficult problems.

Let us take, for example, our gas reserves in western Siberia, which is another gas project called North Star. This is not a simple technological challenge. And a substantial length of that pipeline must be laid on the bottom of the White Sea. So there are many questions that need very close scrutiny in order not to make a mistake in the future.

As for the gas in the area of Yakutsk, the first project I mentioned, the agreement with Americans and Japanese on additional exploration is nearing completion. Once the discovery is confirmed, there will be an agreement on the construction of the pipeline.

Question. Do you have an idea when gas might actually start flowing from the Soviet Union to the United States?

Answer. Well, I wouldn't wish to make irresponsible statements. I can only say that the pipelines that carry gas to Western Europe were laid very quickly. Each country built its own section. It was done very quickly.

Question. Would this deal be jeopardized if Congress passed a trade bill with restrictions on credits to the Soviet Union?

Answer. Yes, it would be, by all means.

Question. If American companies do reach an agreement with Russia for natural gas, what guarantees would there be that supplies might not be cut off in the future?

Answer. I don't know the reason for such fears. What are the grounds for such a question?

Question. Since the Arabs are using oil as a political weapon, isn't it possible that the Soviet Union might do the same if the political climate changed?

Answer. Well, if you want to co-operate on these things with us, you have to give that co-operation on the basis of trust and confidence. If there is some doubt about your partner, then you are not ripe for such co-operation.

As for us, we are quite prepared to go into it all the way pursuant to the understanding reached at the summit.

Question. Do you have a particular preference for this sort of barter arrangement—with American companies providing equipment and technology and taking raw materials or products in return?

Answer. This is true—not only with gas but also with lumber and lumber processing, paper and cardboard, as well as power-consuming industries such as ferroalloys and the production of offshore oil. In these particular areas, there are many proposals from U.S. companies, and they are being considered.

Question. What about the possibility of joint ventures that would bring American companies into partnership with Soviet state agencies?

Answer. We never have joint industrial ventures anywhere in other countries. We think that people can do without us, and we adhere to the same principle in our country.

Question. Last year your country ran a deficit of nearly 1 billion dollars in trade with the U.S. How do you expect to finance increased imports from this country in the future?

Answer. First of all, remember that our total borrowing worldwide is less than our lending. There is no problem of financial trade with other countries. On the contrary, these countries take the initiative in questions of financing because they want to sell things to us.

Question. Are any American banks reluctant to participate in credit arrangements without participation by the Export-Import Bank?

Answer. We are reliable in our repayment of credit, and so neither banks nor companies ask for additional Government guarantees. However, without participation of the Eximbank, your companies may not be competitive.

Question. Are you concerned about a possible congressional ban on Export-Import Bank credits to the Soviet Union?

Answer. Yes. But I think that your companies would be even more concerned. The absence of credits might well mean only that your banks and companies would become uncompetitive. And this might lead to a shrinkage in trade.

Question. Who do you feel would suffer more in this—the United States or the Soviet Union?

Answer. This is for you to judge. Let me say quite frankly that we would simply turn for the necessary credits and technology to other markets, such as Western Europe and Japan.

Question. A final question: Do you see any role for small or medium-size American businesses in trade with Russia, or will it be confined to the giants?

Answer. Yes, of course, there is a fair place for medium-size and small-size companies. An example of this is the contracts that have been made here for the Kama truck factory. Contracts have been signed with 80 companies, and some of them are small and medium-sized.

One of the tasks of the recently established U.S.-U.S.S.R. Trade and Economic Council is to help these firms develop business with us.

[From the Washington Post, Mar. 11, 1974]

SOVIET AIDE CAUTIONS ON TRADE CURB

(By Tim O'Brien)

Russia's trade minister said in an interview published yesterday that restrictive U.S. trade policies toward the Soviet Union could jeopardize a pending multibillion-dollar deal to bring natural gas from the Soviet Union to the United States.

The Soviet official, Nikolay S. Patolichev, said the deal, which has been under discussion since 1972, could be blocked if Congress passes a foreign trade bill that restricts credits to the Soviet Union. The copyrighted interview was published in U.S. News & World Report.

Sen. Richard S. Schweiker (R-Pa.) said Friday he would introduce an amendment to block the natural gas deal, which would involve U.S. trade credits. Schweiker said it is not in the national interest to help finance energy exploration in the Soviet Union.

The House has already passed a trade bill that would deny credit and tariff concessions to countries that do not allow free emigration.

The language in the bill is aimed primarily at the Soviet Union's restrictive policy on emigration of Jews.

Patolichev said the natural gas deal would "by all means" be in jeopardy if Congress failed to approve trade credits and other concessions for the Soviet Union as proposed by the White House.

The agreement would bring into the United States more than $40 billion worth of Siberian gas over the course of 25 years. It calls for an investment of nearly $13 billion in plants, pipelines and other equipment in the Soviet Union. The U.S. and Japanese governments and a combine of American gas distributing companies would pay the costs, backed by Export-Import Bank credits.

Patolichev said the Soviet Union's trade with the United States "eventually . . . could be substantial," but he said that "for almost two dozen years this (U.S.) market has been practically closed to us. We have other things to occupy ourselves with than sitting and thinking how to enter the U.S. market."

"Provided that the conditions are similar to those offered elsewhere, we will start to work on-studying your market. But without these conditions there is no need to study it," he said.

Asked about the Soviet-American wheat deal in 1972, Patolichev said, "Don't say we outsmarted you—because the Americans are sea wolves on the ship of trade and we are just young sailors."

"We approached the grain companies we had dealt with in the past," he said, "They told us their price, and we paid it."

In a related development, deputy energy director John C. Sawhill said it will take "up to six weeks" for the effects of an end to the Arab oil embargo to be felt at retail gasoline pumps.

Even if the embargo is lifted, Sawhill said, the fuel allocation program "probably would remain in effect through the end of the summer," although it might be modified.

Last year, Sawhill said the lifting of the Arab embargo might be the occasion for the administration to end voluntary Sunday closings of gas stations.

BUILDING MATERIALS

Mr. HATFIELD. Mr. President, once again the Congress is in the position of reaffirming its goal of providing suitable housing for all Americans without taking the appropriate corresponding steps to provide the material to build the homes. Should this legislation become law, it would have the effect of providing additional assistance in the obtaining of funds for home construction and asking contractors to construct homes with materials that may not be available.

I am referring specifically to lumber. This is clearly the best material for home construction. In terms of energy consumption, wood is the most energy efficient material available. Energy requirements in manufacture for lumber, including logging, are only one-sixth that for steel and one-fortieth that for aluminum. Energy cost for lumber in the exterior walls of a typical house would be about one-fourth that for steel and one-ninth that for concrete block or aluminum. As for plastics, in addition to the heavy power requirements for their manufacture, the synthetic polymers are literally indestructible and, therefore, generate important, but often poorly understood, environmental impacts.

In contrast, the energy used in growing trees is solar and comes to us free of charge. With sound forest practices, the strain on the environment can be minimized. And wood is the only renewable building material available.

Yet, the Federal Government, which owns 22 percent of the total usable forest acreage, containing 58 percent of the Nation's inventory of softwood timber, has not managed those forests in such a manner as to provide the optimum level of wood products and of noncommodity benefits including recreation, wildlife, watershed, and wilderness. We have also failed to provide the incentives necessary to get the forest lands held in small private ownerships into production so that they can do their share in meeting these increasing demands. About 4.5 million individuals own 59 percent of our forests.

The budget request submitted by the administration for the Forest Service is, once again, inadequate if we are to meet our housing goals. Congress and the administration must face up to the fact that significant increases are necessary to do the job of reforesting the 3.3 million acres of national forest lands which are presently in need of reforestation and of upgrading the present yield on our national forests.

I support the legislation we are considering today, Mr. President. But we are fooling those who believe that it alone will provide housing. I urge the House of Representatives to act swiftly to approve the Forest and Rangeland Environmental Management Act of 1974, which the Senate recently passed and which provides a beginning in the effort to upgrade the quality of forest management in this Nation. I also urge my colleagues to support an increased level of funding for forestry programs this year in considering our overall spending priorities.

This problem is dealt with in more detail in a recent article from House Beautiful and 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:

PLENTY OF TREES; NOT ENOUGH WOOD—WHY?

In the wake of the energy crisis, we are faced with yet another crunch; a present and future shortage of wood products. As a nation, we should be building 2,500,000 dwellings each year merely to stay even with our housing needs. The average family consumes annually more than a ton of wood-derived paper products. And the furniture industry uses about 2 billion board feet of wood yearly. We are falling behind in meeting these demands. Does this mean that we are running out of trees? Is an assured wood supply becoming just another memory of the good old days? As we look out across our naked cities, burgeoning suburbia and acres of hard highways and paved parking lots, it is difficult not to accept a growing assumption that this might be the case.

But the fact is that one-third of our nation's land area is still covered with forest—comprising 75% as much forestland as existed when Columbus landed on our shores nearly 500 years ago. Of a total of 754 million acres of trees, 254 million have been set aside in national and regional parks, wilderness areas, watersheds or as unsuited for growing usable timber. The balance, an astronomical half billion acres, is our commercial forest. This aggregate acreage contains 2 trillion board feet of soft-wood timber alone—enough to build over three times the number of houses now standing in America. And, unlike our rapidly dwindling supplies of energy-providing fossil fuels, this wood is a renewable resource—an actual agricultural crop that can be replaced after every harvesting.

Why if we have so many trees, are we experiencing a wood crisis?

The reasons are varied and mostly interrelated—and tinged with ironies. But they are largely the effects of one overriding cause—an ever-pyramiding consumer demand. A recent 10-year survey of our timber resources by the U.S. Forest Service discloses that our national appetite for wood products has jumped 70% during the past 30 years. Demand-and-supply projections through the year 2,000, just one generation away, indicate that this trend will continue—and increase—during that period. The paradox of such an enormous inventory yielding such a limited supply can better be understood when we see how efficiently, or inefficiently, it is harvested.

The largest single owner is ourselves—the Federal Government. We, the people, own 22% of the total usable acreage, containing 58% of the nation's inventory of softwood timber—those species of wood (pine, Douglas fir, redwood, hemlock, spruce, cedar) commonly used by the construction industry and in the manufacture of plywood. The U.S. Forest Service, which manages these lands and sells a government-controlled flow of timber to private industry, produces 27% of the annual output of such timber. (Another 6% is owned by state and municipal governments and yields about 9% of the total harvest.)

Fifty-nine percent of the entire ownership belongs to some 4.5 million private individuals—farmers, ranchers, absentee landlords and other nonindustrial entities. These holdings are generally small and are scattered throughout the South, Midwest and Atlantic seaboard states. They account for about 30% of total national production, but this is a fragmented, inefficient output and falls far short of its ultimate potential output.

The remaining segment of commercial forest—located principally in the South and the West—belongs to the lumber industry itself. It owns a scant 13% of the total timberland. Yet, through unremitting scientific research and intensive management, the industry produces an incredible 34% of all the raw wood we use today—and is actually growing trees at a greater rate than it is cutting them.

But relative productivity of the Federal forests is lagging far behind that of private industry. The reason? The U.S. Forest Service—one of the most dedicated and respected public agencies—does not have enough money. Congressional funds have not been sufficient to increase its manpower, improve forest management levels or institute reforestation programs. (One of the ironies of the whole wood shortage issue is that some six billion board feet of softwood timber—half the annual government production and two-thirds as much as we must import from Canada to meet our building needs—die in the National Forests each year for lack of management. Most of this salvageable timber rots on the forest floor.)

In addition to inadequate funding, the beleaguered national foresters are being subjected to massive pressures from preservationist organizations who are lobbying to have increasing amounts of undeveloped Federal land brought into the Wilderness System (acreage to be used for limited public recreation only) and taken out of potential timber production. The Forest Service already observes strict, self-imposed environmental protection guidelines on about 25 million acres of government land that it has set aside for esthetic considerations or recreational purposes.

The government's contribution to the shortfall of wood supplies has been compounded even further by Congressional moves designed to establish long-range housing goals and the means to help achieve them—favorable monetary policies, subsidies and mortgage guarantees. These actions created a gigantic market for wood products and resulted in the record residential housing boom of 1971 and 1972, which—along with the government's failure to supply the necessary flow of raw materials—foreshadowed the present anomaly of high demand and an inadequate, artificially suppressed supply. In addition, the federal imposition of inconsistent and unrealistic price controls on the lumber industry during this period drove the prices of some wood products to all-time highs.

Hovering over this troubled sea of conflicting national priorities is the specter of the energy crisis. Fuel shortages are affecting timber processing at all stages—from the sawmill to the furniture factory—but one of the segments hardest hit is the plywood industry. Both the propane gas that fuels plywood drying machines and the phenolic resin glue that bonds plywood sheets together are extracted from crude oil. Shortages of these products have forced many plywood mills to close.

What lies ahead? Only immediate and drastic corrective action in the form of substantial financial investments of both private and public funds can forestall continuing wood supply shortages between now and the end of the century. It is entirely possible to double our timber yield from the national forests alone, without upsetting their native ecological balances, but we must remember it takes one generation to produce one crop of trees—and the clock is running.

SOLAR HEATING AND COOLING DEMONSTRATION ACT OF 1974

Mr. DOMENICI. Mr. President, today I witnessed an event which both displeased and confused me. As a member of the Aeronautical and Space Sciences Committee, we held executive sessions on H.R. 11864, which will be called "Solar Heating and Cooling Demonstration Act of 1974." This bill of which I have asked to cosponsor initiates prototype demonstrations of solar heating and cooling units in cooperation with NASA, HUD, NSF, GSA, the National Bureau of Standards, and other agencies.

I was very pleased with the sense of accomplishment with this bill in that I felt the committee had worked very hard with the appropriate agencies to determine the most suitable and appropriate method to accomplish the desired results. The committee heard testimony from all possible sources that would prove to be relevant to the subject and utilized their input in the final drafting of the bill. The committee worked closely with the National Science Foundation, NASA and HUD in devising a method for an effective cooperative effort to systematically test the solar prototype demonstrations. I expressed my concern upon hearing from Chairman Moss that this bill will be concurrently referred to four committees, that of Commerce; Interior; Banking, Housing and Urban Affairs; and Labor and Public Welfare. This decision appears to be very ironic in that we have continually voiced our concern regarding the immediacy of the energy crisis and the need for new sources of such energy but we, as Members of the U.S. Senate, are unable to decide among ourselves just who is to have jurisdiction over such legislation. It would seem that we cannot expect the cooperation of the general public and of Federal agencies until we establish a more effective solution to our own jurisdictional problems.

I voice these concerns because I feel the American public demands and deserves a more effective method of Government and it would seem that we have reached the point in time where such a solution can only begin within this body of Congress. It is hard for me to comprehend how this body will ever accomplish its goals if we continue to fight over jurisdictional matters and are unable to expeditiously enact our needed legislation.

INADEQUATE REFORM— NO REFORM AT ALL

Mr. CLARK. Mr. President, this morning's New York Times carried an excellent editorial on the various campaign reform proposals now before us, including President Nixon's reform package sent to the Congress last Friday. The Times notes:

Events have overtaken the President's modest proposals and cast doubt on the motives behind his obfuscatory and negative language. The Senate Rules Committee under the chairmanship of Senator Howard Cannon, Democrat of Nevada, has already reached agreement on a broad, constructive reform bill.

Passage of the Rules Committee bill, with its comprehensive public financing provisions, is the best response Congress can make to the political scandals that have rocked the Nation over the past 18 months.

After all that has happened, the people of this country expect Congress to take the lead in campaign financing reform. The "usual" way of doing business is simply not satisfactory. And, as the Des Moines Tribune said in a recent editorial:

Public financing offers a way to broaden voter participation in the electoral process, making it more representative of the American people.

I hope the Senate can take up this legislation at the earliest possible occasion, and I ask unanimous consent that the full texts of the Times and Tribune editorials be printed in the RECORD.

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

[From the New York Times, Mar. 11, 1974]

INADEQUATE REFORM

In his message to Congress on campaign reform, President Nixon has offered a disappointing package of proposals that are not nearly adequate to meet the problem of election shortcomings and abuses as exposed once again by Watergate.

He even attacks the voter registration bill that passed the Senate last year and is now pending in the House. This bill would provide a small Federal subsidy to encourage states to adopt a uniform plan for registering voters by mail, a reform long overdue.

The President not only opposes making voter registration any easier but he is also against permanent personal registration, a reform achieved in New York and other states in the recent past after long years of struggle by the League of Women Voters and other citizen groups.

He directs heavy fire against the concept of public financing of campaigns, emphasizing that public financing would require taxpayers to pay for the cost of campaigns by candidates with whom they disagree. But that kind of conflict is inherent in almost every Government expenditure. Individuals who are childless or who send their children to private schools still pay taxes to support public schools; the taxes of pacifists help support the Pentagon and those of environmentalists help build highways. Political campaigns are not the private affair of politicians; public elections are public business.

Several of the proposals that the President recommends in his message are unexceptionable. Full disclosure, for example, is essential and it is desirable that candidates accept no donations from foreign sources and no cash except nominal sums.

But some of his recommendations for stricter control of fraudulent or disruptive campaign practices are either already covered by law or are, as the President recognizes, fraught with serious problems under the First Amendment. As for ballot box frauds on Election Day, it is paradoxical that Mr. Nixon is willing to intrude the Federal Government at this end of the electoral process while he worries about state's rights at the beginning of the process where the registration of voters is concerned.

If Election Day practices which Mr. Nixon

rightly criticizes are to be completely cleaned up, it would probably be necessary to bring Federal elections under uniform Federal control. That is the only way, for example, to have a nationwide recount in a close Presidential election such as 1960 and to make certain that votes were honestly cast and counted whether in Vermont or Cook County, in rural Mississippi or urbanized Los Angeles.

Events have overtaken the President's modest proposals and cast doubt on the motives behind his obfuscatory and negative language. The Senate Rules Committee under the chairmanship of Senator Howard Cannon, Democrat of Nevada, has already reached agreement on a broad, constructive reform bill. It represents the thinking of a large number of Senators in both parties led by Alan Cranston, California Democrat, and Hugh Scott of Pennsylvania, the Republican floor leader.

The bill envisages a system of mixed public-and-private financing for Congressional and Presidential campaigns, including primaries. Although its details are open to argument, the bill in its broad outline represents the kind of response that Congress and the President ought to make to the Watergate scandals.

[From the Des Moines Tribune, Mar. 8, 1974]

NIXON ON CAMPAIGN FINANCE

President Nixon has once again voiced objections to public financing of election campaigns. His veto threats stymied legislative moves for campaign spending reforms in the past. Now he has prepared a measure to curtail the amounts of individual contributions as a substitute for public financing.

In his press conference Wednesday night, Nixon likened public financing plans to "taxation without representation." He said that paying for election campaigns from the treasury forces a taxpayer "to support a candidate or a party to whom he was opposed."

His comment distorts the mechanics as well as his purpose of public financing. Most plans permit taxpayers to contribute to designated political parties through income tax checkoffs, as both U.S. and Iowa tax forms do, in addition to limited individual contributions. Most plans also provide means for Congress to allocate general revenue funds to carry on political campaigns to acquaint the voters with the candidates and the issues.

Public financing plans are an attempt to neutralize the influence of wealth on elections. Money merely becomes a tool for campaigning, not a measure of support for a party or its candidates. Theoretically, in the democratic system, the voters show their support for candidates with ballots, not dollars.

Nixon said, "It is a healthy thing for people to contribute to campaigns and particularly in the smaller contribution areas." He mentioned that 300,000 persons contributed amounts of $100 or less to his 1972 campaign while about 700,000 did likewise for Democrat Georage McGovern.

Combined, that is 1.5 million. Hardly a remarkable showing considering, that 76.2 million voted for either Nixon or McGovern in 1972. Nixon's remarks duck the main problem which is the huge gifts made by special interests.

Public financing offers a way to broaden voter participation in the electoral process, making it more representative of the American people. In view of the scandals in his own election financing in 1972, you would think President Nixon would be the first to argue for public financing. He is in a weak position to defend the traditional system of private financing.

THE KGB

Mr. BUCKLEY. Mr. President, Mr. John Barron has recently written an authoritative book on the Soviet Committee on State Security, better known by its Russian initials, KGB. It seems that each Soviet secret police apparatus surpasses the reputation of its predecessors for ruthlessness—the Cheka, GPU, NKVD, and now the KGB. This valuable contribution to our understanding of the operations of the world's most conspicuous police state has been ably reviewed by Dr. Ernest Lefever, a member of the staff of the Brookings Institution, in the Washington Star-News. This review provides the reader with a helpful initiation into the workings and significance of the KGB, and I urge members of the Senate to read it.

Mr. President, I ask unanimous consent that Dr. Lefever's review of "KGB: The Secret Work of Secret Soviet Agents" be printed in the RECORD.

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

[From the Washington Star-News, Feb. 24, 1974]

THE KGB REALITIES BEHIND SOLZHENITSYN'S PARABLES

(By Ernest W. Lefever)

(NOTE.—Dr. Lefever, a senior fellow in Foreign Policy Studies at the Brookings Institution, has written "Ethnics and U.S. Foreign Policy," "Spear and Scepter," and other books. This review also draws upon an interview with the author.)

Detente is a many-splintered thing. With one hand Moscow reaches out for American wheat and trade concessions. With the other it exiles Alexander Solzhenitsyn for telling the truth about Soviet repression. In one gesture it sends its artists and performers to the United States. In another it threatens to strip Valery Panov, former star of Leningrad's Kirov Ballet, of his citizenship because he wanted to migrate to Israel.

It may still be fashionable in some circles to overlook or downplay unpleasant realities that do not fit the illusion of detente. But after a great Soviet writer has been declared a nonperson and with almost daily reports of repression against other Soviet nonconformists, it is increasingly difficult to turn a blind eye to the moral and political schizophrenia of the Soviet regime.

Or perhaps it is not the Soviets who are afflicted with a split-level ethics, but we who are confused by split-level perception. Many of us want to believe that the era depicted in Solzhenitsyn's "The Gulag Archipelago" is in the distant past and that the post-Stalin leaders have moved toward a new and less repressive political order. We want to think of the Soviet Union as an ordinary state operating by ordinary rules. When the rules are dramatically broken we are shocked and disappointed.

What kind of a political system does Moscow have today? Is it significantly different from that of the Stalin era? Important light is thrown on this question by John Barron's impressive book on the KGB—the massive clandestine agency created by Lenin to be the "sword and shield" of the Communist party, the instrument of the Politburo to enforce its will and confound its opponents. The KGB is the current manifestation of the state security apparatus originally established in 1917 as Cheka. Today, says Barron, "the KGB has the same relationship to the Politburo under Brezhnev that the Cheka had with the Council of People's Commissars under Lenin."

Solzhenitsyn, Panov, and millions of other Soviet citizens have felt the brutal, often lethal, force of the KGB and its predecessors. The vast concentration camp system portrayed in "The Gulag Archipelago" and the present system of exile are their handiwork. At least 20 million Soviet citizens have *died* in the ruthless pogroms of the secret police. But silencing or neutralizing troublemakers is only a small part of the KGB's far-flung assignments.

As an instrument of totalitarian control, the KGB has no peer, past or present. If the Soviet Communist Party is a state within a state, the KGB is in fact the "sword and shield" of the party. It penetrates every nook and cranny of Soviet life to control the words, actions, tastes, loyalties, and even thoughts of Soviet citizens.

As the obedient agent of the party, the KGB operates a Border Guard, an elite military force of 300,000 equipped with tanks, artillery, and armed ships. In 1965 KGB patrols captured more than 2,000 Soviet citizens attempting to escape. The KGB oversees the entire military establishment and has agents and informers assigned to the Ministry of Defense and in every military headquarters and unit down to the company level. "The slightest evidence of ideological deviation among the military can provoke swift KGB retribution." It was only in the late 1960s when "the military finally persuaded the leadership that it would be impractical to use atomic weapons in a future internal struggle" that the KGB relinguished custody of nuclear warheads.

Through its complex of directorates, the KGB penetrates the entire state bureaucracy, starting with the Politburo. "The KGB today probably has more officers and alumni in positions of power than at any other time in Soviet history."

Of the 17 Politburo members in 1973, three have spent "significant portions of their careers in the apparatus." While the full-time staff of the KGB may be as small as 100,000, its influence is vastly expanded by a network of informers—from the concierge in Kiev to the U.S. ambassador's chauffeur in Moscow—at home and abroad that may run into the millions.

The KGB controls job and housing permits, internal and external travel, and all forms of police activity. Former KGB chairman Shelepin runs the Soviet trade union organization. The KGB monitors industry and the economy to detect and bring to justice perpertrators of crimes such as "incorrect planning," unauthorized private enterprise, and blackmarketeering.

It keeps watch on education from kindergarten through the universities and on all academic and research institutes. In 1970 the KGB launched a large new division, the Fifth Chief Directorate, "to annihilate intellectual dissent, stop the upsurge in religious faith, suppress nationalism among ethnic minorities, and silence the *Chronicle of Currency Events*, an underground journal.

The following year it established a special Jewish Department to intensify infiltration in Jewish circles to curtail emigration of educated Jews and to silence protest. The KGB oversees 70,000 full-time censors who control the printed word. It works through the criminal justice system and operates special KGB "mental hospitals" where prominent citizens who do not conform to "official doctrine" are taken for forcible treatment, including the use of brain-washing drugs.

All foreigners in the U.S.S.R., including tourists, are placed under the surveillance of the KGB. In 1963, an American visitor, Prof. Frederick C. Barghoorn, who was on open academic business in Moscow, was drugged, falsely accused of espionage, ar-

rested, and held hostage by the KGB for the release of a real Soviet spy, KGB agent Igor Ivanov, who was caught red handed by the FBI in New York. Prof. Barghoorn was released only after the public intervention of President Kennedy.

The long tentacles of the KGB reach out in support of Soviet objectives around the world. The clandestine service penetrates and uses the Foreign Ministry and all other official Soviet agencies overseas. KGB agents accompany all Soviet scientific and cultural groups abroad. As a rule, the KGB's harshest and most brutal coercion is directed against Soviet citizens at home. These tough professionals, says Barron, have a kind of respect for Americans and Northern Europeans, a respect not accorded Asians, Arabs, Latins, or Southern Europeans, though this did not prevent the abuse of Prof. Barghoorn or shooting with nitrogen mustard gas a German technician in Moscow who had just cleared his embassy of KGB microphones.

While there are superficial resemblances between the operations of the KGB abroad and those of the clandestine services of Western governments, there is one profound difference. The KGB is in the services of a totalitarian regime ideologically committed to the neutralization or destruction of noncommunist governments. Soviet objectives are different from Western objectives, and the KGB often operates by different means. In dramatic detail, Barron relates several KGB operations, some successes and some failures.

"Officers of the KGB and its military subsidiary, the GRU (Chief Intelligence Directorate of the Soviet General Staff), ordinarily occupy a majority of embassy posts," as much as 80 percent in some Third World countries. In Washington, the FBI estimates that over 50 percent of Soviet representatives, including trade officials and Tass correspondents, work for the KGB. In addition, many agents use the U.N. headquarters and Mexico City for operations against the United States. For several years Secretary General U Thant had a personal assistant, Viktor Lessiovsky, a KGB agent. Probably half of the 207 Soviet citizens employed by the U.N. Secretariat, are KGB agents, and at least one was assigned to the division responsible for assassination and sabotage, described in Chapter 13 of the book.

In 1971 there were 108 official Americans in Moscow and 189 Soviet citizens with diplomatic immunity in Washington. "In Moscow the total number of accredited diplomats from 87 non-communist countries was 809, while the Soviet Union had 1,769 accredited diplomats in the same countries." A revealing, top-secret KGB textbook obtained by Western intelligence, *The Practice of Recruiting Americans in the U.S.A. and Third Countries*, is reproduced almost in its entirety in the book's appendix.

KGB operatives abroad have made their share of mistakes and many of them have been caught and expelled. In September, 1971 the British government publicly expelled 105 KGB and GRU officers, but only after Moscow had "contemptuously ignored" London's quiet request to desist from a campaign to "suborn politicians, scientists, businessmen, and civil servants." "Between 1970 and July 1973, 20 nations found it necessary to expel a total of 164 Soviet officials because of their illegal, clandestine actions." A list of some 1,400 "Soviet Citizens Engaged in Clandestine Operations" is carried in the book's appendix. It includes only names "postively identified by two or more responsible sources."

In earlier years, the Soviet Union followed a policy of supporting only those terrorist groups abroad which its agents controlled or thought they controlled. Today the KGB trains and materially supports many more terrorist organizations, including some operating against black and white regimes in Africa, several in Latin America, the Quebec Liberation Front in Canada, Palestine groups, and terrorists in Northern Ireland.

Many terrorist leaders are trained in the Soviet Union, but assistance to these groups is frequently assigned to the clandestine services of Cuba, Czechoslovakia, East Germany, Poland, and Hungary. At the KGB's behest, the Cubans have trained both Palestinian and Irish terrorists. KGB operatives are also active in encouraging, supporting, and organizing "peace demonstrations," riots, and other disturbances to discredit regimes whose character or policies Moscow opposses.

One of the lesser known KGB activities is the "disinformation" program designed to discredit individuals, institutions, and governments by disseminating forgeries, literary hoaxes, and false information and by committing acts such as murder for psychological political effects. The operations of a master disinformation specialist, known as Victor Louis, make interesting reading. "Twice Louis has been received at the White House; by Vice President Humphrey on Oct. 17, 1966, and by Presidential Adviser Henry A. Kissinger on Nov. 13, 1971."

The book is filled with demonstrably true stories that will fascinate the spy enthusiast. But precisely because it is interesting and well written, some people may be tempted to dismiss KGB as a romanticized thriller. That would be a mistake. John Barron has produced a harmonious blend of journalism and scholarship to the credit of both professions.

This a serious book on a serious subject and it is abundantly documented. For four years it has been painstakingly researched. Most of the facts came from former KGB agents, but in virtually all instances information was corroborated by independent sources cited in the chapter notes. "We believe we have interviewed or had access to reports from all postwar KGB defectors except two," says the author. Western intelligence services were consulted to verify data.

Barron had substantial research support from the *Reader's Digest*, of which he is a senior editor, including the monitoring of publications in 13 languages by various *Digest* offices abroad. The 331 pages of text and 131 pages of appended material make a significant contribution to literature on the Soviet Union. From beginning to end, the book rings true.

Coming at this time of intensified KGB efforts to suppress dissent, the book makes a singular contribution to understanding the limits of cooperation between the two superpowers. It lends valuable perspective to what appears to be current contradictions in the Soviet system.

The root problem is not the KGB, but the totalitarian character of the Soviet regime. And the evil in totalitarianism is its arrogance, its insistence that the party has the whole truth in all spheres of man's existence, the answer to all problems. Unlike Western political leaders, the men in the Kremlin are not constrained by a transcendent ethic, a code beyond the party and independent of it. The part is not only the state, but God. Soviet leaders invoke terms like "the rule of law" and "human rights," but they tend to be code words used to manipulate the masses and confuse adherents to Western values.

It is this spiritual arrogance that crushes the human spirit and aspirations of the people who live in a totalitarian state. This is why the KGB seeks to create spiritual isolation among Soviet citizens by making every person afraid of his neighbor or member of his family. This is why Pavlik Morozov, a 14-year-old boy who denounced his father in 1932 for giving refuge to fleeing peasants, was made a Hero of the Soviet Union. The father was summarily shot and enraged peasants lynched the boy. In 1965 a statue of Palvik was erected in his honor. The house where he betrayed his father is a Communist shrine, and today he is held up as an ideal for every worthy citizen to emulate.

Barron insists there can be no full "detente until there is an end to this massive KGB aggression" against the Soviet people and against persons, institutions, and governments around the world. The "deferential silence about KGB oppressions and depredations," he says, must be shattered. Governments, he adds, should refuse to accept known KGB agents in the guise of diplomats and should "summarily expel the legions of KGB officers entrenched in foreign capitals."

Barron acknowledges that some of the brutality of the Stalin era has passed. In those days Solzhenitsyn would not simply have been stripped of his citizenship and expelled. He would have been shot. But the basic moral (or immoral) foundation of the Soviet system has not changed. The spiritual pretention and political arrogance are still there. If this recognition means that anti-communism is becoming respectable again, all to the good.

Nevertheless, the Soviet Union is a superpower and the United States should continue to induce it to adopt those disciplines that will make nuclear war less likely without making nuclear blackmail more attractive.

It is precisely because the Soviet Union is a tyranny that we Americans should seek intellectual and cultural dialogue with Soviet citizens. "Our society," says Barron, "can survive the clandestine activities of the KGB, but their society cannot ultimately withstand the free flow of ideas."

IF THE KGB WERE TO VANISH

Were the KGB to vanish, with it would evaporate the basic means of regulating Soviet thought, speech, and behavior; of controlling the arts, science, religion, education, the press, police, and military. Gone too would be the most effective means of suppressing ethnic minorities of preventing the flight of Soviet citizens of keeping watch on individuals, of compelling the whole populace to subserve the interests of the Soviet rulers. The staffs of Soviet embassies all over the world would shrink drastically; in some capitals scarcely any Soviet representatives would remain. The Soviet Union would lose most of its capacity to commit espionage abroad—to subvert public officials; to plot sabotage and assassinations; to foment strikes, demonstrations, and riots; to nurture terrorism and guerrilla warfare; to clandestinely pollute public discourse with misinformation and calumny. It would be largely unable to seek surreptitiously what it has been unable to attain overtly.

Indeed, dismantlement of the KGB would remove the very foundation of Soviet Society, a foundation laid by Lenin more than half a century ago. "The scientific concept of dictatorship," Lenin declared in 1920, "means neither more nor less than unlimited power resting directly on force, not limited by anything, nor restrained by any laws or any absolute rules. Nothing else but that." Today the KGB primarily constitutes the force Lenin envisioned: the principal force by which Communist Party chieftains sustain their dictatorship over the Soviet people and try to project it into other societies. Hence, every person affected by the actions of the Soviet Union is affected by the KGB.—John Barron, KGB, Pages 1 and 2.

THE GREAT SOCIETY PROGRAMS

Mr. INOUYE. Mr. President, in recent years it has become fashionable among many liberal and conservative commentators and politicians to enumerate the

failures of the Great Society programs that were designed to improve the life of citizens who live in the poorer areas of our country. The new mythology holds that because the expenditure of large sums of Federal dollars in poverty programs has failed to eradicate poverty and discrimination, Federal poverty programs should be eradicated.

As a U.S. Senator, a Democrat, an admirer and friend of President Lyndon B. Johnson, I voted for the Great Society programs that are now being questioned. I am proud of my support for those programs. When they were designed, legislated, and enacted, no supporter assumed that they would eradicate poverty overnight or that money alone would solve the problems of the poor. They were designed to alleviate the burden of poverty, to provide financial assistance through Federal programs which would bring people together in cooperative efforts to make life better for the disadvantaged and to examine if and how poverty might be ended in America.

The Vietnam war drained the Treasury of funds that would have otherwise gone into these programs. Then the Nixon administration undertook to emasculate the Federal role in this area. Despite these obstacles, millions of poor Americans have benefited under the Great Society programs and many innovative programs have been generated which can serve as models for future cooperative efforts in improving the life of the poor.

One such program is described in the February issue of the FBI Law Enforcement Bulletin. Sgt. Harry J. Chinn, of the police department of the city and county of Honolulu, writes of the successful law and justice awareness program that, as part of the Model Cities program, has greatly improved police-community relations and has been instrumental in lowering juvenile arrest rates in the neighborhoods where the program operates.

This kind of successful program was an integral part of the concepts embodied in the Great Society. The Honolulu Police Department and the other cooperating agencies deserve congratulations for their foresight and dedication in designing this program and making it work. And Sergeant Chinn deserves thanks for writing a story that provides an example for other communities who wish to improve police-citizen relations.

I ask unanimous consent that this article be printed in the RECORD.

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

LAW AND JUSTICE AWARENESS PROGRAM

(By Sgt. Harry J. Chinn, police department, Honolulu, Hawaii)

Hawaii, the paradise of the Pacific and long considered the utopia of racial equality and harmony, suffers its share of crime and violence. Its capital city of Honolulu is constantly growing as new people arrive every day. Like other cities faced with rapid growth, we have increased problems of insufficient housing, unemployment, welfare, and racial disharmony. The manifestation of these sociological factors in crime and socially aberrant behavior ultimately has an influence on youth.

The Honolulu Police Department has recognized that youth are in turmoil about values and lifestyles, and since they reject many authorities, they may reject or resent even more the authority represented by those who enforce the law. The growing influence of youth permeates every aspect of our culture. The impact of youth on fashion, entertainment, political processes, and morals is inescapable. The course of action is quite apparent. Youth must be made aware of the necessity of the law and its total effect upon their environment. They need to be exposed to the truths and fallacies, not only of the police and the law, but of social and ethnic relations as well.

The Police Community Relations Division and the Model Cities Law and Justice Citizen Task Force agreed that a comprehensive plan for formal education in law and justice was needed to meet this challenge. As a result, the law and justice awareness program was implemented. In September of 1972, the law and justice awareness program, along with the college opportunities program, was recognized nationally as one of the outstanding Model Cities projects by the National Model Cities Directors Association.

The inception of the Model Cities police-community relations program in 1969 included two components: (1) the neighborhood safety community service aide program, and (2) the law and justice awareness program. These projects were established as an attempt to improve police-community relations and to reduce and prevent deviant or delinquent juvenile behavior. The neighborhood safety aide component was terminated in 1972 for several reasons; however, some of the experiences and ideas generated by the project were later utilized in developing an expanded community relations program.

THE PROGRAM

The law and justice awareness program was implemented through the public school system in the Model Neighborhood Areas. The school, as a cultural liaison between our society and our youth, is the best equipped resource to impress upon our youth, and the general public as well, the necessity for a lawful society. The program curriculum is designed to provide a comprehensive program of formal instruction for the three educational levels—elementary, intermediate, and high school.

Some objectives of the program are:

To develop an understanding of society based upon justice, the process by which laws are established, and why laws are necessary.

To develop a positive attitude toward upholding law and to strengthen the relationship between law enforcement and the community.

To provide students an opportunity to ask questions and express their views in a relaxed setting which promotes police-youth interaction.

Although the objectives parallel those of other school programs, the officer-instructor's approach and expectations of students differ considerably. The emphasis is primarily on creating the kind of atmospehre necessary to establish a genuine relationship between the officer-instructor and the student, rather than upon the academic phase of the lessons. The officer-instructor visits parents of all participating students to encourage and facilitate this relationship further.

In addition, followup counseling is extended to students with problems that could not be corrected either by the regular school guidance system or by parental direction. Once established, this rapport provides the avenues for the student to reach a level of awareness where he can appreciate the human aspect of the law and those who enforce it. The basic method involves discussions and dramatizations by the students of real-life situations involving citizens and law enforcement officials to sensitize them to the problems inherent in these situations. Students thus come to their own conclusions as to the role of the law in society.

The duration of the course is approximately 40 hours, and the highlights of the curriculum are as follows:

Introduction to the functions of law enforcement. Youth discussion of their own losses due to theft, and discussion regarding causes and prevention of theft.

Personal reponsibility. Problems of an individual's reputation as affected by friends' deviant activities; dangers of environment and character weakness which lead to negative labeling and trouble with the law.

Regulatory agencies and the law. Discussion of offenses resulting from unethical business and professional practices, as well as violations of municipal codes, such as sanitation regulations.

Meaningful community involvement. Discussion, with case histories and personal experiences of students, of apathy and unwillingness to become socially involved; discussion of heroes who did become involved; volunteer and charity programs.

Understanding the role of the police officer. The police officers' approach to groups, gangs, and individuals; dangers and other factors which affect the police officers' behavior: dramatizations.

The lawmaking process. Anarchism: how laws are established in other societies and how they differ from our own.

Understanding the administration of justice process. Mock courtroom situations with discussion of decisions; open discussions for creating new ideas and approaches to solve problems which face the community and the school; how we can help family and friends to understand the functions of law and order.

The learning process is further reinforced with field experiences to coincide with relevant lectures and discussions. Field experiences include tours of the district, family, and circuit courts; the State capitol; and even the military complex at Pearl Harbor. The trip to Pearl Harbor and the U.S.S. Arizona Memorial there is scheduled to focus upon the concept of "meaningful involvement and responsibility." This visit has the effect of dramatizing the point that maintenance of our free society has in the past required, and will in the future require, determined effort and sacrifice.

SPECIAL TECHNIQUES

Special classroom techniques are designed to increase program effectiveness. It is clear that words alone cannot make an individual aware of the problems of the police officer. To create a realistic approach to the problem through education, drama is utilized in the curriculum. The class is divided into three groups, and each group is given an assignment to dramatize a realistic conflict situation. For example, one group is instructed to act out a noisy party affair, another to portray a college student protest demonstration, and the third still another situation. The students are instructed that, during this performance, they will be confronted by the officer-teacher as if he were a patrolman on the beat. They in turn will react to the officer as they have seen adults reacting in similar situations.

During the presentation, emotions sometimes surface and occasionally get out of hand. Hostility toward the officer is unmasked. In such instances, one of the remaining classmates is asked to play the role of the police officer. The students take it from there.

This kind of confrontation through role playing often exposes prejudices and misconceptions to more meaningful examination. In one critique after a dramatization,

a student who was known for his resentment toward the police was asked how he felt about the reenacted episode. He answered, "Now I know why the policeman had to use force to carry out his duties." These sessions have truly made it possible for the youth to empathize with the police officer and understand his problems. The students also enjoy this method of learning by exploring in simulated incidents the problems of living and relating to people.

As a spinoff of this classroom activity, students at one high school have developed a musical drama "Who's Guilty?" The play portrays the problems of law and justice and also provides an opportunity for the students to put their natural singing and dancing talents to positive, creative use. This drama has been performed widely throughout the State of Hawaii and also was performed in Chicago, Ill., at the national Model Cities conference. The play has been filmed by the State department of education and will be used as part of the department's government curriculum.

The experience has had noticeable impact upon the 100 or so young people who have participated in the musical drama. Previously, many were unable to communicate well with other people, and others were considered to be behavior problems. The changes in their ability to relate to others, their improved self-confidence, and their more positive outlook, particularly of the future, have been amazing.

At the conclusion of each class, the students are given the opportunity to evaluate the program in an anonymous manner. The question "What do you feel are the most important ideas gained in the course?" is asked. One student answered, "To try to get along with other people, and policemen, and also to get a better understanding of what's going on in this world. Today there are not too many people who have learned about this. And I hope they could have this course in every school . . . so that the younger students, and the older students would understand and wouldn't get into trouble in the future."

Several events have occurred which have demonstrated the worth of this program. One involved a former law and justice awareness student, then a 9th grader at Nanakuli High School, who was instrumental in the apprehension of two "drug pushers" on the school campus. The student commented, "I learned from the law and justice awareness class to get involved and help keep our community free of drugs."

A total of 4,321 young people from the Model Neighborhood Areas have participated in the program. The most encouraging indication of the program's success is the marked decline in the juvenile arrest rates in the two neighborhoods where the program operates. Comparing neighborhood statistics for fiscal year 1971–72 with those for 1969–70, which indicate the number of arrests per hundred population in ages 6–17, Waianae-Nanakuli has dropped from second to fifth place in the rate of juvenile crime for neighborhoods on the island. Kalihi-Palama, which was highest in the island's rate of crime in 1969, showed a decline in juvenile arrest of 21.1 percent. It is believed that this program has been a major factor in the decline. Of the students completing the course who had previous arrest records before enrolling in the law and justice awareness class, only 5.3 percent have been arrested again.

Like most new ideas, the program encountered stiff resistance at the outset. School officials and teachers tended to be highly skeptical about changes in the normal academic curriculum. Resistance to the program was strong. Insinuations were even made that the program was a form of propaganda rather than education. Some community members questioned police motives. However, with the aid of key individuals in the community, and the eventual success of the program, we have been able to overcome most negative attitudes. Overall, there has been a positive community response to the program. Many other school districts within the State of Hawaii have requested it for their schools.

EXPANSION OF PROGRAM

The Honolulu Police Department, in September of 1971, expanded the law and justice awareness program to schools, serving approximately 700 students annually, outside of the Model Neighborhood Areas. A unique phase of the expansion was the formation of classes for youngsters, both boys and girls, from the Hawaii Youth Correctional Facility. The results of these special classes have been gratifying in initiating constructive attitudinal changes among these young people.

Patrol beat officers with community relations training are now providing instruction in law and justice awareness classes for students.

Also a part of the expanded program is conflict intervention, which developed out of the experiences of the law and justice awareness program. Through a series of incidents and confrontations, the community relations specialists developed a dialogue with young gang leaders in the Waianae neighborhood concerning the future of youth in the community. As a result of these discussions, pushing of drugs in the schools, auto theft, and vandalism in the neighborhood were greatly decreased. Through increased awareness of their surroundings, positive involvement in community activities developed among many youth gang members.

Ongoing training sessions with community relations officer specialists are conducted during the 3-month rotation of beat officers into the community relations program. In addition to utilization of community relations programs, they are also assigned for purposes of orientation to other agencies and juvenile and adult probation counseling programs.

The officers who have so far participated in the program have responded positively. One of the officers who, prior to involvement in the program, had shown no interest in the community or youth problems, wrote this letter to the parents of youngsters involved in the law and justice summer youth program:

"Since our summer youth program is coming to an end, I just want to take this opportunity to say that it has been a pleasure and a great experience for me to work with your son (daughter).

"At the beginning of the program, the kids were a little reluctant to openly express themselves. In time, however, we all got to know one another and the kids learned from the experience as well as me learning from them.

"I hope all that we have shared together will remain with us through the years. Soon, everyone will be going their separate ways, and I will be returning to my regular duty as patrol officer, but I'm sure we won't forget each other. If there is anything I can do for your son (daughter) at any time, please feel free to call on me."

Creation of this change in atttiude in the patrol beat officer is, in itself, a major program achievement.

The significant aspect of this concept is the unique training interaction process of rotating beat personnel at the district level. This interaction creates an awareness in the individual officer of community relations objectives. More important, this program provides a practical setting for the police and community to explore and discuss mutual needs and goals.

The law and justice awareness program shows great promise; however, much work still is required to make it a permanent part of police operations. Perhaps, it will open the way for a more enlightened era of police-community relations.

COMMERCIAL AIR SERVICE BETWEEN JOHNSTOWN, PA., AND THE SURROUNDING AREA

Mr. HUGH SCOTT. Mr. President, I am delighted to report that commercial air service has been restored to serve the residents and businesses of Johnstown, Pa., and the surrounding area. Effective today, Allegheny Airlines has scheduled two flights daily with Convair aircraft. These planes replace those chartered by Air East whose certificate was revoked by the Federal Aviation Administration following a tragic multifatal accident.

Allegheny Airlines, the FAA, and the Civil Aeronautics Board should be commended for combined quick action in restoring this most important air service to Johnstown. In addition to Johnstown, I have learned, intermediate connecting flights also have been scheduled for the Altoona Airport, which further enhances the service for residents of Pennsylvania.

CONGRESS POWER TO ENHANCE THE CIVIL WAR AMENDMENTS

Mr. GOLDWATER. Mr. President, Mr. J. Terry Emerson who serves as my legal counsel, has done probably more extensive work in the field of war powers than any person in Washington. Many of his articles have appeared in prominent law journals across the country, his latest being published in the Notre Dame Lawyer entitled "Congress Power To Enhance the Civil War Amendments." It is excellent, which is typical of the work this young man has done in this field, and I ask unanimous consent that it be printed in the RECORD.

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

CONGRESS POWER TO ENHANCE THE CIVIL WAR AMENDMENTS*

(By J. Terry Emerson **)

INTRODUCTION

Seven years ago the Supreme Court began a fundamental reexamination of the power of Congress to expand upon the past interpretations of the Court defining what specific situations are covered by the thirteenth, fourteenth, and fifteenth amendments and what remedies Congress can use to enforce those amendments. This development has been accompanied by the related and growing trend of the Supreme Court to test the statutes and practices of state and local governments according to a much stricter standard of constitutionality generally known as the "compelling state interest" test.

Could the meteoric rise of the latter doctrine in the extensive field of equal protection and due process cases, combined with an expanded view of congressional power under the enforcement clauses of the above three Civil War amendments, engulf the very capacity of the states to govern themselves? It is the purpose of this article to test this fear against the actual trend of judicial and statutory developments and to suggest some guidelines by which the basic guarantees of the Civil War amendments can be effectively secured without danger of nullifying the separate political character of the states.

I. CONGRESS ACTS, THE COURT REACTS

A. Prologue: Ex parte Virginia

Though it was decided almost a century ago, the Supreme Court decision which enunciates the basic standard of judicial scrutiny called for in a modern case involving the en-

Footnotes at end of article.

forcement powers of Congress under the Civil War amendments is *Ex parte Virginia*.[1] This landmark case, decided almost contemporaneously with the adoption of these amendments,[2] treats the specific question of whether an early congressional civil rights statute protecting the right of Negroes to serve as grand or petit jurors was warranted as appropriate legislation by the thirteenth and fourteenth amendments.[3] The Court held that the statute was indeed an appropriate exercise of Congress' enforcement power, saying that the Civil War amendments, "[w]ere intended to be, what they really are, limitations on the power of the states and enlargements of the power of Congress." [4] Redefining for purposes of the case the classic formulation by Chief Justice Marshall of the powers of Congress, as expressed in the necessary and proper clause of article I, § 8,[5] the Court described the reach of congressional power to enforce the Civil War amendments in broad terms:

"Whatever legislation is appropriate, that is adapted to carry out the objects the amendments have in view, whatever tends to enforce submission to the prohibitions they contain, and to secure to all persons the enjoyment of perfect equality of civil rights and the equal protection of the laws against State denial or invasion, if not prohibited, is brought within the domain of congressional power." [6]

Either explicitly or implicitly, this analysis would prevail time and again throughout the Court's determination of a significant line of later cases initiated by the determined attack on racial discrimination which Congress launched in the 1960's.

B. Enforcing the Fifteenth Amendment

One branch of the rule of *Ex parte Virginia* flows through a group of cases decided over the past decade which sustained an increasing breadth of federal legislation designed to deal with the fifteenth amendment's ban on discrimination in voting on grounds of race or color. The first pair of these cases [7] upheld a fledgling start in this field by Congress, which in a provision of the Civil Rights Act of 1957 [8] had authorized the United States to obtain injunctions in the federal district courts against the continuation of discriminatory registration practices by state and local officials. Then, in *Hanah v. Larche* [9] the Court sustained the power of Congress in the same 1957 Act to create a Commission on Civil Rights to investigate alleged Negro voting deprivations.[10]

In *Alabama v. United States*,[11] the Court sustained the enactment by Congress of a totally new approach to its attack on racial discrimination with the Civil Rights Act of 1960.[12] The uniqueness of this law lay in its grant of authority to the United States Attorney General to apply for an order in a federal district court praying that the court should interpose itself in the state voter qualification process by affirmatively ordering registration of Negro voters.[13] Three years later, in *United States* v. *Mississippi*,[14] the Court sustained the power of Congress by the same Act to authorize the Attorney General to file proceedings against a state for preventive relief in advance of actual discrimination so long as there are reasonable grounds for belief that any official is about to engage in any act or practice of racial discrimination in voting.[15] Moreover, this provision allows the Attorney General to prevent the application of state laws allegedly used as devices to keep Negroes from voting on account of their race.[16] The Court held that these provisions were passed by Congress under its authority to enforce the fifteenth amendment's guarantee "against any discrimination by a State, its laws, its customs, or its officials, in any way." [17] The Civil Rights Act of 1960 was again upheld in *Louisiana v. United States*,[18] where the Attorney General successfully brought an action striking down a state "citizenship" test which the Court found had been applied as part of a scheme to deprive Negroes of their voting rights.[19]

The landmark of recent fifteenth amendment cases is *South Carolina v. Katzenbach*.[20] Here the Court reviewed legislation more encompassing than any Congress had previously passed in the voting field—the Voting Rights Act of 1965.[21] Disappointed with the pace of human rights progress through individual court cases initiated by the Justice Department, Congress laid down a comprehensive formula applying new and broad remedies to entire states and political subdivisions. One remedy suspended all literacy tests and similar voting qualifications of covered states and localities for a period of five years.[22] A second suspended all new voting regulations pending advance review by federal authorities.[23] A third assigned federal examiners to assume the normally exclusive state function of listing qualified voters.[24] The Court rejected the argument that to allow Congress to so strike down state statutes and procedures would rob the judiciary of its rightful constitutional role. By adding section 2 of the fifteenth amendment, the Court found, "[t]he Framers indicated that Congress was to be chiefly responsible for implementing the rights created in § 1." [25] Thus, the Court reaffirmed the conclusion reached in *Ex parte Virginia* that "[i]t is the power of Congress which has been enlarged." [26] The Court reasoned, "[a]ccordingly, in addition to the courts, Congress has full remedial powers to effectuate the constitutional prohibition against racial discrimination in voting." [27] The Court also repeated the fundamental ruling first announced in *Ex parte Virginia* that the basic test to be applied in a case involving the enforcement clause of the fifteenth amendment is the same as in all cases concerning the express powers of Congress with relation to the reserved powers of the states, the analysis of *McCulloch v. Maryland* tailored for the particular context of the fifteenth amendment.[28] Finding that the statutory scheme of Congress conformed to this criteria, the Court upheld the basic constitutionality of the 1965 Act and sustained the power of Congress to fashion specific remedies without any need for prior adjudication of state voting practices and legislation.[29]

The applicability of the 1965 Act to a broad range of state election laws, although not specified in the law itself, was established by the Court in *Allen v. State Bd. of Elections* [30] based on the mass of legislative history articulating the purposes of the Act.[31] The Court next sustained application of the ban on literacy tests against a county where there was no evidence the test had been openly administered in a discriminatory manner, but where it actually operated to disenfranchise racial minorities who had suffered previous governmental discrimination in education.[32]

Then in *Oregon v. Mitchell*,[33] the Court unanimously upheld Congress' latest effort in this field, section 201 of the Voting Rights Act Amendments of 1970.[34] This provision prohibits the use of any test or device resembling a literacy test in all federal, state or local elections across the entire United States, not just selectively in only a few states.

Thus, step-by-step, Congress had encouraged the Court by increasingly more expansive legislation to adopt increasingly broader interpretations of the scope of Congress' power under the enforcement clause of the fifteenth amendment. From the initiation of civil actions by the Attorney General and the utilization of court orders in specific cases and localities, Congress has moved to the supplanting of state laws and procedures on its own and the substitution of federal personnel for state voting officials. For all intents and purposes, Congress has over the past decade effectively caused the Supreme Court to expand its past interpretations of the situations which are covered by the fifteenth amendment, if, in the doing, Congress itself cannot be said to have expanded upon such judicial interpretations.

II. THE COURT GUIDES; CONGRESS FOLLOWS

A. The Rule of Katzenbach v. Morgan

If the Supreme Court has been moved to a more expansive view of congressional enforcement power under the fifteenth amendment by a progression of federal civil rights statutes, each broader than its predcessor, it is the Court who has encouraged Congress to take a view of its powers under the fourteenth amendment going beyond what past decisions have reached in specific factual situations. Congress was stirred into this action primarily by reason of a single decision, *Katzenbach v. Morgan;* [35] it also was influenced by a growing line of other fourteenth amendment cases which, for over a decade, have been steadily eroding the general authority of the states to legislate on subjects historically resting within their separate domain.

Morgan, which was the true catalyst for new departures in congressional protection of civil rights, will be discussed first. On the surface, *Morgan* treated the constitutionality of section 4(e) of the Voting Rights Act of 1965,[36] a provision which prohibits enforcement of the New York State English language literacy test against New York residents from Puerto Rico. It might have been regarded as just one more link in a chain of decisions overturning state practices with racially discriminatory overtones. But the decision was not so limited.[37] The Court repeated the well settled principle that Congress' power to enforce the fourteenth amendment can be measured by reference to its powers under the necessary and proper clause.[38] It then broke new ground of its own by holding: "Correctly viewed, § 5 is a positive grant of legislative power authorizing Congress to exercise its discretion in determining whether and what legislation is needed to secure the guarantees of the Fourteenth Amendment." [39] The Court applied this conclusion to the facts of the case in an equally broad manner. In determining whether the federal statute is "plainly adapted" to furthering the aims of the equal protection clause, as required by the reformulation of Chief Justice Marshall's analysis, the Court declared that it is for Congress to assess and weigh the various conflicting considerations involved in legislating.[40] The Court specifically included, among the considerations so reserved for Congress, an appraisal by it of the risk of discrimination that arose from the state statute and the effectiveness of the various remedies available by which Congress might eliminate this risk.[41] The Court also deferred to the judgment of Congress as to the nature and significance of the state interest that would be affected by the remedy Congress selected, stating, "It is enough that we be able to perceive a basis upon which the Congress might resolve the conflict as it did." [42]

Thus, *Morgan* verges on the brink of holding that Congress can be its own judge of what situations are prohibited by the equal protection clause of the fourteenth amendment and of what remedies are appropriate to enforce these prohibitions. In addition, the Court bodes close to saying that Congress can second-guess a state government with respect to the factual determinations which serve as the basis for a state's law and can make its own binding conclusions even as to how substantial a state's interest is in passing the law which Congress would regulate or contravene.

Footnotes at end of article.

B. The "Compelling State Interest" Test

Of equal importance with the scope of its ruling in *Morgan* is that the Court had applied to the New York literacy law a higher standard for review of state determinations than was traditional.[43] This more exacting standard has come to be known as the "compelling state interest" test although it has appeared under different labels. By whatever name it is called, it is directly related to the deference which the Court gives to congressional legislation under the enforcement clauses of the Civil War amendments and thereby to Congress' power to effectively expand the Court's interpretations of those amendments. Under this test Congress can override any state statute which affects important rights unless the state can demonstrate the statute is necessary to promote a compelling governmental interest.[44] In contrast, under traditional analysis a state legislative device or classification will be sustained unless it is patently "arbitrary" or "invidious" and bears no rational relationship to a legitimate governmental interest.[45]

The "compelling interest" test appears to stem from two kinds of cases, one in which the stricter standard is used because a state statute affects "fundamental rights" and the other in which it is used because the statute is based upon "suspect" criteria.[46] But there is a growing effort within the Court to explain its past cases, not on the basis of "two neat categories which dictate the appropriate standard of review-strict scrutiny or mere rationality." [47] but rather on the basis of the Court's judgment as to the relative importance of the right affected and invidiousness of the state action.[48] Whichever way the standard of review is cast its application will extend the possibilities for congressional intrusion on state interests. Under either test, the presumption of constitutionality normally afforded state statutory schemes is discarded and the burden is shifted to the state to show that there is no alternative which results in less impact upon the individual interest at stake, be it a "fundamental" constitutional right or an interest of constitutional "importance."

The strict standard of equal protection review appears prominently in the voting rights field. Since 1965 there have been at least seven decisions upsetting state or local election schemes based upon exacting judicial scrutiny under the fourteenth amendment of the state or local governmental objectives and methods.[49] A strict review is also dictated for state statutes providing for federal congressional redistricting, but the rationale of these decisions is founded upon article I, § 2, of the Constitution, not the equal protection clause of the fourteenth amendment.[50]

One may have thought the Court first developed a new formulation of the equal protection test in *Reynolds* v. *Sims* [51] where it disapproved of an apportionment scheme of Alabama; [52] but this reading has not been accepted by a majority of the Court.[53] Instead, the true forebearer of the new standard occurs not in the legislative redistricting field, where the Court has maintained a dichotomy between the two lines of congressional districting under article I and state legislative reapportionments under the fourteenth amendment,[54] but rather in the area of the selective distribution by a state of the franchise. Here the Court has unequivocally determined that state voter qualification laws which exclude otherwise qualified citizens from the franchise must be tested by the stricter standards.[55] Similarly, state administrative regulations which deny to citizens their right to participate in elections on an equal basis with other citizens must be examined by strict scrutiny.[56] Exceptions to these generalized rules for voting cases fall into four categories. The stricter "equal protection" standard is not applicable (1) if the Court finds the state statute cannot pass even the lenient traditional tests,[57] (2) where the state does not absolutely disenfranchise the members of any definable class,[58] (3) when a state elects functionaries whose duties are far removed from what might be thought of as "normal governmental" authority and whose actions disproportionately affect the delineated class accorded the vote,[59] and (4) in federal congressional redistricting situations which are governed under the special standards applicable to reapportionment of congressional seats.[60]

Perhaps the voting case in which the rule has been most fully articulated is *Kramer* v. *Union School Dist.* [61] where the Court held that the equal protection clause prohibited New York from limiting the vote in school district elections to parents or guardians of schoolchildren and property owners or lessees. The Court took pains to articulate why it was setting aside the normal presumption of constitutionality afforded state statutes:

"The presumption of constitutionality and the approval given 'rational' classifications in other types of enactments are based on an assumption that the institutions of state government are structured so as to represent fairly all the people. However, when the challenge to the statute is in effect a challenge of this basic assumption, the assumption can no longer serve as the basis for presuming constitutionality." [62]

A more recent case in which the stricter test appears, but under a different label, is *Bullock* v. *Carter*.[63] Here the Court openly discussed at length when the stricter standard applies and when it does not. The case arose out of the Texas filing fee scheme which prevented some potential candidates from seeking the nomination of their party due to their inability to pay the fee. Concluding that the Texas laws had a real and appreciable impact on the exercise of the franchise and that this impact was related to the resources of the voters supporting a particular candidate, the Court held "that the laws must be 'closely scrutinized' and found reasonably necessary to the accomplishment of legitimate state objectives in order to pass constitutional muster." [64] Given the exacting standard it required, the Court found the Texas laws unnecessary to pursue even the substantial state interest in financing the cost of its primaries.

Although the stricter equal protection test has most often been applied in the "fundamental right" area to state classifications which limit the franchise, the Court has also used the stricter standard of review in safeguarding other fundamental rights such as the right to travel,[65] freedom of speech,[66] and freedom to procreate.[67] Moreover, it is well settled that under the equal protection clause the basic presumption of the constitutional validity of a state law "disappears when a State has enacted legislation whose purpose or effect is to create classes based upon criteria that, in a constitutional sense, are inherently 'suspect.' " [68] Consistent with the central purpose of the fourteenth amendment to eliminate official racial discrimination, the Court has decided that a classification based upon race is one such "suspect" category.[69] Other classifications determined to create "suspect" categories include those based upon alienage,[70] national origin,[71] illegitimacy,[72] wealth,[73] and arguably, sex.[74]

The special standard for testing state laws also is found in fourteenth amendment due process cases dating back at least to *Schneider* v. *State*,[75] which upheld the freedoms of speech and press "as fundamental personal rights and liberties." Subsequent due process cases in which the Court has held that the state interest needed to justify the infringement of fundamental rights must be "compelling," and not merely rationally related, to the accomplishment of a legitimate governmental purpose fall into at least six subject areas: [76] (1) academic liberty and political freedom of the individual,[77] (2) the freedom of association,[78] (3) the free exercise of religion,[79] (4) the right of free expression,[80] (5) the right of personal privacy [81] and (6) the right to vote in both federal and state elections.[82] The extension of the "compelling interest" test to these several classes of fundamental rights, both in the equal protection and due process fields, and to the field of "suspect" classifications could foreshadow the supervision of the states by Congress in virtually every field where a state traditionally governs itself and its people. The question has been raised by members of the Court whether every state statute might not affect some basic human right [83] or create classifications permanent in duration which are less than perfect.[84]

III. THE COURT APPLIES A BRAKE

A. Congressional use of the "compelling interest" test

Oregon v. *Mitchell* [85] heralds the first strong brake by the Court on the "compelling interest" test and the intrepid slide toward making Congress the judge of its own enforcement powers under the Civil War amendments. In a near unanimous decision, but with no single rationale enjoying a majority, the Court's judgment upheld Congress' power in the Voting Rights Act Amendments of 1970 [86] to set uniform residency requirements and absentee balloting standards in elections for presidential and vice presidential electors. In the same decision and again with no single reasoning prevailing, the Court held that Congress cannot interfere with the age set for voters by the states for state and local elections but can control age qualifications in federal elections alone. The only reasoning supported by a majority of the Court was that Congress has ample power under the enforcement clause of the fifteenth amendment to prohibit the use of literacy tests or other devices to discriminate against voters on account of their race in all elections, state and national.

The previously discussed literacy test provision aside, the statutory schemes considered in *Oregon* represent the first legislative enactments by Congress to expressly utilize the "compelling interest" doctrine as a means for expanding Congress' power under the Civil War Amendments. Both section 202 of title II, setting presidential elector regulations,[87] and title III, providing for the 18-year-old vote,[88] include specific findings by Congress that the application of restrictive state laws does not bear a reasonable relationship to any compelling state interest.

B. Section 202—Presidential Election Reforms

Since § 202 was introduced first and literally served as a drafting model for the Congressional findings made in title III, this provision will be examined first. Section 202 clears away a broad range of technical barriers which had previously impeded the right to vote for President of nearly ten million Americans.[89] The incredible mishmash of disorganized state and local regulations that formerly had existed, kept fully-qualified citizens away from the polls for no reason other than their failure to meet some unwarranted and outmoded legal technicality,[90] Some citizens could not vote because they had been residents of the state for only eleven months and could not meet the one year residence requirement. Others were ineligible because they were traveling outside the state on election day and were not allowed to obtain absentee ballots. Another category of disenfranchised citizens included nearly a million visitors, students, civil service em-

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ployees, and businessmen who were overseas and found themselves among the three out of every five civilian citizens who could not register absentee.[91]

Section 202 made a dramatic overhauling of residency and absentee regulations in presidential elections. Enacted in substantive form exactly as introduced, the legislation abolished the durational residency requirement as a precondition to voting for President and Vice President, both for citizens who move from state-to-state or within the same state; [92] established a uniform national right of registering and voting by absentee process in presidential elections; [93] and mandated that the polls be kept open at reasonable times for registration by both new and long-time residents of a state until at least 30 days before the election.[94]

In making these sweeping changes in state laws and practices, Congress relied upon at least four distinct grounds for the exercise of congressional authority.[95] In *Oregon* the Supreme Court was to seize upon each of these justifications in upholding § 202. First, § 202 rested upon Congress' power to secure the rights inherent in national citizenship,[96] which include the right to vote for federal officers.[97] Since these rights adhere to United States citizenship, rather than citizenship of a state. Congress believed it could give them protection under the necessary and proper clause of article I.[98] A related basis for Congress' action was its design to protect the fundamental and national right or privilege of travel by a citizen, without sacrificing his right to vote.[99]

As an alternative ground, Congress used its reading of the then recent case of *Katzenbach v. Morgan* to assert an exercise of power under the fourteenth amendment.[100] Viewed as a fourteenth amendment matter. § 202 protected against a discriminatory classification in voting between citizens who were new or long-time residents and between those who were physically present or absent at the time of registration or voting.[101] In light of similar state laws which indicated states could satisfy their legitimate interests by the rules it was legislating, Congress saw no compelling reason why a state should condition the right to vote for President on the duration of a citizen's residence or a resident's physical presence or absence at the polls. For example, 40 states then allowed certain classes of their residents to register until 30 days or sooner before each presidential election. State practice itself had demonstrated that the 30-day rule of § 202 would not be administratively impractical.[102] Moreover, 37 states allowed application for absentee voting by certain persons within a week of the election, and 40 permitted the marked ballot of absentee voters to be returned as late as on election day;[103] both standards were incorporated into § 202 as national criteria.[104] The fact that so many states had been able to satisfy their administrative needs for part of their citizens by providing for these several exceptions from their general regulations demonstrated that more restrictive rules were not necessary to serve any compelling interest.[105]

The fourth basis of Congress' power to adopt legislation creating uniform standards for voting in presidential elections is its authority to enforce the privileges and immunities guaranteed to citizens of all the states. Here it was Congress' purpose of correcting the incredible system of conflicting state and local requirements applicable to presidential elections which created a serious inequality of treatment as among citizens of one state compared with citizens of other states.

Eight members of the Court upheld Congress' power to adopt the uniform regulations of § 202. Justice Brennan, joined by Justices Marshall and White, rested his opinion squarely upon the "compelling interest" doctrine and Congress' power to enforce the fourteenth amendment by "eliminating an unnecessary burden on the right of interstate migration." [106] Justice Douglas also upheld § 202 as a means to enforce the fourteenth amendment, but related his opinion to section 1 of that amendment, the privileges and immunities clause.[107] Justice Stewart, joined by Chief Justice Burger and Justice Blackmun, sustained § 202 on the ground of the authority of Congress to protect and facilitate the exercise of privileges of United States citizenship under the necessary and proper clause of article I without regard to section 5 of the fourteenth amendment.[108] He wrote that the freedom to travel from state to state without loss of the franchise is one of the privileges "that finds its protection in the Federal Government and is national in character." [109] Consequently, as against the reserved power of the states, it was enough for these Justices that the objective of § 202 to guarantee the privilege to travel was a legitimate one and that Congress had chosen a rational means to achieve that end.[110] Justice Black, who announced the judgment of the Court, also rejected the fourteenth amendment as a basis for Congress' action, but agreed that Congress could enact § 202 pursuant to the necessary and proper clause. He based his view on the final authority which Congress has to make laws over federal elections.[111] Only Justice Harlan believed § 202 was invalid on any ground.[112]

The precision with which § 202 was drafted may explain the broader support it received among the Court than did the voting age change. The three Justices who, as shall be discussed, ruled for the authority of Congress to enact the residence provision, but against its power to legislate an age qualification, remarked:

"The power that Congress has exercised in enacting § 202 is not a general power to prescribe qualifications for voters in either federal or state elections. It is confined to federal action against a particular problem clearly within the purview of congressional authority." [113]

In this sense, a majority of the Court united on the proposition that the power of the states over matters normally within their general jurisdiction is subject to the power of Congress to vindicate the personal rights or privileges which the Court has determined to be secured to the citizen by the Federal Constitution. If Congress acts with the objective of protecting these rights or privileges in a narrowly drawn manner, rather than with the purpose of passing general legislation over a state-reserved field, congressional power exists to establish specific regulations attacking a particular problem in the field.

But even the application of this conservative rule illustrates that Congress can "expand" the protection of the Civil War amendments previously defined by Supreme Court decisions. Section 202 abolished the durational waiting period for new residents in presidential elections two years before the Supreme Court narrowed the same practice in state and local elections [114] and six years after it had upheld the same requirements as applied in presidential elections absent an act of Congress.[115]

C. Title III—The 18-year-old vote

The major check on congressional power under the enforcement clauses was reached with the Court's consideration of title III of the Voting Rights Act of 1970, which sought to extend the vote to 18-year-olds in all elections. The holding was closely decided with four Justices agreeing that Congress could enforce the right of voting under the equal protection clause of the fourteenth amendment against limitations by state laws which Congress concluded were unfair or unnecessary voting restrictions; [116] but five members of the Court found no such power resting in Congress.[117]

Justices Brennan, Marshall, and White concluded that proper regard for the special function of Congress in making determinations of legislative fact compelled the Court to respect those determinations independent of any state finding argued in support of a given state discrimination. Under the doctrine of the supremacy clause, Congress could make its own determination of *whether or* not the factual basis necessary to support a state legislative discrimination actually exists. Thus, Congress could conclude on its own that 18-year-olds are not substantially less capable of a responsible exercise of the vote. Once having made this finding, it could remove the age discrimination under the enforcement clause of the fourteenth amendment so long as it could rationally find that the discrimination was unnecessary to promote any legitimate state interest.[118] Justice Douglas' separate opinion on the 18-year-old vote provision conforms with this same analysis.[119]

Three members of the Court, Justices Stewart and Blackmun, and Chief Justice Burger, sharply criticized the view "[t]hat Congress has the power to determine what are and what are not 'compelling state interests' for equal protection purposes." [120] These Justices worte that the voting age provision: is valid only if Congress has the power not only to provide the means of eradicating situations that amount to a violation of the Equal Protection Clause, but also to determine as a matter of substantive constitutional law what situations fall within the ambit of the clause, and what state interests are "compelling." [121]

And they wrote, "to test the power to establish an age qualification by the 'compelling interest' standard is really to deny a State any choice at all. . . ." [122] Even so, these members allowed in somewhat ambiguous language:

"That Congress could impose on the States a remedy for the denial of equal protection that elaborated upon the direct command of the Constitution, and that it could override state laws on the ground that they were in fact used as instruments of invidious discrimination *even though a court in an individual lawsuit might not have reached that factual conclusion.*[123] (Emphasis added.)

The swing Justice, Mr. Black, upheld the power of Congress to enfranchise 18-year-old citizens in national elections only on the ground that Congress can control voter qualifications in federal elections.[124] Justice Harlan disagreed that title III could be supported on any conceivable ground.[125]

That a conservative could comfortably adopt the stricter test as a means to support Congressional action over the age standard is evident in the position taken by Senator Goldwater in support of the uniform age provision. Arguing on the basis of *Texas v. United States,*[126] which had sustained the power of Congress to prohibit the use of the poll tax as a prerequisite to voting in state elections, the Senator contended the right to vote in both state and federal elections was a fundamental right which can be secured against any state law not promoting a compelling governmental interest.[127] From the outcome of *Oregon,* this view misjudged the Court's position by a single vote. While there is a right to vote in state elections "[o]n an equal basis with other citizens in the jurisdiction," [128] the right to vote in state elections itself has not become firmed in the law.[129] Nevertheless, it was a fair reading of the Court's past cases and one that may yet prevail.

IV. THE THIRTEENTH AMENDMENT REVISITED

Lest it be thought the thirteenth amendment is dormant, the Supreme Court has recently defined a new breadth of authority in Congress under this amendment. In *Jones*

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v. Mayer Co.[130] the Court held that a century-old act of Congress banning racial discrimination in the rental and sale of property could be enforced against private, as well as public, racial discrimination.[131] Applying the now standard reformation of the analysis of *McCulloch v. Maryland* to the question of the appropriateness of the measure, the Court ruled that the authority of Congress to enforce the thirteenth amendment "by appropriate legislation" includes the power to eliminate *all* racial barriers to the acquisition of real and personal property.[132] Heralding a vast and rejuvenated scope for independent judgment by Congress under the original Civil War amendment, the Court emphasized that Congress itself can determine what are the badges and incidents of slavery and can translate that determination into effective legislation.[133] The Court added that the badges and incidents of slavery which Congress may attack encompass restraints on all the fundamental rights which make up "the essence of civil freedom."[134] This language appears to foretell a broad area for future legislative enhancement of the Court's prior interpretations of what kinds of discrimination are reached by the thirteenth amendment, should Congress choose to act.[135]

V. POSTSCRIPT: CONGRESS MAY NOT DILUTE RIGHTS

The same standard of review which bodes an expanding role for Congress does not signal a like authority for Congress to weaken constitutional rights. The Supreme Court has not only forewarned Congress that the "compelling interest" doctrine in no way supports restrictions on human rights, but the Court has applied this very rule against the validity of congressional enactments which have infringed on personal freedoms. For example, in *Aptheker v. Secretary of State*[136] the Court was called upon for the first time to directly consider the constitutionality of a federal restriction upon the right to travel abroad. The Court held that the law, which effectively prohibited travel outside the Western Hemisphere by members of the Communist party, failed to satisfy the strict rule of necessity which was applicable to such restrictions. Even though the governmental interest asserted might be legitimate and substantial, the Court indicated, that purpose cannot be achieved by means which stifle fundamental personal liberties when the end can be more narrowly achieved.[137] Similarly, in *United States v. Jackson*[138] a provision of the Federal Kidnaping Act was invalidated because the element of necessity was absent.[139] And in *Shapiro v. Thompson*[140] the Court held that it would be unconstitutional for Congress to permit the states to impose a one-year waiting period which denied public assistance to poor persons otherwise eligible. Rejecting the dissent by Chief Justice Warren and Justice Black, the Court's majority stated, "Congress may not authorize the States to violate the Equal Protection Clause."[141] *Shapiro* squarely presented a situation where the Court used the "compelling interest" standard to invalidate a state regulation and yet in the identical case refused to give a federal statute any broader scope under that standard where to do so would have meant allowing Congress to infringe on human rights.

Thus, the Court has proven in practice the admonishment it gave by dictim in *Katzenbach v. Morgan*: the fourteenth amendment "does not grant Congress power to exercise discretion in the other direction and to enact 'statutes so as in effect to dilute equal protection and due process decisions of this court.'"[142] From this, it may be said that the Court will use the stricter standard and its more expansive view of Congressional power under the enforcement clauses only to protect personal rights and liberties, not in any way to restrict, abridge, or weaken these guarantees.[143]

VI. SOME PROPOSED LIMITS ON CONGRESSIONAL ACTION

The limits on Congressional sallies under the enforcement clauses of three Civil War amendments must stem from the good sense of Congress and a healthy respect by both Congress and the judiciary for the maintenance of the federal system as a viable feature of the unique American political experiment. Before venturing into new situations which abrogate long-standing state procedures which the judiciary itself has not been ready to judge improper, Congress should consciously and conscientiously examine the precedence for what it is proposing among the usage of the states themselves. Congress should ask itself whether a sizable body of states had ever put into practice the requirements Congress is about to ask all states to implement. Were these same rules proven feasible in the complex realities of everyday administration? Did the new rules actually achieve the remedies sought by Congress when they were tried among the states already living with them? Congress also should make a deliberate appraisal of the nature and significance of the interests which states may have in retaining their present procedures. This is not to say that Congress has power to make a constitutionally superior judgment on the matter, but that Congress ought to explore the subject out of a respect and fairness toward state governments as important institutions in their own right.

For its part, the Court should plainly recognize when it is applying the "compelling interest" standard to test a state statute and when it is not. It should not be sloppy in using the exacting test and should develop clearcut precedents for the guidance of Congress in this relatively new dimension of enforcement legislation. Merely by closely observing the difference between the standard test and the rigid one, as was done in *Bullock v. Carter*,[144] the Court may place some self-restraint on its exercise of the unusually stringent rule. Even more necessary, the Court, prodded by a lively discussion within the legal profession and in the public forum, must shape its own delimiting boundaries on using the stricter standard. In carrying on this review, it is suggested that the Court should pay more than lip service to the prominent theme which runs through all of these cases, the element of necessity. By examining whether a state law really is necessary—whether there truly is any other reasonable and practical means of accomplishing the goal of the statute under attack without infringing a protected freedom—the Court can guard against totally abrogating the authority of a state over a particular subject. Obviously, the states would retain a far greater scope for governing their own affairs if they were to be actually left with the choice of using an alternative means of pursuing their valid interests, instead of being left with no choice at all. More basically, the Court should make an effort to explain why the strict scrutiny test is applicable in the particular setting and to provide an analytic basis for the result reached. This is the prescription of Chief Justice Burger, joined by Justice Rehnquist, in the former's dissent in *Vlandis v. Kline*,[145] and it offers much food for thought. The Court's task, according to the Chief Justice, is not routinely to see whether there is some conceivably "less restrictive" alternative to the state statute under review, but to explain why the statute impairs a genuine constitutional interest truly worthy of the standard of close judicial scrutiny.

Though it did not involve an act of Congress and the distinct matter of congressional prerogative under the enforcement clauses, the recent case of *San Antonio School District v. Rodriguez*[146] provides exactly the kind of narrowed analysis advanced by the Chief Justice. This case involved the Texas system of financing public elementary and secondary education significantly out of locally assessed property taxes.[147] A majority of the Court rejected a class action brought by Mexican-American parents on behalf of members of minority groups and poor persons who reside in school districts with a low property tax base. For several reasons given in a lengthy analysis,[148] the Court's majority was unpersuaded that the case could be fitted into previous decisions in which strict scrutiny was required. The five member majority concluded that the Texas system does not discriminate against a "suspect" class[149] nor does it interfere with a "fundamental" constitutional right.[150] Probing the hard threshold questions which it indicated must be focused on before a state's laws are subjected to strict judicial scrutiny, the Court found that children in the poorer property districts were not denied an adequate education and could not be fairly defined in suffering the loss of such an education because of their indigency.[151] Therefore, the two distinguishing characteristics of wealth discrimination found in the Court's previous cases were not present. First, the Texas school financing system did not operate to the peculiar disadvantage of any definable category of "poor" people; and second, the lack of wealth did not result in an *absolute* deprivation of public education.[152]

Even if the case were to be examined from the standpoint of "district" wealth discrimination, rather than on the basis of "individual income characteristics," the Court declined to extend its most exacting scrutiny with respect to such "a large, diverse, and amorphous class," which had none of the traditional indicia of suspectness.[153] Justice Powell's opinion for the Court reasoned that:

"The system of alleged discrimination and the class it defines have none of the traditional indicia of suspectness: the class is not saddled with such disabilities, or subjected to such a history of purposeful unequal treatment, or relegated to such a position of political powerlessness as to command extraordinary protection from the majoritarian political process.[154]

Thus, the Court formulated an important guide for defining what nature of groups could claim the special protection accorded "suspect" classes and charted a new limit on the difficult "compelling interest" doctrine. Further, the Court refined its analysis of what constitutes a "fundamental" right and thereby sought to underline the limits of this part of the rationale employed in the Court's strict scrutiny decisions. Justice Powell's majority opinion expressly rejected the idea that the "importance" of a service or benefit provided by the state should determine whether it must be regarded as fundamental.[155] His statement argued that if the Court picked out particular human activities and characterized them as fundamental depending on a majority's view of the importance of the interest affected, it would indeed be assuming a legislative role and one for which it lacks both authority and competence.[156] On the contrary, all the Court had done in its earlier decisions was to recognize as being fundamental those rights which were already established constitutional rights, such as the right to interstate travel.[157]

The majority position held that the Court did not in its other strict scrutiny cases invoke an ad hoc determination as to the social or economic importance of human rights.[158] The lesson of its prior cases, stated Justice Powell, plainly revealed that "it is not the

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province of this Court to create substantive constitutional rights in the name of guaranteeing equal protection of the laws." [159] Rather, the key to discovering whether a service or interest is "fundamental" lies in assessing whether it is among the rights "explicitly or implicitly guaranteed by the Constitution." [160] Applying this principle to the Texas property tax situation, the Court held that there is no guarantee of a right to obtain more than a basic education.[161] Where the state law does not cause an absolute denial of educational opportunities to any of its children, the mere fact that education may be related to the effective exercise of first amendment freedoms and to the intelligent exercise of the vote does not mean that education is itself a fundamental personal right.[162] Justice Powell concluded that the Court does not possess "[t]he ability or the authority to guarantee to the citizenry the most effective speech or the most informed electoral choice." [163] These are goals to be pursued by legislatures, not by judicial intrusion.

Moreover, Justice Powell indicated the strict scrutiny rule was inappropriate to the property tax scheme because it differed in one further respect from the earlier fundamental right line of cases. Texas was not endeavoring to deprive anyone of a right to an education. Its system was utilized in an effort to *extend* public education and to improve its qualities. Since the thrust of the Texas system is affirmative, it "should be scrutinized under judicial principles sensitive to the nature of the State's efforts and to the rights reserved to the States under the Constitution." [164] Consistent with this theme, the Court also revealed that for once it was granting more than a rote genuflection to the principles of federalism. Justice Powell's admonition for judicial restraint against circumscribing or handicapping continued research and experimentation by the states in the educational financing area proves that a true respect for federalism contributed to the Court's determination not to apply the strict test.[165] In Justice Powell's words, "it would be difficult to imagine a case having a greater potential impact on our federal system than the one now before us, in which we are urged to abrogate systems of financing public education presently in existence in virtually every State." [166] Here is a strong indication the Court will pay more attention in the future to the actual degree to which feasible alternatives may exist and the extent to which precedents comparable to the practice being hoisted by Congress may have been successfully tested among the states before the Court applies the stricter judicial test.

CONCLUSION

A view is beginning to take shape among the Court which sets some rough but recognizable boundaries on the application of the strict test. Inherent in this trend is a distinct and serious concern for the survivability of the federal system. Both developments have an important nexus with the Court's disposition to uphold congressional enforcement legislation under the Civil War amendments and indicate that the pause in this area which the Court began with *Oregon v. Mitchell* is still very much alive. If, as seems likely,[167] the Court continues its recent inclination to consider questions of federalism closely and to draw a clearer analysis for its appplication of the stricter test, reliance on this test by the national Congress should not have the dire effects upon state power feared by some. The "compelling state interest" standard is a legitimate and useful tool which Congress may properly use in advancement of personal rights and liberties. Used wisely, Congress can, by tying this doctrine to its broad discretion for action under the Civil War amendments, further enhance the lives of millions of the nation's citizens, be they members of racial minority groups striving to achieve a more equal position in society or part of "middle America" seeking relief from archaic election disabilities. Bound by the strictures of a newly developing majority on the Court, the twin doctrines of stricter scrutiny and enforcement clause legislation raise hope and opportunity for disadvantaged Americans without doing violence to the fundamental division of power between the state and national governments.

FOOTNOTES

* This article is an extended and updated version of a shorter paper originally prepared for the Weaver Essay Program of the American Bar Foundation.

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[1] 100 U.S. 339 (1879).

[2] The thirteenth amendment was certified by Secretary of State Seward on December 18, 1865, the fourteenth amendment was certified without reservation on July 28, 1868, and the fifteenth amendment was certified on March 30, 1870.

[3] The statute provided that no citizen, otherwise qualified, shall be barred from service as grand or petit juror because of race, color, or previous condition of servitude. It imposed a penal sanction against any officer or person charged with any duty in the selection or summons of any citizen for such service who violated this mandate. 100 U.S. at 339.

[4] *Id.* at 345.

[5] "Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriated, which are plainly adapted to that end, which are not prohibited, but consist with the letter and spirit of the Constitution, are constitutional." McCulloch v. Maryland, 17 U.S. (4 Wheat.) 316, 421 (1819).

[6] 100 U.S. at 345–46.

[7] United States v. Raines, 362 U.S. 17 (1960); United States v. Thomas, 362 U.S. 58 (1960).

[8] Pub. L. 85–315, 71 Stat. 637 (Act of September 9, 1957), 42 U.S.C. §§ 1971 *et seq.* (1970).

[9] 363 U.S. 420 (1960).

[10] 42 U.S.C. § 1975 (1970).

[11] 371 U.S. 37 (1962).

[12] 42 U.S.C. §§ 1971 *et seq.* (1970).

[13] 42 U.S.C. §§ 1971(e)(f) (1970); *Cf.* Ex parte Siebold, 100 U.S. 371 (1879).

[14] 380 U.S. 128 (1965).

[15] 42 U.S.C. § 1971(c) (1970).

[16] 42 U.S.C. §§ 1971(a)(c) (1970).

[17] 380 U.S. at 138.

[18] 380 U.S. 145 (1965).

[19] *Id.* at 151–53.

[20] 383 U.S. 301 (1966).

[21] 42 U.S.C. §§ 1971 *et seq.* (1970).

[22] 42 U.S.C. § 1973(b) (1970).

[23] 42 U.S.C. § 1973(c) (1970).

[24] 42 U.S.C. §§ 1973(a)(d) (1970).

[25] 383 U.S. at 326.

[26] *Id.*

[27] *Id.*

[28] *Id.*

[29] *Id.* at 327–37.

[30] 393 U.S. 544 (1969). *Accord,* Perkins v. Matthews, 400 U.S. 379, 387 (1971), deciding that a change in the location of polling places constitutes a "standard, practice, or procedure with respect to voting," covered by the Voting Rights Act of 1965; Georgia v. United States, 411 U.S. 526 (1973), confirming the reach of such Act to state reapportionment statutes.

[31] *Id.* at 563–71.

[32] Gaston County v. United States, 395 U.S. 285 (1969).

[33] 400 U.S. 112 (1970).

[34] 42 U.S.C. § 1973b (1970).

[35] 384 U.S. 641 (1966).

[36] 42 U.S.C. § 1973b(e).

[37] *Morgan* has since been described by Justice Stewart, with Chief Justice Burger and Justice Blackmun, joining, as giving congressional power under section 5 of the fourteenth amendment "[t]he furthest possible legitimate reach." Oregon v. Mitchell, 400 U.S. 112, 296 (1970).

[38] Katzenbach v. Morgan, 384 U.S. 641, 650 (1966).

[39] *Id.* at 651.

[40] *Id.* at 653–56.

[41] *Id.* at 653.

[42] *Id.*

[43] *Id.* at 654 n.15; 660–61 (dissenting opinion of Harlan, J., with whom Stewart, J., joined.

[44] *E.g.,* statement of Justice Brennan that "[o]nce it be determined that a burden has been placed upon a constitutional right, the onus of demonstrating that no less intrusive means will adequately protect compelling state interests is upon the party seeking to justify the burden." Oregon v. Mitchell, 400 U.S. 112, 238 (1970) (dissenting in part and concurring in part).

[45] *E.g.,* United States Dept. of Agriculture v. Moreno, — U.S. —, 93 S. Ct. 2821, 2825 (1973); Jefferson v. Hackney, 406 U.S. 535, 546 (1972), both relating to the field of social welfare. The traditional equal protection analysis appears to have its origin in the context of commercial regulation cases which involved state regulation of business and industrial practices. *See, e.g.,* McGowan v. Maryland, 366 U.S. 420, 425–26 (1961); Williamson v. Lee Optical Co., 348 U.S. 483, 487–89 (1955).

[46] *See* Shapiro v. Thompson, 394 U.S. 618, 658–62 (1969) (opinion of Harlan, J., dissenting).

[47] San Antonio School Dist. v. Rodriguez, 411 U.S. 1, 70 (1973) (opinion of Marshall, J., with whom Douglas, J., concurs, dissenting); *id.* at 62 (opinion of Brennan J., dissenting).

[48] Vlandis v. Kline, 412 U.S. 441, 456 (1973) (opinion of White, J., concurring in the judgment).

[49] Bullock v. Carter, 405 U.S. 134, 144 (1972); Dunn v. Blumstein, 405 U.S. 330, 3377 (1972); Phoenix v. Kolodziejski, 399 U.S. 204, 205 (1970); Cipriano v. City of Houma, 395 U.S. 701, 704 (1969); Kramer v. Union School Dist., 395 U.S. 621, 628 (1969); Harper v. Virginia Bd. of Education, 383 U.S. 663, 670 (1966); Carrington v. Rash, 380 U.S. 89 (1965).

[50] Under the rigid standard of congressional districting cases, only those population variances among districts that are "unavoidable" are permitted. White v. Weiser, 412 U.S. 783 (1973); Wells v. Rockefeller, 394 U.S. 542, 546 (1969); Kirkpatrick v. Preiser, 394 U.S. 526, 531 (1969); Wesberry v. Sanders, 376 U.S. 1, 17–18 (1964).

[51] 377 U.S.C. 533 (1964).

[52] In striking down Alabama's plan the Court stressed that "the right of suffrage is a fundamental matter in a free and democratic society" and held that "any alleged infringement of the right of citizens to vote must be carefully and meticulously scrutinized." *Id.* at 561–62.

[53] The test actually enunciated by the Court in *Reynolds* was the traditional "rational state policy" standard. *Id.* at 579. This more lenient standard has subsequently been applied in other state districting cases apparently on the basis that state legislative districts are so intertwined with strictly local interests that the rigor of the stricter standard is inappropriate to these predominately state matters. Moreover, there is a significantly larger number of seats in state legislative bodies to be distributed within each state than its congressional seats, and it may be feasible for a state to use political subdivision lines in drawing state districts

while still affording adequate statewide representation. White v. Register, 412 U.S. 755 (1973); Gaffney v. Cummings, 412 U.S. 735 (1973); Mahan v. Howell, 410 U.S. 315 (1973).

[54] Mahan v. Howell, 410 U.S. 315, 322 (1973).

[55] *E.g.* Carrington v. Rash, 380 U.S. 89 (1965). In *Carrington*, the Court overturned the use by Texas of an irrebuttable statutory presumption that absolutely excluded servicemen from the vote by classifying them as nonresidents. The Court tested the classification according to its necessity to carrying out a state purpose of substantial importance, rather than its merely serving a convenient state interest.

[56] Harper v. Virginia Bd. of Elections, 383 U.S. 663 (1966). The Court stressed the fundamental nature of the right to vote. *Id* at 670. Fifteen years earlier, using the traditional "rational basis" test, the Court had upheld the same Virginia poll tax it struck down under the new standard applied in *Harper*. Butler v. Thompson, 341 U.S. 937 (1951).

A parallel situation occurred in Dunn v. Blumstein, 405 U.S. 330 (1972) striking down the Tennessee one-year durational waiting period. Referring to Drueding v. Devlin, 380 U.S. 125 (1965), decided only seven years earlier, which had upheld Maryland's similar one-year residence requirement, the Court commented that "if it was not clear then, it is certainly clear now that a more exacting test is required for any statute that 'place[s] a condition on the exercise of the right to vote.' " 405 U.S. at 337.

[57] Included among the first category of exceptions should be William v. Rhodes, 393 U.S. 23 (1968). Here the Court struck down as creating an "invidious discrimination" Ohio's election laws which made it virtually impossible to be placed on the state ballot in presidential elections. *Id*. at 34. While the Court's opinion, written by Justice Black, would apply a "compelling interest" standard to the restrictions of Ohio law, five members of the Court, including two concurring and three dissenting, did not agree with this proposition. Thus, *Williams* correctly stands for no more than an application of the "invidious discrimination" test.

The same appears true of Evans v. Cornman, 398 U.S. 419 (1970), where a Maryland statute was overturned which created a presumption that persons living on a federal enclave within the state did not meet the residency requirement for voting in Maryland. The Court found no reasonable basis for accepting the state's contention that these residents were substantially less interested in state affairs than other residents of the state. *Id*. at 426. The Court did not openly reach the question of whether the stricter test should apply because the classification was plainly lacking in any rational justification.

Eisenstadt v. Baird, 405 U.S. 438 (1972), is akin to this principle in the area of personal privacy. In it the Court struck down a Massachusetts statute which denied unmarried persons access to contraceptive devices on the same basis as married persons, finding that the law failed "to satisfy even the more lenient equal protection standard." *Id* at 447 n.7.

[58] McDonald v. Bd. of Election, 394 U.S. 802 (1969); and Jenness v. Fortson, 403 U.S. 431 (1971), are instances of the second reason for declining to use the more rigid test. In *McDonald*, the right to vote in person was not absolutely precluded in fact or by law. 394 U.S. at 807. And in *Jenness*, the Georgia system of placing the names of candidates on the ballot was found not to have insulated a single potential voter from new political voices. 403 U.S. at 442.

A recent application of this rule is Rosario v. Rockefeller, 410 U.S. 752 (1973), where the Court upheld a provision of New York's election law imposing a time deadline on the enrollment of voters for primary elections. The Court concluded the statute did not prohibit any class from voting in any election had they chosen to meet the reasonable deadline established by the law. The complaining persons clearly could have registered and enrolled in the party of their choice before the deadline but chose not to do so by their own failure to take timely steps. *Id*. at 762.

[59] The third area in which the Court has declined to apply the strict test in franchise cases appears in Salyer Land Co. v. Tulare Water Dist., 410 U.S. 719. *Salyer* refused to extend the popular election of Kramer v. Union School Dist., 395 U.S. 621 (1969), discussed in notes 61–62 *infra*, to a California statute limiting the vote for directors of a water storage district to landowners. The exception was based on the fact that the water district has relatively limited authority far removed from normal governmental activities that its actions disproportionately affect landowners as a group. *Id*. at 728. By "affect" the Court appears to refer to the direct costs of district projects since under the state scheme landowners as a class were to bear the entire burden of the districts' costs. *Id*. The Court kept its decision within the guidelines of its general rule insofar as lessees who farm the land are concerned by noting that this group was not totally disenfranchised. The California law provides for voting by proxy and the lessee has a free opportunity to bargain for the right to vote at the time he negotiates his lease. *Id*. at 733.

[60] *See* notes 50 and 53, *supra*.

[61] 395 U.S. 621 (1969).

[62] *Id*. at 628.

[63] 405 U.S. 134 (1972).

[64] *Id*. at 144.

[65] Shapiro v. Thompson, 394 U.S. 618, 634 (1969).

[66] Police Dep't of Chicago v. Mosley, 408 U.S. 92, 101 (1972).

[67] Skinner v. Oklahoma, 316 U.S. 535, 538–42 (1942).

[68] San Antonio School Dist. v. Rodriguez, 411 U.S. 1, 59 (1973) (opinion of Stewart, J., concurring).

[69] Loving v. Virginia, 388 U.S. 1, 9, 11 (1967); McLaughlin v. Florida, 379 U.S. 184, 196 (1964); Bolling v. Sharpe, 347 U.S. 497, 499 (1954).

[70] Graham v. Richardson, 403 U.S. 365, 372 (1971).

[71] Oyama v. California, 332 U.S. 633, 646 (1948); Korematsu v. United States, 323 U.S. 214, 216 (1944).

[72] Gomez v. Perez, 409 U.S. 535 (1973); Weber v. Aetna Casualty & Surety Co., 406 U.S. 164, 173 (1972); Levy v. Louisiana, 391 U.S. 68 (1968).

[73] Harper v. Virginia Bd. of Elections, 383 U.S. 663, 668 (1966); Douglas v. California, 372 U.S. 353 (1963); Griffin v. Illinois, 351 U.S. 12, 17 (1956).

But according to the Court's majority opinion in San Antonio School Dist. v. Rodriguez, 411 U.S. 1, 29 (1973), wealth discrimination *alone* does not provide an adequate basis for invoking strict scrutiny. Rather, the precedents of the Court require that two distinguishing characteristics of wealth classification must be found: (1) because of their indigency, the persons discriminated against are completely unable to pay for some desired benefit, and (2) as a consequence, they sustain an absolute deprivation of a meaningful opportunity to enjoy that benefit. Justice Mashall, dissenting in the same case, contends these decisions are actually premised on the fundamental importance of the state service involved, but his analysis is clearly rejected by the Court's majority. *Id*. at 102 n.61.

[74] Frontiero v. Richardson, 411 U.S. 677 (1973), struck down the statutory distinction made by Federal law which deprived servicewomen of the right to claim their spouses as a "dependent" for purposes of obtaining certain allowances and benefits. Justice Brennan, joined by Justices Douglas, White, and Marshall, concluded that classifications based on sex are inherently suspect and must be subjected to strict judicial scrutiny. *Id*. at 682. They found at least "implicit support" for this approach in Reed v. Reed, 404 U.S. 71 (1971). Though *Frontiero* presented a question of a violation of the due process clause of the fifth amendment, this characterization is equally applicable to state classifications challenged under the equal protection clause of the fourteenth amendment.

Whether sex is indeed now included as a "suspect" classification is uncertain since Justice Stewart, concurring in the judgment, 411 U.S. at 691, reached only the point of agreeing the discrimination was "invidious," and Justice Powell, joined by Chief Justice Burger and Justice Blackmun, expressly reserved for the future any decision on adding sex to the suspect category. Justice Powell's opinion specifically argued *Reed* "did not add sex to the narrowly limited group of classifications which are inherently suspect." *Id*. Mr. Justice Rehnquist would have sustained the constitutionality of the statutes in question.

[75] 308 U.S. 147, 161 (1939).

[76] The minority in Vlandis v. Kline, 412 U.S. 441 (1973), would argue that the Court has applied the stricter test to a seventh area, the right of obtaining a higher education, but the Court's opinion, written by Justice Stewart, is narrowly drawn along the lines of past traditional due process cases. *Id*. (*Contra*, Burger, C. J., dissenting).

[77] Shelton v. Tucker, 364 U.S. 479, 488 (1960); Sweezy v. New Hampshire, 354 U.S. 234, 265 (1957) (opinion of Frankfurter, J.).

[78] Bates v. Little Rock, 361 U.S. 516, 524 (1960); NAACP v. Alabama, 357 U.S. 449, 463 (1958).

[79] Sherbert v. Verner, 374 U.S. 398, 406 (1963).

[80] NAACP v. BUTTON, 371 U.S. 415, 438 (1963).

[81] As to marital privacy, *see* Griswold v. Connecticut, 381 U.S. 479, 497 (1965) (opinion of Goldberg, J., with whom Warren, C. J., and Brennan, J., joined). As to the right of a woman to decide whether or not to terminate her pregnancy by abortion, subject to compelling state interests with respect to protection of health, medical standards and potential life, *see* Roe v. Wade, 410 U.S. 113, 153–55. (1973).

[82] United States v. Texas, 252 F. Supp. 234, 251 (W.D. Tex.), *aff'd*, 384 U.S. 155 (1966).

[83] Justice Harlan, dissenting from the Court's application of strict scrutiny to a law penalizing the right of interstate travel, complained that "[v]irtually every state statute affects important rights." Shapiro v. Thompson, 394 U.S. 618, 661 (1969).

[84] Vlandis v. Kline, 412 U.S. 441, 459 (1973) (opinion of Chief Justice Burger, joined by Justice Rehnquist, dissenting).

[85] 400 U.S. 112 (1970). For a brief note on the development of the compelling state interest doctrine in voting rights cases and an analysis of *Oregon*, see Weller, *Oregon v. Mitchell and the Compelling State Interest Doctrine—The End of An Era?*, 22 SYRACUSE L. REV. 1123 (1971).

[86] 42 U.S.C. §§ 1973 *et seq.* (1970).

[87] 42 U.S.C. § 1973aa–1 (1970), which reads in pertinent part:

"The Congress hereby finds that the imposition and application of the durational residency requirements as a precondition to voting for the offices of President and Vice President, and the lack of sufficient opportunities for absentee registration and absentee balloting in presidential elections—

"(1) denies or abridges the inherent constitutional right of citizens to vote for their President and Vice President;

"(2) denies or abridges the inherent constitutional right of citizens to enjoy their free movement across State lines;

"(3) denies or abridges the privileges and immunities guaranteed to the citizens of each State under article IV, section 2, clause 1, of the Constitution;

"(4) in some instances has the impermissible purpose or effects of denying citizens the right to vote for such officers because of the way they may vote;

"(5) has the effect of denying to citizens the equality of civil rights, and due process and equal protection of the laws that are guaranteed to them under the fourteenth amendment; and

"(6) *does not bear a reasonable relationship to any compelling State interest* in the conduct of presidential elections. (Emphasis added.)"

[88] 42 U.S.C. § 1973bb (1970), which reads in pertinent part:

"(a) The Congress finds and declares that the imposition and application of the requirement that a citizen be twenty-one years of age as a precondition to voting in any primary or in any election—

"(1) denies and abridges the inherent constitutional right of citizens eighteen years of age but not yet twenty-one years of age to vote—particularly unfair treatment of such citizens in view of the national defense responsibilities imposed upon such citizens;

"(2) has the effect of denying to citizens eighteen years of age but not yet twenty-one years of age the due process and equal protection of the laws that are guaranteed to them under the fourteenth amendment of the Constitution; and

"(3) *does not bear a reasonable relationship to any compelling State interest.*"

For a pre-*Oregon* discussion of the relationship between the compelling interest test and title III, see Engdahl, *Constitutionality of the Voting Age Statute,* 39 GEO. WASH. L. REV. 1 (1970).

[89] See detailed explanation cataloguing the numbers of citizens disqualified from voting in presidential elections, at 116 CONG. REC. 6990–91 (1970). A survey by the author supports a high estimate of the prospective absentee voting population. Based on statistics from all states reporting absentee ballot totals, and replies from the office of the Secretary of State in selected states, 4,135,466 presidential absentee votes were cast in 1972. This is an increase of 26% over 1968.

[90] See tables of restrictive state laws applicable to registration and balloting procedures and eligibility in presidential elections at 116 CONG. REC. 6994-96 (1970).

[91] A possible setback for overseas citizens seeking the vote under section 202 is Hardy v. Lomenzo, 349 F. Supp. 617 (S.D.N.Y. 1972). Hardy moved from New York to Brazil in 1964 because of business obligations, intending to return at some indefinite time in the future. His request for absentee registration was rejected on the basis of a New York law which requires "a fixed, permanent and principal home" in the state as a condition of "residence." The district court upheld New York's refusal to permit Hardy to register on the basis that each state can determine for itself who is a bona fide resident. *Id.* at 620.

On reargument, the court allowed Senator Goldwater to intervene amicus curiae and agreed that the Senator's purpose as author of section 202 shows "a clear intent to provide the broadest possible opportunity to citizens to register to vote in a Presidential election. . . ." Nevertheless, the Court held that in this case the state was "entitled to stronger evidence of allegiance than that here presented." *Id.* at 621-22.

To the extent the court's opinion means a state can go behind a citizen's application and insist on reasonable supporting evidence of his statements of facts and intent, section 202 permits each state to determine who is among its true residents. But to the extent the court's language leaves open the possibility that a state may require as a precondition of residence the maintenance of a fixed, physical home in the state, the court erred in its construction of the federal law.

Section 202 is intended to prohibit the discriminatory application of state laws against citizens on the basis of their physical presence or absence from a particular state or political subdivision. However, in the words of the Secretary of State of New York, the state "definition of residency demands that there be a claim to a specific physical location *before any* supporting indicia may be considered." (Emphasis added.) Letter from John P. Lomenzo to Barry Goldwater, Nov. 17, 1972. This means that regardless of the citizen's financial inability to maintain two separate physical homes, one abroad and one in the state, at the same time, the state forecloses alternative means of proving his residence. Thus, the test absolutely precludes some actual residents from voting on the basis of their wealth. Moreover, the state penalizes the right to travel by forcing upon a person, who wishes to travel and work abroad, the choice between travel and his basic right to vote, unless he is effluent enough to own or rent two homes. *See* Amicus Curiae Brief in Behalf of Overseas Voters of Senator Barry Goldwater, 118 CONG. REC. 17894–99 (daily ed. Oct. 13, 1972).

The failure of the court in *Hardy* to reach this specific question leaves the matter in doubt and further congressional action will most surely be taken in the near future to erase that doubt. See *Hearings on S. 2102 and S. 2384, Before the Senate Subcomm. on Privileges and Elections of the Senate Comm. on Rules and Administration,* 93d Cong., 1st Sess. (1973).

[92] 42 U.S.C. § 1973aa-1(c) (1970), reads in pertinent part:

"No citizen of the United States who is otherwise qualified to vote in any election for President and Vice President shall be denied the right to vote for electors for President and Vice President . . . in such election because of the failure of such citizens to comply with any durational residency requirement of such State or political subdivision. . ."

[93] 42 U.S.C. § 1973aa–1(c) (1970), lays down the general prohibition:

"[Nor] shall any citizen of the United States be denied the right to vote for electors for President and Vice President . . . because of the failure of such citizen to be physically present in such State or political subdivision at the time of such election, if such citizen shall have complied with the requirements prescribed by the law of such State or political subdivision providing for the casting of absentee ballots in such election.

42 U.S.C. § 1973aa–1(d), (f) (1970), prescribes the minimum standards which a state shall put into practice:

"(d) For the purpose of this section . . . each State shall provide by law for the casting of absentee ballots for the choice of electors for President and Vice President . . . by all duly qualified residents of such State who may be absent from their election district or unit in such State on the day such election is held and who have applied therefor not later than seven days immediately prior to such election and have returned such ballots to the appropriate election official of such State not later than the time of closing of the polls in such State on the day of such election. . . .

"(f) No citizen of the United States who is otherwise qualified to vote by absentee ballot in any State or political subdivision in any election for President and Vice President shall be denied the right to vote for the choice of electors for President and Vice President . . . in such election because of any requirement of registration that does not include a provision for absentee registration."

That part of section 202(d) allowing the return of absentee ballots as late as the close of polls was upheld against a contrary provision of New York state law in *Hershcopf v. Lomenzo,* 350 F. Supp. 156 (S.D.N.Y. 1972).

[94] 42 U.S.C. § 1973aa-1(d) (1970), provides in pertinent part:

"(d) For the purposes of this section, each State shall provide by law for the registration or other means of qualification of all duly qualified residents of such State who apply, not later than thirty days immediately prior to any presidential election, for registration or qualification to vote for the choice of electors for President and Vice President . . . in such election. . . ."

This provision has correctly been construed to require that registration be provided at reasonable periods of time during crucial pre-election weeks, although the statute itself does not specify the precise number of days during which registration facilities should be kept open. Acting on the underlying concern of Congress "to provide the broadest possible opportunity to citizens to register to vote in a Presidential election," a three-judge Federal Court held that section 202 must prevail over a related section of the New York Election Act to the extent the latter would prohibit a voter from being afforded the opportunity to register personally at reasonable pre-election times. *Bishop v. Lomenzo,* 350 F. Supp. 576 (E.D.N.Y. 1972).

[95] Section 202(a) note 87 *supra.*

[96] Rights belonging to national citizenship "arise from the relationship of the individual with the Federal government" and are directly dependent on the Constitution: United States v. Williams, 341 U.S. 70, 77–80 (1951); Slaughter House Cases, 83 U.S. (16 Wall.) 36, 79 (1872); Ward v. Maryland, 79 U.S. (12 Wall.) 418, 430–31 (1870); Paul v. Virginia, 75 U.S. (8 Wall.) 168, 180 (1868).

[97] The right to vote for national elective officers, including members of Congress and presidential electors, has been expressly recognized as a right directly secured to citizens by the Constitution: United States v. Classic. 313 U.S. 299, 314, 315 (1941); Twining v. New Jersey, 211 U.S. 78, 97 (1908); Wiley v. Sinkler, 179 U.S. 58, 62 (1900); In Re Quarles, 158 U.S. 532, 538 (1895); Ex parte Yarbrough, 110 U.S. 651, 663 (1884).

[98] As stated by Chief Justice Waite in United States v. Reese, 92 U.S. 214, 217 (1875), the "rights and immunities created by or dependent upon the Constitution of the United States can be protected by Congress." *See also* Strauder v. West Virginia, 100 U.S. 303, 310 (1879).

[99] The freedom to travel across state lines has long been held to occupy a position fundamental to "the nature of our Federal union and our Constitutional concepts of personal liberty." Shapiro v. Thompson, 394 U.S. 618, 629 (1969); United States v. Guest, 383 U.S. 745, 757 (1966); Crandall v. Nevada, 73 U.S. (6 Wall.) 35, 47 (1967). Travel abroad has also been held to be a basic aspect of each citizen's liberty: Kent v. Dulles, 357 U.S. 116, 126 (1958); Aptheker v. Secretary of State, 378 U.S. 500, 505 (1964).

[100] It was noted that *Morgan* had upheld a congressional ban against an English language literacy test similar to one which the Court had found constitutional five years earlier in Lassister v. Northampton Election Bd., 360 U.S. 45 (1959).

[101] Oregon v. Mitchell, 400 U.S. 112, 284–89 (1970).

[102] *Id.* at 282, 291.

[103] *Id.* at 283, 292.

[104] Section at 202(d) note 94 *supra.*

[105] 400 U.S. at 238–39.

[106] *Id.* at 239.

[107] *Id.* at 147–50.

[108] *Id.* at 285–92.

[109] *Id.* at 287.

[110] *Id.* at 286.

[111] *Id.* at 120, 134.

[112] *Id.* at 213–16.

[113] *Id.* at 292 (opinion of Stewart, J., joined by Burger, C. J., and Blackmun, J.).
[114] Dunn v. Blumstein, 405 U.S. 330 (1972).
[115] Drueding v. Devlin, 30 U.S. 125 (1965).
[116] Oregon v. Mitchell, 400 U.S. 112, 134–44 (1970) (opinion of Douglas J.); *id* at 239–81 (Part III of opinion of Brennan, J., joined by White and Marshall, J. J.).
[117] *Id.* at 119–31 (opinion of Black, J.); *id* at 212–13 (opinion of Harlan, J.); *id* at 293–96 (opinion of Stewart, J., joined by Burger, C. J., and Blackmun, J.).
[118] *Id.* at 246–50 (opinion by Brennan, J.).
[119] *Id.* at 135–44 (opinion by Douglas, J.).
[120] *Id.* at 295.
[121] *Id.* at 296.
[122] *Id.* at 294.
[123] *Id.* at 296.
[124] *Id.* at 125–26. Justice Black argued that the case cannot be decided under the equal protection clause since this clause "was never intended to destroy the State's power to govern themselves. . . ." *Id.* at 126.
[125] *Id.* at 200–13 (opinion by Harlan, J.).
[126] 384 U.S. 155 (1966).
[127] *Hearings on S.J. Res. 7 and Others Before the Subcomm. on Constitutional Amendments of the Senate Comm. on the Judiciary*, 91st Cong., 2d Sess. 136–38 (1970).
[128] Dunn v. Blumstein, 405 U.S. 330, 336 (1972).
[129] Oregon v. Mitchell, 400 U.S. 112 (1970).
[130] 392 U.S. 409 (1968).
[131] *Id.* at 437–44. Another recent decision imbuing new vigor into the thirteenth amendment is Griffin v. Breckenridge, 403 U.S. 88 (1971). Here Negro citizens filed a damages action under a century-old statute, 42 U.S.C. § 1985(3) (1970), charging a private conspiracy to interfere with their rights as citizens. The Court held that the statute encompasses the conduct of private persons as well as conspiracies under color of state law and ruled that Congress may, by the thirteenth amendment, create a statutory cause of action for Negro citizens who have been the victims of conspiratorial, racially discriminatory private action aimed at depriving them of the basic rights of free men.
[132] 392 U.S. at 443–44.
Almost simultaneously with the Court's decision of *Jones*, Congress enacted title VIII of the Civil Rights Act of 1968, 42 U.S.C. §§ 3601 *et seq.* (1970), providing detailed means for securing fair housing throughout the United States. These provisions, applicable to a broad range of discriminatory practices, have been sustained under the thirteenth amendment by lower courts. *E.g.*, United States v. Mintzes, 304 F. Supp. 1305 (D. Md. 1969); United States v. Real Estate Dev. Corp., 347 F. Supp. 776 (N.D. Miss. 1972).
[133] 392 U.S. at 440.
[134] *Id.* at 441.
[135] *See also* United States v. Jefferson County Bd. of Educ., 372 F.2d 836 (5th Cir. 1966), *decree modified*, 380 F.2d 385 (1967, *cert. denied*, 389 U.S. 840 (1967). Title VI of the Civil Rights Act of 1964 was upheld as appropriate legislation under the thirteenth amendment in circumstances where the law constituted a plain congressional alternative to court desegregation remedies and in fact accelerated school desegregation beyond the pace theretofore set by the judicial branch itself.
[136] 378 U.S. 500 (1964).
[137] *Id.* at 508.
[138] 390 U.S. 570 (1968).
[139] *Id.* at 582.
[140] 394 U.S. 618 (1969).
[141] *Id.* at 641.
[142] 384 U.S. 641, 651 n.10 (1966).
[143] *See* Oregon v. Mitchell, 400 U.S. 112, 249 n.31 (1970) (opinion of Brennan, J.).
[144] 405 U.S. 134 (1972).
[145] 412 U.S. 441, 459 (1973).
[146] 411 U.S. 1 (1973).
[147] For the 1970–1971 school year local taxation contributed 41.1% of all public school funds.
[148] *San Antonio School Dist. v. Rodriguez*, 411 U.S. 1, 17–44 (1973) (Part II of opinion of Powell, J., joined by Burger, C. J., and Stewart, Blackmun, and Rehnquist, J. J.).
[149] *Id.* at 28.
[150] *Id.* at 37–38.
[151] *Id.* at 24. The Court found there was no basis on the record for assuming that the poorest people are concentrated in the poorest districts. In fact, it observed that the poor may be found to be clustered around commercial and industrial centers which provide the most attractive tax bases. *Id.*
[152] *Id.* at 25.
[153] *Id.* at 28.
[154] *Id.*
[155] *Id.* at 30.
[156] *Id.* at 31.
[157] *Id.* at 32.
[158] *Id.*
[159] *Id.* at 33.
[160] *Id.* The Court found support for its holding that social importance is not the critical determinant for subjecting state legislation to strict scrutiny in two of its recent decisions. In Lindsey v. Normet, 405 U.S. 56 (1972), the Court had decided against the claim by tenants in suits by landlords that the statute should be examined under "a more stringent standard than mere rationality." *Id.* at 73. While recognizing the importance of "decent, safe, and sanitary housing," the Court stated it was "unable to perceive any Constitutional guarantee of access to dwellings of a particular quality" or any recognition of the right of the poor to occupy housing beyond the term of their lease, without the payment of rent. *Id.* at 74.
Similarly, in Dandridge v. Williams, 397 U.S. 471 (1970), the Court had reversed the application by a federal district court of the stricter standard of review to Maryland's maximum family grant provision under its Aid to Families with Dependent Children program. Though the Court explicitly recognized that public welfare assistance "involves the most basic economic needs of impoverished human beings," *id.* at 485, it held this central importance of welfare benefits was *not* an adequate foundation for requiring the state to support its law by a compelling state interest. *See also* Jefferson v. Hackney, 406 U.S. 535 (1972); Richardson v. Belcher, 404 U.S. 78 (1971).
[161] 411 U.S. at 35.
[162] *Id.* at 36.
[163] *Id.*
[164] *Id.* at 39.
[165] *Id.* at 40.
[166] *Id.* at 44.
[167] Predictions as to how the Court's present membership would view future congressional enactments buttressed by the "compelling interest" principle are clouded by the fact that all Justices except for Mr. Rehnquist have endorsed the stricter standard in one or more settings.

OBSERVANCE OF VETERANS DAY

Mr. GOLDWATER. Mr. President, during the present session of the Arizona Legislature it passed a memorial urging Congress to enact legislation which would return observance of Veterans Day to November the 11th. As an Arizonan, I highly concur in this act, and as a veteran I would hope the Congress would do something to change a mistake they made years ago. I ask unanimous consent that the memorial be printed in the RECORD.

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

SENATE MEMORIAL 1002

A memorial relating to Veterans' Day; urging Congress to enact legislation returning Observance of Veterans' Day to November 11

To the Congress of the United States:

Your memorialist respectfully represents:

Whereas, the Congress of the United States enacted legislation which changed observance of Veterans' Day from November 11, the date of the armistice ending World War I and the traditional day of observance of that historical event, and

Whereas, the change of Veterans' Day to the fourth Monday in October for the sole purpose of adding a three-day weekend to the holidays of the year is not a sufficient reason for breaking with tradition, memories, sentiments and history, and the reduction which follows in participation in patriotic ceremonies.

Wherefore your memorialist, the Senator of the State of Arizona, prays:

1. That the President and Congress give their most earnest consideration to the prompt enactment of legislation which would result in the return of Veterans' Day to the traditional day of observance, November 11, of each year.

2. That the Honorable Wesley Bolin, Secretary of State of the State of Arizona, transmit copies of this Memorial to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation.

SEMIANNUAL REPORT BY THE DEPARTMENT OF DEFENSE ON CHEMICAL AND BIOLOGICAL WARFARE ACTIVITIES

Mr. McINTYRE. Mr. President, in keeping with the past practice of the Armed Services Committee to advise the Senate and the public of the activities of the Department of Defense in chemical and biological warfare—CBW, I request unanimous consent to have printed in the RECORD at the conclusion of my remarks the semiannual report on funds obligated for CBW research during the first half of fiscal year 1974. It also updates the report for the previous months' period.

This report is submitted semi-annually pursuant to section 409, Public Law 91–121.

The report also includes explanatory comments on the purposes for which the funds provided have been used.

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

THE SECRETARY OF DEFENSE,
Washington, D.C., February 27, 1974.

HON. GERALD R. FORD,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: In accordance with the requirements of Section 409, Public Law 91–121, the semiannual report on funds obligated in the chemical warfare and biological research programs during the first half of fiscal year 1974 is attached.

The report provides actual obligations through 30 November 1973 and estimated obligations for the month of December 1973. The report for the second half of fiscal year 1974 will include appropriate remarks to adjust estimated obligations to actual for the month of December 1973.

Section 4 of the Department of the Army

and the Department of the Air Force segments of the report provide adjustment summaries which reflect change data to the report submitted for the second half of fiscal year 1973. These data reflect the net result of adjusting estimated obligations for the months of May and June 1973 to actual. The Department of the Navy reported no adjustments to its segment of the second half fiscal year 1973 report.

The attached report has also been sent to the Speaker of the House of Representatives.

Sincerely,

W. P. CLEMENT, JR.,
Deputy.

DEPARTMENT OF DEFENSE—SEMIANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS (JULY 1-DEC. 31, 1973), DEC. 31, 1973
RCS DD-D.R. & E. (SA) 1065 (actual dollars)

	Army	Navy and Marine Corps	Air Force	Total
Chemical warfare program	$24,989,000	$138,000	$85,000	$25,212,000
R.D.T. & E	(23,165,000)	(75,000)	(85,000)	(23,325,000)
Procurement	(1,824,000)	(63,000)	(0)	(1,887,000)
Biological research program	9,570,000	75,000	0	9,645,000
R.D.T. & E	(9,570,000)	(75,000)	(0)	(9,645,000)
Procurement	(0)	(0)	(0)	(0)
Other ordnance program	23,272,000	970,000	100,000	24,342,000
R.D.T. & E	(4,603,000)	(0)	(0)	(4,603,000)
Procurement	(18,669,000)	(970,000)	(100,000)	(19,739,000)
Total program	57,831,000	1,183,000	185,000	59,199,000
R.D.T. & E	(37,338,000)	(150,000)	(85,000)	(37,573,000)
Procurement	(20,493,000)	(1,033,000)	(100,000)	(21,626,000)

Note: In conducting the research described in this report, the investigators adhered to the "Guide for Laboratory Animal Facilities and Care" as promulgated by the Committee on the Guide for Laboratory Animal Resources, National Academy of Sciences—National Research Council.

OBLIGATION REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, DEPARTMENT OF THE ARMY
RSC DD-D.R. & E.(SA) 1065

SECTION 1.—OBLIGATION REPORT ON CHEMICAL WARFARE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, DEPARTMENT OF THE ARMY, RCS DD-D.R. & E (SA) 1065

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE ARMY

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
Chemical warfare program:			
Prior year	$0.930	$20.329	During the 1st half of fiscal year 1974, the Department of the Army obligated $23,165,000 for general research investigations, development and test of chemical warfare agents, weapons systems, and defensive equipment. Program areas of effort concerned with these obligations were as follows:
Current fiscal year	22.235	2.836	Chemical research:
			Basic research in life sciences $730,000
			Exploratory development 5,349,000
			Total chemical research 6,079,000
			Lethal chemical program:
			Exploratory development 820,000
			Advanced development 1,322,000
			Engineering development 1,099,000
			Testing 1,557,000
			Total lethal chemical 4,798,000
			Incapacitating chemical program:
			Exploratory development 645,000
			Advanced development 820,000
			Engineering development 000
			Testing 195,000
			Total incapacitating chemical 1,660,000
			Defensive equipment program:
			Exploratory development 6,265,000
			Advanced development 1,108,000
			Engineering development 2,410,000
			Testing 309,000
			Total defensive equipment 10,092,000
			Simulant test support 536,000
1. Chemical research:			
Prior year	—.002	5.971	
Current fiscal year	6.081	.108	
a. Basic research in life sciences:			
Present year	(.000)	(.650)	Life sciences basic research in support of chemical materiel was conducted during the 1st half of
Current fiscal year	(.730)	(.080)	fiscal year 1974.

1. The simultaneous detection of nitrogen, phosphorus, and sulfur in the multiple-detector gas chromatograph has been accomplished for the analysis of very small analytical chemical samples. Investigations were continued on the use of an infrared spectrophotometer as a detector in high-speed, high-pressure liquid chromatography for detecting and determining quantities of elements in agent samples. Basic research will continue on the detection and identification of metabolites, hydrolyzates, and other degradation products of chemical agents which is essential if the total quantities of agent initially present in a suspected contaminated area is to be determined. New adsorbent and solvent systems will be developed for chromatographic methods used to study the identity and quantitation of chemical agents, intermediates, and decomposition products.

2. In large-scale reaction studies of reaction temperatures among the components of a binary system, more complete isomerization occurs when the binary reaction is initiated at a low temperature. The thermal characteristics, oxidation products and degradation products for several volatile liquid irritants have been determined to aid in the further study of these potential chemical agents. Us ng a mathematical model, preliminary calculations have been run to determine the evaporative behavior of various size droplets of pure chemical agents falling from several different altitudes. This is significant in predicting the effect of known agents and those of interest from intelligence information. Time rate reaction studies of chemiluminescent materials have contributed to the elimination of background signals in an agent detector. Enzymes have been induced in microorganisms which can detect the presence of chemical agents that are glycolate esters. Studies will continue on induction of enzymes in soil bacteria which will be useful in the detection, identification, and decontamination of toxic agents. The limitations imposed by temperature and reactant quantities in binary munitions will be determined along with the mechanism of the interaction of the gas and liquid phases of these agents with munition materials. Theoretical and mathematical studies of agent droplets will attempt to determine the dynamic behavior of agents in lieu of open air testing. A systematic study of the thermal behavior of selected compounds will provide information on the stability of agents, and mechanism of decomposition and the influence of moisture, solvents, and stabilizers during storage.

OBLIGATION REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, DEPARTMENT OF THE ARMY RSC DD–D.R. & E.(SA) 1065—Continued

SECTION 1.—OBLIGATION REPORT ON CHEMICAL WARFARE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, DEPARTMENT OF THE ARMY, RCS DD–D.R. & E.(SA) 1065—Continued

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE ARMY—Continued

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
			3. Individual basic research studies in the various biological disciplines and related sciences have provided the bases for follow-on exploratory development investigations and more rigorous basic studies on physiologically-active chemical agents, biomedical defensive mechanisms, and the detection of or protection from such agents. Exemplary of the progress: a. Spin-labelled proteins have been used to elucidate the conformation of the active site of AChE. There appears to be no significant changes in circular dichroism and optical rotatory dispersion when the enzyme is partially inactivated by sodium dodecyl sulfate and similar compounds. b. Methylphenidate reverses the decrement in human performance which is caused by alcohol, whereas diszepam and alcohol have additive effects. c. Successful methods have been developed for producing and separating out sickled erythrocytes for use in studying the induction of mutations. d. Experimental techniques have been developed which show that the respiratory center, but not skeletal muscle, can be conditioned to function even after doses as high as 200 LD50's of GD. e. Efforts to identify the sites of action of anti-ChE compounds and morphine in primate brain have shown that active sites are located along the walls of the 3d and 4th ventricles and no more than 2 mm from the midline.
b. General chemical investigations:			
Prior year	(−$0.002)	($5.321)	Exploratory development investigations were conducted in search for potential chemical agents, techniques of evaluating effects of chemicals, medical effects of chemical agents, chemical dissemination and dispersion technology, process technology, test and assessment technology, systems analysis, evaluation of foreign CW potential, training agents and equipment, and chemical safety. 1. Search for potential agents: Compounds have been submitted for initial toxicity screening and a variety of special studies on selected compounds have been conducted. Studies were carried out to determine temperature rises with time for GB binary reactions and for binary systems possibly useful as reaction simulants. Several studies have been completed on the reversibility of new bisquaternary ammonium compounds and nuclear magnetic resonance of phosphorous compounds and their isomerization. Routine screening to discover possible agents will continue with particular emphasis on new methods to make systemic incapacitant screening more predictive as to the possible effects in man. Compounds with high safety ratios will be tested for their ability to protect against nerve agents that are resistant to oxime prophylaxis. Chemical and instrumental methods will be used to determine the chemistry of agents and the sampling and identification of these materials which is highly important from the strategic and tactical, as well as the defensive viewpoint. 2. Evaluating effects of chemicals: a. A new method of testing drug effects in man is being evaluated. Evoked potential-EEG recordings from men who have received Valium and Ritalin have been made and are being analyzed by computer techniques. Both antimuscarinic (atropine-type) and antinicotinic (mecamylamine) compounds produce memory defects in rats but the results of operant studies show that different neuronal paths in the central nervous system (CNS) are involved. Other studies designed to identify and localize the neural circuits associated with drug effects have shown different pathways being affected by anticholinergic and anticholinesterase compounds such as physostigmine and incapacitating agents. Operant studies with rats on fixed time schedules showed that these agents can disrupt the timing ability of the animals. The effectiveness of physostigmine in reversing this specific effect has been subjected to further testing. b. Prior work has demonstrated that the wearing of a protective mask degrades military performance and it was hypothesized that further decrements would occur as the protective load increased. Studies were run incorporating both mask and hood. Upgrading of the experimental apparatus to improve (i.e., reduce) signature effects and increase accuracy was undertaken during the movement phase and has been completed. Work was continued to evaluate the effects of specific personality structures on human factors performance measures including military performance and training adaptability. A literature survey was performed and several computer programs were written and verified which are required to perform the data analysis. Several pilot trials have been run to establish basic efficacy of the proposed method. Initial analysis of the pilot data is very encouraging and work will continue. c. Amberlite XAD–2 resin has been found to be very effective in removing glycolates from samples of urine. Recovery of 85 percent of a known sample is possible when ethyl acetate-isoporpanol is an eluent. A radio immuno assay capable of detecting as little as 25 femtomoles (25×10^{-15}) of cyclic adenosinemonophosphate has been developed. Partition coefficients have been studied for 2–PAM Cl, TMB–4 and LUH–6 in various solvents as a means of studying penetration into red blood cells. Automated systems have been devised for measuring hemoglobin-methemoglobin levels in blood as a part of the study of cyanide posioning and a similar automated method has been applied to measure cyanide in blood. As little as 1/ug/ml can be detected. Another application of the automated assay permits measurement of physostigmine in aqueous solutions when used as an inhibitor of ChE. A long-term study of ChE levels in man is underway to bring out deviations, if any occur, from the normal value which are assumed to be constant. Seasonal fluctuations and changes following use of drugs for any reason will be evaluated in terms of the reliability of the standard method. 3. Medical effects of chemical agents: a. Long-term chronic toxicity exposures of laboratory animals to certain chemical compounds classified as class "B" poison by Department of Transportation (DOT) standards were completed during September 1973. Evaluations of results are still in progress. Acute ocular and cutaneous effects have also been evaluated. Final evaluation of acceptable limits will be made by the Human Estimates Committee. b. Cyclic adenosinemonophosphate levels are being studied to establish baseline levels and monitor drug effects. Recent results with the host-mediated assay to detect mutagenic activity of various compounds have shown that: some compounds require conversion in the liver before causing mutations leading to cancer. It has also been found that mutagenic compounds may not always penetrate test cells in this assay. Thus, much better positive tests can be obtained from E. coli tests when ethylenediaminetetraacetic acid (EDTA) is added in the host so as to increase the permeability of the bacterial cell wall. A new rapid in vitro screening method for mutagens has been devised. Potential chemical agents and related compounds will be screened for effectiveness in animals by appropriate table pharmacology or operant techniques as needed. Anticholinergic and anticholinesterase agents will be evaluated for analgesic actions in the primate and rat. Emphasis will be placed on examining the interaction of cholinergic agents with morphine in the determination of analgesia. c. The percutaneous absorption of glycolates have been studied as the free base and the hydrochloride. The base form penetrates and can be recovered by urinalysis. Sensitization to the base has been obtained by giving a second patch test. Incapacitating glycolates in the free base form have been effective in a short time when applied to warm skin under an occlusion dressing. Resulting inhibition of local sweating provides a method of measuring penetration. Studies are in progress to determine predictive accuracy of the local sweating inhibition technique for estimating dose and onset time of central nervous system effects. The knowledge that glycolate agents penetrate human skin in significant amounts will be exploited in studies of factors which affect such penetration; i.e., temperature, humidity, structure of the compound, individual skin differences, and other factors which may be found to enhance or inhibit penetration. An important aim will be to define more exactly the dose-
Current fiscal year	(5.351)	(.028)	

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation

effect relationship. Scopolamine has been shown to block secretion of the lactogenic hormone in man. This work will be repeated with glycolates to ascertain whether they exert a similar anticholinergic effect. Confirmation of blocking action will add to knowledge of the effects of these compounds on the central nervous system. The results from preliminary investigations show the need for further research on spectral sensitivity changes in the eye following exposure to glycolate-type compounds. Flicker fusion frequencies and other visual parameters will be examined whenever possible.

d. Disease-free colonies of sustained-barrier mice, rats, and guinea pigs have been reduced by 30 percent. The disease-free rabbit breeding colony will be eliminated. Numerous spontaneous diseases and pathological changes have been described and cataloged over the past years. The status of spontaneous lesions peculiar to animals of our breeding colonies have been identified and have been of great value in pathological interpretations of animals used on experimentation. Various surgical techniques were performed on experimental animals to create the optimum experimental models for experimentation. Genetic screening studies of selected chemical compounds were conducted and are currently under investigation in various animal hosts.

4. Chemical dissemination and dispersion technology.

a. Aerodynamic studies of conventional and advance munition shapes continued for the design of extended range projectiles. Tailoring the lift, drag, and mass properties will optimize the desired range and trajectory. Chamber experiments were conducted with simulant filled scale models of a binary GB projectile. Ambient conditions were found to influence the vapor return due to changes in physical properties of the disseminated liquid. Submunitions of a VX projectile were studied in a chamber with a simulant fill, and the cloud was increased by use of a larger agent to burster ratio than previously considered. Aerodynamic studies will continue on a non-lethal projectile for chemical delivery. Submunition shapes for binary and incapacitant munitions will have aerodynamic data determined for their trajectory and dispersion characteristics. The feasibility of a rocket motor type dissemination for improved agent coverage will be determined with simulants and preliminary propellant charge designs. A study will determine whether modification of incapacitating agents and solid agents as stable solutions or suspensions can be used in rapid dispersion systems.

b. Safety hazard studies of accidential release of chemical agents by detonation of scaled munition devices are being conducted. In the 2d half of fiscal year 1974, these studies will continue and data will be collected for input to a systems analysis type study. The systems analysis type study will define the hazard.

5. Process technology: Investigations on a laboratory scale and a prepilot plant engineering scale were continued where data was lacking on reactants for binary agent systems. The process study on binary VX components was continued with the objective to produce a stable high sulfur content compound. Development of analytical techniques is continuing. Candidate compounds were synthesized for evaluation in the research programs. Laboratory studies will be conducted on the synthesis of NM to evaluate process parameters to determine if a more stable compound can be produced. Parameters to be studied will include sulfur concentration, heating rate, catalyst, and purification of product. The reactants for these systems will be synthesized for evaluation. Analytical support and method development in required areas will continue. All process studies will include an evaluation of possible pollution problems which might be encountered if a plant is built. Process modifications to preclude pollution will be considered. Environmental pollution problems at Edgewood Arsenal connected with the mission operations were studied.

6. Test and assessment technology: Development continued on a test system required to investigate particle transport, diffusion and fallout. A coincident detection system was investigated as a means of achieving greater fluorescent particle detection and count capability. The automatic analyzer system detected down to the desired capability of five micrograms as demonstrated with cadmium sulfide. A spinning bowl particle disseminator was mated to the automatic particle feeder system and the device was calibrated and optimum operating conditions established This permits accurate studies of agent dispersion and dissemination. In another study, an original technique was devised to distinguish properties or agent simulants. Under contract sixteen chemical agent simulants were studied and recommendations made. The capability of the automatic sampler to detect and count small fluorescent particles on a dynamic basis will be determined and the effort concluded. The spinning bowl particle disseminator will continue to be compared to a commercial disseminator for the quality of aerosol generated. This monometric particle test system will be completed, and techniques to generate larger particles of 100–200 microgram diameter useful in applications to study liquid particle problems will be proposed and investigated. Ranking of flash potentials of simulants compared to agents will be studied in a chamber using an explosive device capable of controlled adjustments to increase or decrease flashing propensity Work will continue on a hot wire sensor for liquid particles.

7. Systems analysis:

a. An effectiveness study was conducted for the binary VX system for the 8-inch projectile, considering a bulk-filled and a submunition design. There will be an update of the risk analysis and cost-effectiveness of the 155-mm howitzer binary GB projectile. A comparative cost effectiveness analysis and risk assessment analysis of the VT fuze requirement for the 8-inch VX system will be performed.

b. An operational effectiveness study of the remote sensors were conducted. The purpose of this analysis is to determine whether either the CO^2 LASER or the LOPAIR alarms provide sufficient warning time, over and above existing systems. The study will be completed and is intended to show the distribution of warning times that are provided to elements of a typical target that has been attacked with chemicals, and casualties that would result, with and without the employment of the various alarms, both singly and in combination.

8. Evaluation of foreign chemical warfare potential: A review was made of literature to determine the applicability of remote sensing alarms to the detection of bulk liquid agent release and the resultant liquid aerosol cloud. Additional equipment and supplies were ordered in preparation for simulant field test planned for later in the year. Laboratory and chamber tests as necessary will be conducted on the usefulness of these alarms. An assessment will be made of the protective capability of protective clothing to the threat posed by the weapon system. Appropriate test procedures for field analysis of data will be developed. Detection items will be utilized in a field test with simulants. The program is continuing throughout fiscal year 1974 to determine potential enemy capabilities in the area of missile and aircraft situations.

9. Chemical training agents and equipment investigations: Dyes and marking substances useful in decontamination training and casualty recognition have been investigated. Of particular interest are three food dyes which have been screened for toxicity and effects upon eyes and skin. The investigation of volatile sensory irritants as training agents has continued since they could simulate a non-persistent agent, and formulations variously thickened offer a range of properties which simulate different types of chemical agents. Further guidance will be sought on requirements and acceptability of simulants already proposed as chemical training agents. When requirements are defined, synthetic, analytical, and physicochemical investigations of chemical compounds will proceed along guide lines. Investigation of marking dyes will continue as will the use of volatile sensory irritants as training agents. Work has been done on several visible and fluorescent dyes to ascertain their toxic hazard and the degree of exposure required for use as total intake simulants on the field. Compounds tested include fluorescein, tartrazine amaranth, erthrosin B, and chinoline yellow. The stability of these materials in propylene glycol (PG) and trioctyl phosphate (TOP) solvents was evaluated. All compounds present a relatively low toxic hazard and are stable in PG and TOP up to a period of four months. Ground burst and air burst training devices are being developed to provide the Army a capability for training in a simulated toxic agent environment. These efforts will be continued in the 2d half of fiscal year 1974.

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SECTION 1.—OBLIGATION REPORT ON CHEMICAL WARFARE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, DEPARTMENT OF THE ARMY, RCS DD–D.R. & E.(SA) 1065—Continued

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE ARMY—Continued

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
			10. Chemical safety investigations: a. A series of VX samples were analyzed to determine the effectiveness of decontamination using bleach or chlorine. Chlorine was shown more effective under the conditions being used. Work was initiated to characterize and catalogue the decomposition products of agents and potential agents to permit identification of these and related compounds. Analytical procedures were developed for the detection and identification of incapacitants as pollutants in air and water samples. Analytical work will continue and expand to other classes of compounds. A data bank will be expanded to include analysis of environmental decomposition products and with computer aided analysis provide identification of chemical agents from properties of residues. b. The ecological survey of Carroll Island previously used as a test site, has resulted in a very large amount of exact data on animal and plant populations of the area. This information is being entered on punch cards. Rare species have been identified. Mammalian studies have been focused recently on squirrel densities and on bat populations. An inventory of woody plants has been completed. A good deal of effort is being put into study of the turtle population because they are slow to multiple and normally live in restricted habitats. This makes them especially good indicators of any serious environmental event. Results of this study will be utilized in other ecological evluations. c. Effort is being expended to develop alternate means of experimentation to eliminate the need for open air testing and to select and test agents and/or substitutes to achieve test objectives. During this report period a separate chamber was installed inside the toxic dissemination chamber to provide the capability for testing the gas life of various filter units. This system allows total containment of the toxic agents tested both the challenge concentration and the exhaust concentration through the filter are restricted to this smaller chamber. A field expedient method was provided for personnel decontamination at the explosion test chamber. This consists of portable showers and a change vehicle. Request for a permanent change house is planned for construction to be attached to the explosion test chamber to provide personnel decontaminating facilities.
2. Lethal chemical program:			
Prior year	$0.589	$4.656	
Current fiscal year	4.209	.142	
a. Agent investigations and weapons concepts:			
Prior year	(.000)	(.820)	Exploratory development funds were obligated as follows:
Current fiscal year	(.820)	(.000)	1. With a continuing need to study structure-activity relationships of quarternary carbamates, attempts were made to synthesize several possible metabolites of relatively lethal symmetrical and unsymmetrical bis-quarternary carbamates in order to learn more about their physiological action. Studies continued on potential enemy agents with emphasis directed toward defense against such agents and the exploitation of these binary agents in the deterrent/retaliatory role of the United States. Methods by which an enemy might use these agents were examined from a defensive point of view. Efforts continued to develop a binary GB simulant that could be used for all phases of munition testing: mixing, dissemination, and dispersion. Studies were completed on the penetration of fabric assemblies by an organophosphorus compound with high penetration characteristics. Chemical investigations of new binary agent systems will continue. Several significant leads will be followed in-depth including higher effectiveness through clothing as well as by inhalation. For each agent system proposed, analytical studies will characterize the components and define the required purity of constituents. 2. Speed of action comparisons of VX and similar compounds through clothed and bare skin of laboratory animals at various dose levels have been made. 3. Binary technology was advanced via extensive parametric reaction studies, successfully establishing the conditions for the practical generation of VX by a 2-liquid reaction system, and the effects of storage and other variable environments on the GB and VX reactants. Limited progress was made in the development of practical binary techniques for intermediate volatility agents (IVA). Simulant systems for both GB and VX were modified for closer approximation of reaction parameters. Effort will continue in the development of binary procedures for new agents; exploitation and/or optimization of techniques for existing binary processes; and development and/or improvement of binary simulants and reaction-simulation techniques. 4. Exploratory development of a 155 mm binary IVA projectile was continued. Analytical effectiveness studies have been performed to establish the agent of choice; however, development of a practical binary IVA system remains to be accomplished. Preliminary projectile designs were completed, and various aspects of these designs which are independent of the selected binary technique were successfully tested. Effort will continue on the development of design information which would be applicable regardless of the agent selected. Upon the selection of the binary IVA processes, the effort would become specific for that agent/munition system. 5. Parametric studies were continued to determine the relative effectiveness of missile warheads with massive, segmented, and bomblet configurations, considering binary GB, VX, and IVA. Compatibility studies were also performed to identify materials of construction suitable for the subsystems of this warhead. Studies will continue in an effort to identify the optimal agent/missile-warhead configuration. Exploratory development effort will be directed toward solving the problems surfaced by these trade-off analyses.
b. Agent pilot plant investigations:			
Prior year	(.000)	(.250)	Advanced development effort was expended as follows:
Current fiscal year	(.250)	(.000)	1. Process/unit operation subpilot studies were conducted on laboratory improvements of the process for production of intermediates for the VX binary liquid/liquid system. Materials compatibility studies were conducted with this and other later generation binary agent components. Munition tests were supported by filling of test items. Semipilot scale study of process/operations for manufacture of intermediates for the 8-in-liquid-liquid VX binary will be initiated. Based upon laboratory and bench methods using glassware equipment prototype equipment will be assembled and operated. Data will be generated for pilot or production process design and material supplies for munition test purposes. Material disposal methods; e.g., incineration, will be investigated. 2. The prototype filling machines for the binary GB containers was made operational during the 1st quarter. Debugging procedures were completed during this period. The XM687 canisters (XM20 and XM21), required for development testing, were filled, sealed, leak tested and prepared for subsequent load, assemble and pack operations. Filling and closure studies are extended to 2d generation binary systems involving solid and liquid chemical intermediates contained in bulk canisters and in submunitions. These studies are aimed at developing automated processes for production of the 8-in binary projectile (XM736) and follow-on binary systems. Equipment for in-line difluoro detection will be further developed. The XM687 (155 mm) and the XM736 (8 in) canisters will be filled during this period. Filling and closures studies will be extended to second generation binary systems involving solid and liquid agents in bulk canisters and submunitions. These studies will be aimed at developing automated processes for production of the XM736 projectiles and follow-on binary systems. Design criteria from XM687 development tests will be provided for input to the production phase of the program. Bench model filling and sealing equipment will be designed for second generation binary lethal munitions. Basic engineering data will generated for design of prototype filters for second generation binary munitions.

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
c. Tactical weapons systems:			
(1) Advanced development:			
Prior year	(.052)	(.930)	Advanced development (AD) testing of the XM736 8-in. binary VX projectile was completed, and a development plan and concept formulation package prepared and staffed for approval to enter engineering development (ED) in 3d quarter fiscal year 1974. Based on a comparative evaluatioh of the competitive AD prototypes, the configuration recommended for ED formulated at the validation pre-in-process review conducted on Nov. 1, 1973, was the bulk expulsive liquid-liquid system with the modified XM732 proximity fuze. Commencement of AD of the 155 mm intermediate volatility agent (IVA) projectile is being deferred pending the development of a suitable binary process for an effective IVA. Currently it is anticipated that this phase will start in 1st quarter fiscal year 1975 with the initial effort directed toward the development of a test program and the initiation of test hardware procurement.
Current fiscal year	(1.020)	(.142)	
(2) Engineering development:			
Prior year	(−$0.001)	($1.009)	The primary effort was the manufacture of XM687 projectiles and ancillary components for the development testing phase of the 155 mm binary GB munition. Supplementary development efforts extending into this period included testing to validate design modifications subsequent to engineer-design test (EDT) and to estimate munition effectiveness via simulants/simulation techniques. The development testing effort for the XM687 projectile will commence 3d quarter fiscal year 1974 and will require one year for completion. The XM736 8-in binary VK projectile will undergo engineering development starting 3d quarter fiscal year 1974. During the ensuing semiannual period, plans and preparation for the EDT will be implemented, projectile design will be finalized, and hardware fabricated.
Current fiscal year	(1.100)	(.099)	
d. Materiel tests in support of joint operational plans and/or service requirements:			
Prior year	(.231)	(.341)	Obligations were incurred in planning, conducting and/or reporting 4 joint operational tests and 2 operations research studies in response to CINC and service requirements. The following tests and studies have been actively pursued during this report period: 1. Test 69–14 phase II: This effort was designed to provide the U.S. Air Force with data on the effectiveness of the MC–1 bomb employing current delivery modes. Testing was completed. 2 simulant dissemination trials were conducted during this report period. Data were analyzed and dratt final reports published for coordination with the Air Force. Final reports will be published 3d quarter fiscal year 1974. Data from these trials are being used to develop methods required to correlate agent/simulant dissemination characteristics for chemical bursting munitions. 2. Test 69–14, phase III: This effort is designed to evaluate the hazards resulting from the disposal of damaged or leaking MC–1 bombs under current EOD handling procedures as outlined in Air Force technical orders. Test plan has been published and the laboratory is awaiting equipment. Laboratory investigations will be initiated 3d quarter, fiscal year 1974 for the purpose of candidate simulants selection, oxidation-pyrolysis products determination, and sampling methods development. 3. Test 73–11: This effort is designed to determine methods of destroying large scale USAF chemical munitions in a tactical environment. Laboratory and munitions investigations will start 3d quarter, fiscal year 1974 followed by field trials. Laboratory investigations will determine the feasibility of thermally decomposing agent in a closed system. Simulant selection and development of analytical and sampling techniques for the chemical neutralization technique are planned. 4. Test 71–14, phase II: This effort is designed to reevaluate the safety procedures associated with the MK–MOD–0 filling van and to determine if deficiencies noted in earlier testing have been corrected. Planning meetings were held with USMC personnel during this period. Testing for 3d quarter, fiscal year 1974. 5. Study 73–111: This effort was in response to a request by the U.S. Army, Cinclant, and Cincpac for a computer assessment of downwind travel and hazard of nerve agents and to compare these estimates with predictions based on current manuals. During this period a quasi-continuous source model (a model accounting for agent deposition and subsequent evaporation in addition to the original instantaneous source) was developed. Plots were generated for various weapon systems containing cloud arrival time, safetime to mask and unmask as a function of downwind distance. Study report will be published by December 31, 1973. 6. Study 74–112: The USMC requested an evaluation of the effects of chemical agents and decontaminants on the continued integrity of spray tanks and hazards associated with use of tanks. Information in the munition system service directives, safety and operations report will be reviewed. A literature search for documents on all pertinent test programs has been completed. Study is scheduled for completion by June 1974.
Current fiscal year	(.110)	(.000)	
e. Army material development (suitability) tests:			
Prior year	(.307)	(1.216)	Obligations were incurred in the testing of binary weapon systems. Purpose of testing was to: (1) evaluate ballistics stability and accuracy of candidate projectile; (2) evaluate rough handling and sequential effect; and (3) identify simulant material that will duplicate the reaction and dispersion characteristics of agent fills including correlation of simulants-agents target effectiveness. During this period, approximately 18 tasks were conducted and reported. Major effort was on the 155-mm projectile and various configuration of the 8-in projectile. Eight simulant dissemination trials were conducted with the 155-mm projectile to compare dissemination characteristics prior to engineering testing. Nine simulant trials were conducted with the 8-in projectile to determine dissemination characteristics and estimate target effects using mathematical modeling techniques 32 155-mi simulant filled projectiles were subjected to rough handling and environmental sequential effects to insure inherent soundness and safety prior to engineering tests. 22 simulant filled projectiles were fired to determine mixing characteristics. 16 155-mm simulant filled projectiles were fired to evaluate cloud size and development. Ballistic firings were conducted with various configurations of the 8-in projectile. Five 8-in projectile hazard classification trials were conducted to evaluate hazard with shipment and storage of the item with associated accidental situations. A revised test plan on the engineering test of the 155-mm projectile has been completed and forwarded for coordination. Physical testing and simulant field trials are to be initiated 3d quarter, fiscal year 1974.
Current fiscal year	(.909)	(.000)	
3. Incapacitating chemical program:			
Prior year	.119	1.235	
Current fiscal year	1.541	.425	
a. Agent investigations and weapons concepts:			Exploratory development effort was expended as follows:
Prior year	(.000)	(.645)	1. Investigations continued into the preparation of intermediate compounds needed to synthesize incapacitating materials related to morphine. A change in experimental procedure has advanced this study significantly. Several new phenothiazine compounds were prepared and sufficient quantities are being obtained to begin biological investigations of these tranquilizing materials. Samples of these agents in a chamber were studied quantitatively for the effects of the thermal dissemination procedure. Less than 1 percent of the altered material was found indicating good agent dissemination. Physical chemical studies of this agent have begun to obtain storage compatibility data with candidate alloys for the submunitions. Research will continue along established lines currently underway. Further work will emphasize percutaneous activity of incapacitants, reduced onset time of effects, and increased effectiveness. Attempts will be made to formulate binary systems for the production and application of incapacitants. 2. Investigations are being conducted throughout fiscal year 1974 to study dissemination systems and to define system parameters that influence incapacitating agent dissemination time, efficiency and agent characteristics. A program is being conducted to develop methods that will minimize the hazard of agent release from incapacitating munitions involved in an accidental fire.
Current fiscal year	(.645)	(.000)	
b. Agent pilot plant investigations:			1. Laboratory studies were conducted to develop the process for incapacitating agent manufacture.
Prior year	(.000)	(.250)	Effects of solvent/reactant rations and catalyst were studied. An acceptable method for decontamination of the waste streams was obtained. Recycle studies on usable reactants and cleanup of waste streams were begun in the laboratory. Pilot plant manufacturing and agent drying studies were conducted which indicated that there were no major scale-up problems. Product was obtained in high yield (85 percent) and quality (95 percent). Alternate methods of agent filtration were screened and a Tolhurst centrifuge selected for further tests. Its operating characteristics and filter media performance were determined with a simulant. Alternate methods of separation of the agent hydrochloride from the mother liquor will be investigated. Simulant and agent runs will be conducted in a pilot plant-size centrifuge. Filter media types will be screened; separation characteristics and product recovery data will be obtained. The material of construction of this equipment will be evaluated.
Current fiscal year	(.250)	(.000)	

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Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
			2. Developmental studies have been initiated on loading requirements for polymer mixes into munitions systems. Filling and sealing equipment studies on prototype equipment were initiated. Cost estimates were developed for provision of complete rounds in support of AD, ED, and development testing programs. Loading and sealing problems anticipated with new munitions systems will be studied with emphasis on automated techniques. Studies will be made on loading of polymer-agent combinations into munitions. Prototype equipment will be evaluated for accurate metering, safe and reliable compacting and positive transferring into the munitions. Prototype equipment will be constructed and evaluated during AD filling. Candidate commercial equipment will also be procured and assessed.
c. Tactical weapons systems:			
Prior year	($0.070)	($0.145)	The advanced development program for the XM–723 incapacitating projectile is continuing and the engineering development phase is scheduled to be initiated early in the 2d half of fiscal year 1974. Current efforts include gathering information for an environmental assessment statement.
Current fiscal year	(.500)	(.425)	
d. Army materiel development (suitability) tests:			
Prior year	(.049)	(.195)	Obligations were incurred in conducting 2 tasks associated with incapacitating systems. Objectives were to evaluate ballistics stability and accuracy of a candidate projectile and to evaluate effects of set-back in flight ejection and target impact forces on the projectile. 13 simulant filled projectiles were fired by Dugway and data reports forwarded to the developer.
Current fiscal year	(.146)	(.000)	
4. Defense equipment program:			
Prior year	.096	7.931	
Current fiscal year	9.996	2.161	
a. Physical protection investigations:			
Prior year	(.040)	(3.775)	Exploratory development effort during this report period was expended as follows:
Current fiscal year	(4.475)	(.740)	1. Decontamination studies of cyanogen chloride have determined reaction rates with different materials. The mechanism and kinetics of the reaction with metallic ions and oxidation reactions with iodide ions have been elucidated. The decontamination of mustard agents with ethanolamine has been studied and the reaction products isolated and identified. Studies will be conducted under contract to find optimum properties of aqueous decontamination of toxic agents on vehicles and equipment, and to find methods for agent destruction using oxygen and moisture in the air. If successful this would permit decontamination in the field with the lowest possible logistical load imposed. 2. To determine the effectiveness of the decontamination of exposed skin areas lethal area and time for a 50 percent mortality rate (LAT 50's) were developed for low, intermediate and highly volatile nerve agents. Using these data, it was determined that for all agents, a sorbent skin decontaminant offers the greatest promise. An agent insoluble urethane paint has been developed which is capable of being decontaminated by physical means or by the agents own volatility. Studies will be conducted on chemical agent insoluble paints, sorbent skin decontamination systems, and improvised materials and methods for decontamination in the field. Studies are continuing in proving the feasibility of chemical agent insoluble paints for vehicles and equipment to make them easily decontaminable by physical means. Studies will be instituted to develop and provide to the field improvised materials and methods for accomplishing decontamination. 3. Studies of dynamic gas adsorption on activated charcoal as used in protective filter elements has approached the goal or achieving a fully predictive equation for the protective life of the filter. Studies with benzene showed that not only could the kinetic adsorption capacity be predicted from equilibrium relationships but also the adsorption rate constant depending on linear velocity at any fixed temperature and granular mesh size. A contractual study showed that microwaves at relatively low power levels efficiently and irreversibly decomposed vapors of two phosphorous compounds. Experiments will continue to confirm the predictive equations for equilibrium vapor adsorption by activated charcoal using the vapors of various toxic compounds. Studies will continue on the kinetics of gas adsorption and the relationship to kinetic equations. 4. Feasibility studies were continued in removing toxic chemicals from air streams at elevated temperatures. A nerve gas simulant test has been developed for collective protection gas filters. Significant improvements (increased sensitivity, instantaneous read-out capability and computer/plotter graphing of test results) have been provided for chemical agent simulant testing of full collective protection systems under active challenge w/entry-exit. Improvements have been made in entry/exit procedures and shelter use technology based on an expolitation of the new collective protection system test technique. Cyanogin chloride (CK) tube test for gas sorbents has been reviewed and upgraded to provide substantially improved reproducibility. A mathematical expression for estimating CK life of whetlerite in terms of sealed aging time, temperature and water content has been derived. Data under open storage conditions is being developed to provide a means for estimating residual CK life under these conditions. It was found that a direct relationship exists between the degree of conversion of CO to CO_2 and residual CK life. It was determined that CK spent whetlerite has a very strong electron spin resonance (ESR) signal. Feasibility to develop a simplified, low-cost, light weight inflatable liner/shelter system with a self-powered filtered unit capable of use inside existing fiels shelters or as a separate complete collective protection system continued through the fabrication of an initial prototype. Emphasis will be placed on advancing the technology in measuring residual gas life of sorbents. Work will continue in improving simulant test techniques for collective protection equipment and in upgrading entry/exit and shelter use procedures. Efforts will continue to improve performance of gas sorbents. A low level effort will be continued in studying the feasibility of developing a simplified low cost, lightweight, inflatable liner/shelter system in anticipation of the increased effort planned for this item in fiscal year 1974. 5. Exploratory development efforts were directed toward the initiation of an advanced development effort for a new protective mask in fiscal year 1975. A draft proposed required operational capability (PROC) was prepared and staffed describing a new mask which will be capable of replacing the current inventory of Army field protective, tank protective, aircrew and special purpose protective masks by interchange of components with one basic facepiece. Experimental effort was directed toward development of improved sorbent systems, new design concepts, engineering design of components, and the initiation of the fabrication of preliminary models for design studies. Exploratory development studies leading to the new mask will be continued. Preparation of the 1st draft of the technical development plan will be completed for in-house review and modification. Design concepts for the new multipurpose mask will be reflected in preliminary prototype models. Limited testing will be conducted on the prototype models in order to establish feasibility of accomplishing the goals of the program. The development of optically clear elastomers for faceblank applications will be continued and a larger than laboratory quantity will be fabricated. Studies will continue to improve the optical and agent resistant characteristics of this material. Studies to improve the capacity and stability of sorbent systems will be extended and laboratory quantities will be fabricated for in-house testing. Preliminary wearing trials at Edgewood Arsenal and at other military installations will be initiated with prototype masks to obtain user reaction and recommendations for changes. Cost effectiveness studies will be continued to assure lowest cost and largest volume production rates with the new masks when type classified. 6. Studies were conducted on techniques for utilizing the physical properties of chemical agents to design a protective system which contains no chemical or sorbing impregnite. This work consisted of testing a concept whereby a highly permeable fabric was spaced approximately 1 cm from the skin on environmental clothing. The use of such a system gave greater than a

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
			one-order-of-magnitude increase in protection. A search was also instituted to develop a nonsweating degrading charcoal which might be used in a single layer protective clothing system. One such charcoal treatment was found which exhibited promise by showing reduced seat wetability without significant vapor capacity loss. Studies will be continued to determine if the spaced highly permeable protective clothing system will result in a substantial reduction of the heat burden imposed over that imposed by the current chemical protective clothing systems. Continue efforts to develop a nonsweat poisoning charcoal for use in a single layer protective clothing system. Studies will be conducted to determine the mechanisms of reaction which result in degradation of a standard impregnite under various conditions of storage and to prove the feasibility of the impregnite for the current clothing outfit chemical protective (liner system) which will not degrade in storage. 7. Studies on the ionization detector (ID) demonstrate good sensitivity and high speed of response to agents and a high degree of discrimination against plant and field interferences. Five prototype enzyme alarms were fabricated and subjected to extensive field and environmental testing. Data indicate the need for an improved enzyme immobilization technique. Automatic liquid agent detector (ALAD) studies on paint formulations were continued. Initial studie- of a commercial luminous biosensor indicate some agent detection capability; however, largs responses to changes in relative humidity and field interferences were noted. Ionization detector investigations will continue, emphasizing the low-bias sensor cell which reduces power requiree ments to an acceptable level for Army use. An improved immobilized enzyme pad will be developed for the enzyme alarm and extensively evaluated. ALAD studies will be directed to providing a simple "add-on" device to the M8 alarm to provide it the added capability of detecting large particle liquid agent aerosols. Both static and dynamic ALAD approaches will be studied. 8. Computer programs were developed to optimize wavelength selection for reliable detection by passive LOPAIR and to then completely simulate field performance. Versatile field systems were fabricated and treated to verify computer-projected performance. Diffuse reflectance of topographic targets was measured using a CO_2 laser, confirming projections for field detection systems using isotopic CO_2 lasers. A breadboard system is being completed for field testing. a remote Raman system was tested at Edgewood Arsenal confirming the ability to de ct atmosphertic contaminants in vapor and liquid aerosol states. Passive LOPAIR will be in early stages of Advanced Development during second half fiscal year 1974. The isopopic CO_2 laser breadboard will be eval uated, and efforts will be initiated on incorporating the newly developed capillary waveguide lasers into the breadboard system. Field testing of the present remote Raman will continue. Effortsto design and fabricate an improved, smaller remote Raman will be initiated. Testing of the ability to detect terrain contamination will be included in the studies. 9. Incapacitating alarm—Evaluation of 3 candidate systems, for possible use in detecting incapaciting agents in plants and storage areas was completed. Of the systems evaluated, the gas chromatograph and enzyme alarm were the post promising. Additional data are being developed for use in making the best approach decision for the follow-on development. The problems associated with representative air sampling of storage sites will be studied, including the use of blowers, concentrators, and separators. Maximum agent sensitivity and minimum inteferences will be the goal. All point sampling principles will be evaluated, and the best selected for integration into an efficient air sampling monitoring system. 10. Real time monitor—Several agent detection and concentration systems have been tested. Data on 3 systems (eel enzyme system, ionization detector, and hyfed alarm) have shown great promise to detect the low agent concentration requirements of the demilitarization operations. Liquid and solid concentrators have been extensively tested, during which increased sensitivities on the order of 10 to 50 times have been achieved. Gaseous compounds of demilitarization plant stacks and working areas have been identified. Generators have been developed capable of duplicating plant conditions in the laboratory. The investigative program will be completed and a decision will be made on the scope of a follow-on hardware design program. Candidate systems, under investigation, will be evaluated in pilot and operational demilitarization facilities and in-house. Studies to identify demilitarization plant contaminants will be conducted both in-house and contractually. 11. The major problems defined in the pollution survey were selected to be addressed in the initial instrumentation studies. These are oil-in-water, acid mist, effluents from explosives production facilities, and chemical agent demilitarization effluents. State-of-the-art surveys are being completed to identify those gaps which must be filled. The technical gaps identified will be addressed in active instrumentation programs, hopefully by modification of present developmental techniques. These will be tested under simulated and actual use conditions to verify performance. Additional priority problems will be addressed as they are identified. Coordination will be effected with EPA, NASA, and other DOD elements involved in related programs. 12. The detection sensitivity for an ion cluster mass spectrometry system has been shown to be better than 10 parts per billion for certain phosphorous compounds. Quantitative response data at various relative humidities have been obtained for a number of organic compounds and the data used to elucidate the mechanism of detection. Work will continue on the fundamental chemistry of agents with a view toward finding direct detection and identification end-item systems. New reagents will be prepared which directly yield color, fluorescence, or a physical change. Attempts will be made to effect conversion of V and G type agents by a suitable reaction to enhance reactivity toward detector reagents. New materials will be synthesized and studied for replacement of current alarm reagents and extend the present limited capability of the alarm. Studies will be carried out on new sources of thermostable enzymes possibly useful in detection and identification of new and unknown agents. 13. Dectors based on physical principles, such as the hydrogen-flame emission device (HyFED), were examined for intermittent use as a detector kit. The contractor designed and began fabrication of prototype models of the incapacitating agent kit. A series of buffers were studied to determine their effects on the wetability and stability of the enzyme system. Several additives to the reagent for mustard detection were investigated and some increase in sensitivity was obtained. Studies on physical principles, such as that utilized in ionization detector will continue to determine potential for kit applications. Additional buffers and other approaches will be investigated to improve the wetability of the enzyme system. The work on the incapacitating agent detector kit will be completed except for long term storage of reagents. Work will begin on improved field sampling procedures for field laboratory applications.
b. Advanced development of defensive systems:			
Prior year	(—$0.022)	($0.727)	Advanced development effort during this report period was expended as follows:
Current fiscal year	(1.130)	(.381)	1. Fabrication and extensive testing was conducted on 2 designs of the XM256 chemical agent detector kit. Test data were analyzed and the results were used in the validation in-process review. The decision was made to advance the XM256 kit to engineering development. 2. A periodic development review was held on the liquid agent detector (LAD). Laboratory scale studies in the variables in the paper were initiated using the in-house developmental papermaking facilities. Colspan Corp., under contract, has studied dye-impregnated papers, camouflage as a human factors function and methods of attachment of the detectors to the individual. Studies on the variables in the paper fabrication will continue including dye contents, dye portile size, pulp type and paper additives. Aggravated storage testing will continue. Laboratory and field tests with troops performing a combat routine will be conducted to determine scuff resistance, weatherability and overall durability. 3. Advanced development of the remote sensing alarm will be initiated during 2d half, fiscal year 1974. Emphasis will be directed toward selection of the optimum prototype design, including reliability, maintainability, and consideration of human factors.
c. Collective protection systems:			
Prior year	(.000)	(.870)	Fabrication of DT II hardware for modular collective protection equipment (MCPE) is in progress.
Current fiscal year	(1.410)	(.540)	A 2-year program on producibility engineering and planning (PEP) has been initiated. The 1st year effort will provide descriptions of manufacture (DOM's); review design and methods of fabrication for improved reproducibility; and seek reduction in the number of sole source items. DT II testing under the intermediate temperature range will be initiated in 4th quarter fiscal year 1974. Action will be initiated to provide hardware fixes and technical data package upgrading in response to problems revealed in the tests. A 3-year program will be initiated to verify the effectiveness of the gas filter packaging to minimize deterioration in storage.

OBLIGATION REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, DEPARTMENT OF THE ARMY RSC DD-D.R. & E.(SA) 1065—Continued

SECTION 1.—OBLIGATION REPORT ON CHEMICAL WARFARE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, DEPARTMENT OF THE ARMY, RCS DD-D.R. & E.(SA) 1065—Continued

OBLIGATION REPORT OF PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973 REPORTING SERVICE: DEPARTMENT OF THE ARMY—Continued

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-House/ contract	Explanation of obligation
d. Warning and detection equipment:			
Prior year	($0.000)	($0.500)	Engineering development (ED) of the XM256 chemical agent detector kit was initiated. Because of the complexity of the item, much of the engineering design effort has been conducted in-house. A work scope was prepared and submitted to procurement for the preparation and submission of an engineering development bid package to industry. A development contract will be awarded to industry to complete the engineering design studies. The contractor will prepare a technical data package and produce ED hardware for test and evaluation. PEP will be conducted to provide an independent evaluation of the contractor's design and to develop production methods.
Current fiscal year	(1.000)	(.500)	
e. Medical defense against chemical agents:			
Prior year	(.000)	(1.750)	1. An extensive study of the role of the liver in the excretion of therapeutic drugs has been initiated by baseline studies with pentobarbital, indocyanine green (ICG) and antipyrine (AP). ICG is cleared rapidly by the liver but the clearance rate is decreased by exercise and a hot environment. AP, normally cleared more slowly, shows little change in clearance rate under stress but the plasma concentration and body water AP content increase under stress. Dehydration of men under test appears to be a factor in reducing ICG clearance. The physiological factors governing wearability of protective masks have been studied and ranked as follows: neuromuscular fatigue, respiratory impedence in heavy work, heat stress, metabolic limitation, mechanical trauma, psychological exhaustion.
Current fiscal year	(1.750)	(.000)	2. A vaccine, prepared from O-p-aminophenyl, O-pinacolyl methylphosphonate and a protein carrier, has been developed. Laboratory animals immunized with this vaccine and challenged with GD die but survive longer than unprotected animals. Improved histological methods permit counting of binding sites on vaccine treated leucocytes, which provides a measure of antibody titer and identification of men who would not be protected by the vaccine. A newly developed immunoabsorbent column is being used to correlate protection with levels of circulating antibody. Injection of urea with 2-PAM into GB-poisoned laboratory animals increases reactivation of AChE in the brain nearly threefold. In vitro studies show that increasing pH from 8.4 to 9.1 doubles reactivation. Eel AChE is now being produced at 85- to 90-percent purity. Using this product, the complete amino acid sequence of the serine active site has been mapped out. Renal excretion of the 2-PAM Cl has been found to depend on base secreting mechanisms.
			3. Preliminary studies have been carried out to examine the binding of an incapacitating agent to the resin XAD2 and to cholestyramine, both resins being effectively bound. The XAD2 resin has somewhat higher binding capacity and a wider pH range than the latter. Cholestyramine, which is an FDA approved drug, is being given to volunteer subjects with oral doses of an incapacitating agent. Clinical effectiveness of this treatment and the urinary excretion of the boundagent will be evaluated. The XAD2 resin cannot be used in man as it is not yet an accepted drug. Operant techniques with rats will be used to assess the behavioral actions of glycolate esters and their antagonists. The efficacy of various anticholinesterase and cholinomimetic compounds in reversing the behavioral effects of the glycolates will be evaluated. Emphasis will be placed on the duration of the antagonism and on establishing proper dosage relationships between the glycolates and their antagonists. The evaluation of the possible use of the item known as the Hypospray for mass injection of casualties incapacitated by glycolates or related compounds will be completed. The pharmaceutical parameters and factors involved in adapting the Hypospray to this use will be delineated.
			4. The production of skin lesions due to HD exposure is attributable to an initial reaction of the alkylating agent with cellular DNA. The following studies will be conducted: (a) Effects of lysosomal stabilizers and labilizers on the severity and latency of skin lesions produced by HD exposure; (b) effect of inhibitors of lysosomal enzymes; (c) ability of chalones to inhibit unbalanced growth and extend the period of DNA repair and bring about enhanced recovery; and (d) light and electron microscopic evaluation of events associated with the aforementioned studies.
			5. Experiments with a long series of polymer compounds and formulations has resulted in the selection of a DuPont compound, MPD 3856 as the best available material to form an impermeable skin film for protection against VX-type compounds. This fluoropolymer has been tested in various formulations. At first the difficulty of low solubility in ordinary solvents had to be overcome. When good solvents were found, aerosol preparations were made up for convenience in applying the film. The first attempts were unsuccessful because bubbles formed and weak spots in the film developed. Freon E finally proved to be suitable and films were produced which were adherent to animal skin, impermeable to VX and flexible enough to remain on skin for long periods. Studies on the degradation of VX by skin decontaminating ointments have continued at a low level.
f. Army materiel development (suitability) tests:			
Prior year	(.078)	(.309)	Obligations were incurred for the testing of the U.S. Army's defense equipment and material and for the long-range environmental storage and environmental effects testing. Four engineering tests are currently in either planning and/or reporting during this period and are as follows:
Current fiscal year	(.231)	(.000)	1. CB protective clothing for EOD personnel: This effort is designed to determine if the suit meets the approved small development requirements. Testing is complete except for 12 high temperature trials. Medical problems involved with these trials are currently being studied. Therefore, testing has been suspended. Completion is scheduled for 3d quarter fiscal year 1974.
			2. CB protective handwear: This effort is designed to determine the physical durability and sizing characteristics and to evaluate the safety aspects of the hardware. Testing, including environmental storage, CB penetration studies, and handling trials, has been completed and a report published in December 1973.
			3. 200 CFM modular collective protection equipment (MCPE): This effort is designed to perform an engineering and expanded service test and to determine the capability of the MCPE to meet protective requirements as outlined in requirements document. Test plan has been completed and has been forwarded for coordination. Testing is to be initiated in 4th quarter, fiscal year 1974.
			4. M-51 CB shelter test: This effort is designed to evaluate the effects of intermediate cold climatic conditions on system reliability, durability, and suitability for additional Army use During this period the test plan has been prepared and forwarded for approval. Testing is to be initiated 3d quarter, fiscal year 1974.
			5. Environmental surveillance: The environmental surveillance and long term storage program for the first half of fiscal year 1974 and a total of 12 items undergoing some phase of testing at 1 or more of the test sites. These items consist of protective masks, protective hoods, and chemical detector kits. 3 items are completed and reports published during this period
5. Simulant Test Support:			
Prior year	.128	.536	
Current fiscal year	.408	.000	
a. Materiel Tests in Support of Joint Operational Plans and/or Service Requirements:			
Prior year	(.128)	(.536)	Obligations were incurred in planning, conducting, and/or reporting of 3 joint operational tests in response to CINC and service requirements and are as follows:
Current fiscal year	(.408)	(.000)	1. Test 70-11, phase I: This effort is in response to Army, Navy, and Air Force requirements and is concerned with the vulnerability of installations and equipment. During this period 2 large scale elevated line source releases of chemical simulant tagged with fluorescent particles were completed using the TMU-28-B spray system. Testing is complete. Data analysis has been initiated and the final report is scheduled for completion 3d quarter, fiscal year 1974.
			2. Test 70-11, phase II: This test is a research effort with the aim of duplicating the contamination pattern of a toxic attack with the use of simulants and correlating simulant/agent data to permit hazard and vulnerability analyses. Laboratory investigations are in progress to obtain the data for the agent/simulant correlation. Investigation is to be completed 4th quarter, fiscal year 1974.
			3. Test 74-010, phase I: The U.S. Marine Corps requested a test to evaluate the effectiveness of the LVTP-7 landing vehicle when subjected to a simulated massive chemical attack. 7 field trials were conducted wherein collective protection equipment and decontamination procedures were evaluated. Testing was completed. Data analyzed and a draft final report forwarded to the Marine Corps.

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
Chemical warfare program:			
Prior year	$0.937	$0.476	During the first half of fiscal year 1974, the Department of the Army obligated $1,824,000 for procurement activities associated with chemical warfare agents, weapons systems, *defensive equipment*, and production base projects. Program areas of effort concerned with these obligations were as follows:
Current fiscal year	.887	1.348	Lethal chemical program:
			Materiel procurement 0
			Product on base projects 0
			Total lethal chemical 0
			Incapacitating chemical program:
			Material procurement 0
			Production base projects 0
			Total incapacitating chemical 0
			Defensive equipment program:
			Materiel procurement $1,824,000
			Production base projects 0
			Total defensive equipment $1,824,000
1. Lethal chemical program:			
Prior year	.000	.000	No obligations were incurred for procurement of lethal chemicals or weapons systems.
Current fiscal year	.000	.000	
2. Incapacitating chemical program:			
Prior year	.000	.000	No obligations were incurred for procurement of chemical incapacitating agents or weapon systems.
Current fiscal year	.000	.000	
3. Defensive equipment program:			
Prior year	.937	.476	
Current fiscal year	.887	1.348	
a. Item procurements:			
(1) Mask, tank, M25A1:			
Prior year	(.237)	(.360)	Obligations incurred for procurement/production and in-house engineering support of protective
Current fiscal year	(.521)	(.398)	mask used to provide CBR respiratory protection to the wearer in a combat vehicle.
(2) Shelter system, M51:			
Prior year	(.181)	(.114)	Obligations incurred for procurement and engineering support of transportable collective protection
Current fiscal year	(.000)	(.067)	equipment used to provide protection from toxic CB agents in the field.
(3) Decontaminating apparatus, M12A1:			
Prior year	(.242)	(.000)	Obligations incurred for procurement of decontaminating apparatus.
Current fiscal year	(.000)	(.242)	
(4) Filter unit, M13A1:			
Prior year	(.002)	(.002)	Obligations incurred for procurement and in-house engineering support of filter units which are in-
Current fiscal year	(.366)	(.366)	stalled in armored vehicles to provide purified air to crew members.
(5) Alarm, M8:			
Prior year	(.032)	(.000)	Obligations incurred for adjustments to previously awarded contracts as a result of engineering
Current fiscal year	(.000)	(.032)	change orders.
(6) Collective protection equipment, M10 Hawk:			
Prior year	(.243)	(.000)	Obligations incurred for modifications to M10 collective protection equipment for the Hawk battery
Current fiscal year	(.000)	(.243)	control centrals.

SECTION 2.—OBLIGATION REPORT ON BIOLOGICAL RESEARCH PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, DEPARTMENT OF THE ARMY, RCS DD-D.R.&E.(SA) 1065

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY, 1 1973 THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE ARMY

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-House/ contract	Explanation of obligation
Biological research program:			
Present year	$0.212	$7.318	During the first half fiscal year 1974, the Department of the Army obligated $9,570,000 for general
Current fiscal year	9.358	2.252	biological research investigations and the development and test of physical and medical defensive systems. Program areas or effort were as follows:
			Biological research:
			Basic research in life sciences $230,000
			Exploratory development 203,000
			Total biological research 433,000
			Defensive systems:
			Exploratory development 6,710,000
			Advanced development 1,775,000
			Engineering development 000
			Testing 320,000
			Total defensive systems 8,805,000
			Simulant test support 332,000
1. Biological research:			
Prior year	.003	.433	Basic research and exploratory development effort during the report period was expended as follows:
Current fiscal year	.430	.000	
a. Basic research in life sciences:			
Prior year	(.000)	(.230)	Support of biological defense materiel has consisted of a theoretical analysis of biological detection
Current fiscal year	(.230)	(.000)	concepts including evaluation of laser detection of man-made aerosols and examination of aerosol particle dynamics for characteristics detectable by optical methods. Biological aerosol investigations were initiated to determine the effects of relative humidity and dissemination as wet or dry particles on airborne decontamination of the aerosols with vaporized chemicals or air pollutants. Theoretical analysis and experimental studies on new concepts for biological detection will continue toward the

SECTION 2.—OBLIGATION REPORT ON BIOLOGICAL RESEARCH PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, DEPARTMENT OF THE ARMY, RCS DD–D.R. & E.(SA) 1065

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE ARMY—Continued

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-House/ contract	Explanation of obligation
			selection of a recommended method. The approach must distinguish man-made microbiological aerosol particles from those present in the normal background of air. Feasibility studies will also begin on new biological approaches to rapid detection. Research will be conducted on sampling microorganisms from the atmosphere with emphasis on recovering the largest possible quantity of viable pathogenic species.
b. General biological investigations:			
Prior year	($0.003)	($0.203)	Work continued on the cost effectiveness of various techniques of using alarm applications. Data were
Current fiscal year	(.200)	(.000)	collected for the purpose of calculating disease outbreaks.
2. Defense equipment program:			
Prior year	.173	6.553	
Current fiscal year	8.632	2.252	
a. Physical defense against biological agents:			
Prior year	(.000)	(1.045)	Exploratory development effort during this report period was expended as follows:
Current fiscal year	(1.310)	(.265)	1. Efforts were initiated to: (a) design and fabricate an improved breadboard model of the formaldehyde generator-neutralizer unit for the biological decontamination of enclosed areas, and (b) scale up the successful technique developed to neutralize residual surface paraformaldehyde following decontamination in a limited (18 ft³) volume chamber using a hydrogen peroxide unit. The potential for use of nontoxic chemical decontamination of biological simulant aerosols has been demonstrated by using mists of lactic acid. A trailer has been modified and tested as a respirator evaluation facility. This will be used until the permanent man chamber facility is constructed in the Biological Medical Laboratory, building E3100. Continuing development will be performed on the method of formaldehyde generation and neutralization following decontamination of an enclosure. Improved breadboard models of the decontamination system for enclosed areas will be tested and evaluated. Protocol developed for the scavenging and neutralization of paraformaldehyde from surfaces will be tested in enclosures having volume equivalent to those of the enclosures in which the equipment might be used. The latic acid countercloud technology will be extended to the evaluation of other potential nontoxic chemicals, particularly propylene glycol. The mobile trailer used in biological tests will be operating and low level, sporadic testing will be performed. Work will begin on the design of a permanent man chamber facility in building E3100. 2. Potent antisera against three bacterial pathogens of military importance have been produced in a single animal in studies we have sponsored at the Naval Biomedical Laboratories, Oakland, Calif. High titer antisera to bacterial spores have also been produced as well as standard immunizing antigen factions. Investigation of chemiluminescence reactions observed in various environments continued. This information was used as a basis for design of a sample processing unit for separation of biological from background (ambient) particulates. Analyses of methods to obtain optimum benefits from the utilization of mobile alarms was completed. Experimental tests were performed in recent field tests at Dugway Proving Ground, Utah, using simulant, nonpathological aerosols. Work will continue on refining immunization methods for the production of purified polyvalent antisera in single host animals. Antisera will be tagged with iron containing labels. Investigations will continue of approaches for elimination of spurious response observed in chemiluminescence reactions. Data from the mobile alarm tests recently conducted at Dugway Proving Ground, Utah will be analyzed with particular emphasis on data collected via the airborne configuration.
b. Biological defense material concepts:			Advanced development effort during this report period was expended as follows:
Prior year	(.000)	(1.380)	1. Improved prototype models of the automatic biological agent alarm, XM19, were designed
Current fiscal year	(1.775)	(.395)	and fabricated by the contractor. Extensive testing was conducted on these devices at both Government and contractor facilities. Dugway Proving Ground facilities were utilized to obtain data on the detection capabilities of this design. Operations were conducted at a variety of locations within the United States to determine the stability of the prototypes in typical rural, urban and coastal environments. The data obtained were recorded on magnetic tape so that the performance of various design options available in the design of the signal processing electronics can be subsequently assessed on the Edgewood Arsenal IBM 1108 computer. The contractor has fabricated prototypes of two alternate designs of the XM2, biological sampler. One, a novel concept, has the potential of achieving the required sampling capability while requiring only a modest amount of reagents and thereby simplifying the logistics requirements. The other design, based upon the earlier approach, is under test and is performing well. Final prototypes of the XM19 alarm and XM2 sampler will be fabricated, incorporating the results of evaluation tests performed on the earlier models. Testing will continue and will provide the data needed to demonstrate that engineering development should be initiated in mid-fiscal year 1975. All of the needed documentation (drawings, manuals, etc.) will be completed. The preferred design of the XM2 will be identified and adequately documented. 2. Various models applicable to possible methods of deploying the biological alarm system have been examined in terms of operating cost and with respect to the number of alarms required to achieve the required detection capability. The formal requirements for this first generation alarm system continued to be reviewed. Factors contributing to maximizing the effectiveness of the total configuration of the alarm system were periodically reexamined. The data obtained in the developmental testing of the prototype hardward was successfully programed into the Edgewood Arsenal IBM 1108 computer. The data are being examined in a variety of programs, all designed to readily show the interrelationships which exist as design trade-offs and to also demonstrate the measured performance of the current prototype designs. The deployment models will continue to be studied and will lead to the formulation of a recommended approach for the planned engineering development program. These studies will be made available to the agency representing the user. From the computer studies of test data, which will continue to be collected, an optimum set of criteria for the reliable detection of biological aerosols will be identified. Suitable circuits will be fabricated for demonstrating the performance of the XM19 utilizing these criteria.
c. Medical Defense Against Biological Agents:			
Prior year	(.108)	(3.808)	Exploratory development effort during this report period was expended as follows: 1. The experimental program of the Institute is targeted toward: (a) infectious illnesses which pose special problems to our military forces; (b) medical defense against biological warfare; and (c) the safe study of infectious, highly dangerous microorganisms in the unique and special containment facilities of the Institute. A variety of experimental approaches is used to solve these problems as illustrated by: (a) infectious disease models are developed in laboratory animals and the resulting information is extrapolated and applied to man; (b) the defense mechanisms of the body are studied and stimulated in an effort either to prevent an infectious disease or to reduce its harmful effects among military personnel; (c) rapid accurate laboratory methods are developed for identifying causative microorganisms before, or soon after, illness begins thus permitting therapy to be instituted early in the disease process; (d) techniques are developed to measure subtle changes that occur at the molecular level in cells of the infected host. An understanding of these mechanisms is basic to establishing effective measures to combat disease. 2. Efforts will continue during fiscal year 1974 to exploit the information obtained previously. All aspects of the program will continue to emphasize infectious illnesses of military importance. None of these or future studies is directed toward offensive biological research and development. No portion of the program involves classified information.
d. Materiel tests in support of joint operational plans and/or service requirement:			
Prior year	(.000)	(.000)	No funds were obligated during the report period. A report covering the test effort designed to in-
Current fiscal year	(.000)	(.000)	vestigate the naturally occurring particulate materiel present in the marine atmosphere was forwarded to the U.S. Navy, June 29, 1973. Project is completed.

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
e. Army materiel development (suitability) tests:			
Present year	($0.065)	($0.320)	Obligations were incurred for the advanced development testing of the biological detector systems. Safari operations were supported at Presidio, Treasure Island, Fort Richie, and Fort Carson to obtain detector reliability and background particulate data. 20 field trials were conducted wherein detector equipment was exposed to selected nonpathogenes to evaluate technical performance. 2 trials were conducted using an airborne mobile detector system to evaluate *detection capabilities* to biological aerosols. Chamber trials were conducted to evaluate the chemiluminescence detection system and its associated biological sampler and with the pattern acquisition and correlation technique (PACT) system. Testing will continue for approximately 2 years.
Current fiscal year	(.255)	(.000)	
3. Simulant test support:			
Prior year	.036	.322	
Current fiscal year	.296	.000	
Materiel tests in support of joint operational plans and/or service requirements:			
Present year	(.036)	(.332)	Obligations were incurred in planning, conducting, and/or reporting of 2 joint operational tests and 2 operations research studies. These efforts are in response to CINC and service requirements and are in consonance with the current nationa: po icy for CB, test and studies. 1. Test 73–30: This test was designed to obtain data in the effects of sunlight on biological material. Field testing was completed in June with the data evaluations and final report published October 1973. Data will be applicable for use in vulnerability studies. 2. Test 70–74, phase III: This test is designed to obtain comparison decay data between the mobile van/microfilament technique and free floating biological aerosols. Testing is required to finalize the design of the van and determine acceptability for field experimentation. Test plan was published, 2 field trials conducted to date, with completi on of the test effort scheduled for the 4th quarter, fiscal year 1974. 3. Study 71–160, phase IV: Study was designed in response to a Cinclant requirement to evaluate the biological protective posture of several key/critical facilities and to make recommendations for minimizing the vulnerability of the facilities. Report has been published indicating the degree of vulnerability and recommendations as to reduce their vulnerability. 4. Study 73–115: This study effort was in response to an Army and Cinclant requirement to develop a rationale for establishing decontamination requirements. During the report period, the final report was organized and comments received during coordination was incorporated. Report was published December 1973.
Current fiscal year	(.296)	(.000)	

OBLIGATION REPORT OF PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE ARMY

Biological research program:			
Prior year	$0.000	$0.000	During the first half fiscal year 1974, the Department of the Army obligated $0 for procurement activities associated with biological defensive equipment and production base projects.
Current fiscal year	.000	.000	

SECTION 3.—OBLIGATION REPORT ON ORDNANCE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, DEPARTMENT OF THE ARMY, RCS DD–D.R. & E. (SA) 1065

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE ARMY

Description of R.D.T.E. effort	Funds obligated (millions) Amount	In-House contract	Explanation of obligation
Ordnance program:			
Prior year	$0.257	$4.272	During the 1st half fiscal year 1974, the Department of the Army obligated $4,603,000 for general research investigations, development and test of smoke, flame, incendiary, herbicide, riot control agents and weapons systems, and other support equipment. Program areas of effort concerned with these obligations were as follows: Smoke, flame, and incendiary program $716,000; Herbicide program 383,000; Riot control program 2,510,000; Other support equipment program 400,000; Test support 594,000
Current fiscal year	4.346	.331	

OBLIGATION REPORT OF PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE ARMY

Ordnance program:			
Prior year	$0.000	$9.733	During the 1st half of fiscal year 1974, the Department of the Army obligated $18,669,000 for procurement activities associated with smoke, flame, incendiary, herbicide, riot control agents, weapons systems, and other support equipment. Program areas of effort concerned with these obligations were as follows: Smoke, flame, and incendiary program $16,001,000; Herbicide program; Riot control program 6,000; Other support equipment 2,662,000
Current fiscal year	18.669	8.936	

SECTION 4.—OBLIGATION REPORT ON CHEMICAL WARFARE, BIOLOGICAL RESEARCH AND ORDNANCE PROGRAMS—ADJUSTMENT SUMMARY

[Sec. 4.—Adjustment summary—Adjustments result from basing the report for Jan. 1, 1973, through June 30, 1973, on actual obligations through Apr. 30, 1973, and estimated obligations for May and June 1973]

Page and description	From—	To—
SECTION 1—CHEMICAL WARFARE PROGRAM		
Under explanation of obligation, change amounts as follows: 1 First line, "Department of the Army, obligated . . . "	$8,124,390	$7,791,340
Chemical research: Exploratory development	398,332	445,273

SECTION 4.—OBLIGATION REPORT ON CHEMICAL WARFARE, BIOLOGICAL RESEARCH AND ORDNANCE PROGRAMS—ADJUSTMENT SUMMARY—Continued

[Sec. 4.—Adjustment summary—Adjustments result from basing the report for Jan. 1, 1973, through June 30, 1973, on actual obligations through Apr. 30, 1973, and estimated obligations for May and June 1973]

Page and description	From—	To—
SECTION 1—CHEMICAL WARFARE PROGRAM—Continued		
Under explanation of obligation, change amounts as follows:—Continued		
Lethal chemical program:		
Exploratory development	$000	−$16,012
Advanced development	1,540,572	1,488,572
Engineering development	000	−23,200
Testing	2,270,000	2,239,000
Total lethal chemical	3,810,572	3,688,360
Incapacitating chemical program:		
Advanced development	660,000	630,000
Testing	25,000	1,000
Total incapacitating chemical	685,000	631,000
Defensive equipment program:		
Exploratory development	1,597,395	1,556,482
Advanced development	773,927	755,061
Total defensive equipment	2,781,486	2,721,70
Simulant test support	449,000	305,00

	From—		To—	
	Amount	In-house/ contract	Amount	In-house/ contract
Under Funds Obligated, change figures as follows:				
1 Chemical warfare program:				
Prior year	−.032	7.176	.014	6.843
Current fiscal year	81.156	.948	7.777	.948
2 1. Chemical research:				
Prior year	.122	.220	.169	.270
Current fiscal year	.276	.178	.276	.175
6 b. General chemical investigations:				
Prior year	(.122)	(.220)	(.169)	(.270)
Current year fiscal	(.276)	(.178)	(.276)	(.175)
14 2. Lethal chemical program:				
Prior year	.000	3.582	.000	3.409
Current fiscal year	3.811	.229	3.689	.280
14 a. Agent investigations and weapons concepts:				
Prior year	(.000)	(.000)	(.000)	(−.016)
Current fiscal year	(.000)	(.000)	(−.016)	(.000)
16 c. (1) Advanced development:				
Prior year	(.000)	(1.324)	(.000)	(1.220)
Current fiscal year	(1.541)	(.217)	(1.489)	(.269)
(2) Engineering development:				
Prior year	(.000)	(−.012)	(.000)	(−.034)
Current fiscal year	(.000)	(.012)	(−.023)	(.011)
17 d. Materiel tests in superintendent of joint operation plans and/or service requirements:				
Prior year	(.000)	(.928)	(.000)	(.819)
Current fiscal year	(.928)	(.000)	(.819)	(.000)
18 e. Army material development (suitability) tests:				
Prior year	(.000)	(1.342)	(.000)	(1.420)
Current fiscal year	(1.342)	(.000)	(1.420)	(.000)
19 3. Incapacitating chemical program:				
Prior year	.000	.655	.000	.631
Current fiscal year	.685	.030	.631	.000
20 c. Tactical weapons systems:				
Prior year	(.000)	(.530)	(.000)	(.530)
Current fiscal year	(.560)	(.030)	(.530)	(.000)
21 d. Army materiel development (suitability) tests:				
Prior year	(.000)	(.025)	(.000)	(.001)
Current fiscal year	(.025)	(.000)	(.001)	(.000)
22 4. Defense equipment program:				
Prior year	−.154	2.270	−.155	2.228
Current fiscal year	2.935	.511	2.876	.493
22 a. Physical protection investigations:				
Prior year	(−.002)	(.417)	(−.003)	(.377)
Current fiscal year	(.650)	(.231)	(.610)	(.230)
26 b. Advanced development of defensive systems:				
Prior year	(−.006)	(.748)	(−.006)	(.746)
Current fiscal year	(.780)	(.026)	(.761)	(.009)
32 5. Simulant test support:				
Prior year	.000	.449	.000	.305
Current fiscal year	.449	.000	.305	.000
32 a. Materiel tests in support of joint operation plans and/or service requirements:				
Prior year	(.000)	(.449)	(.000)	(.305)
Current fiscal year	(.449)	(.000)	(.305)	(.000)
Under explanation of obligation, change figures as follows:				
33 1st line, Department of the Army obligated. . . ."	$11,331,002		$11,552,002	
Defensive equipment program:				
Materiel procurement	8,931,002		9,152,002	
Total defensive equipment	8,931,002		9,152,002	
Under funds obligated, change figures as follows:				
33 Chemical warfare program:				
Prior year	4.291	3.912	4.425	3.929
Current fiscal year	7.040	7.419	7.127	7.560
35 3. Defensve equipment program:				
Prior year	2.291	1.512	2.425	1.592
Current fiscal year	6.640	7.419	6.727	7.560
a. (1) Mask, tank, M25A1:				
Prior year	(.020)	(.598)	(.020)	(.657)
Current fiscal year	(.951)	(.373)	(1.010)	(.373)
(2) Shelter systems, M51:				
Prior year	(.026)	(.000)	(.078)	(.000)
Current fiscal year	(2.952)	(2.978)	(2.959)	(3.037)
(3) Decontaminating apparatus, M12A1:				
Prior year	(.000)	(.110)	(.000)	(.131)
Current fiscal year	(.756)	(.646)	(.777)	(.646)
(5) Alarm, M8:				
Prior year	(2.245)	(.725)	(2.327)	(.725)
Current fiscal year	(1.470)	(2.990)	(1.470)	(3.072)

Calendar year	1973	1974	1975	1976	1977	1978	1979
				From—		To—	
Under Funds Obligated, change figures as follows:				Amount	In-house/ contract	Amount	In-house/ contract
SECTION 2—BIOLOGICAL RESEARCH PROGRAM							
Under explanation of obligation, change amounts as follows:							
1 Line 1, "Department of the Army obligated. . . ."				$4,202,000		$4,259,627	
Biological research:							
Exploratory development				000		−5,373	
Total biological research				000		−5,373	
Defensive systems:							
Testing				423,000		457,000	
Total defensive systems				3,780,000		3,814,000	
Simulant test support				422,000		451,000	
Under "Funds obligated," change amounts as follows:							
1 Biological research program:							
Prior year				.100	3.787	.100	3.786
Current fiscal year				4.102	.415	4.160	.474
2 1. Biological research:							
Prior year				.000	.000	.000	.000
Current fiscal year				.000	.000	−.005	−.005
b. General biological investigations:							
Prior year				(.000)	(.000)	.000	(.000)
Current fiscal year				(.000)	(.000)	(−.005)	(−.005)
2. Defensive equipment program:							
Prior year				.100	3.365	.100	3.335
Current fiscal year				3.680	.415	3.714	.479
3 b. Biological defense materiel concepts:							
Prior year				(.000)	(.430)	(.000)	(.366)
Current fiscal year				(.270)	(−.160)	(.270)	(−.096)
4 d. Material tests in support of joint operation plans and/or service requirements:							
Prior year				(.000)	(.139)	(.000)	(.109)
Current fiscal year				(.139)	(.000)	(.109)	(.000)
5 e. Army materiel development (suitability) tests:							
Prior year				(.000)	(.284)	(.000)	(.348)
Current fiscal year				(.284)	(.000)	(.348)	(.000)
3. Simulant test support:							
Prior year				.000	.422	.000	.451
Current fiscal year				.422	.000	.451	.000
a. Materiel tests in support of joint operation plans and/or service requirements:							
Prior year				(.000)	(.422)	(.000)	(.451)
Current fiscal year				(.422)	(.000)	(.451)	(.000)
SECTION 3—ORDNANCE PROGRAM							
Under explanation of obligation, change figures as follows:							
1 Line 1, "Department of the Army obligated. . . ."				1,329,328		1,433,232	
Smoke, flame and incendiary program				32,000		8,748	
Herbicide program				272,458		241,003	
Riot control program				91,870		250,481	
Under funds obligated, change figures as follows:							
1 Ordnance program:							
Prior year				.009	.856	.004	.990
Current fiscal year				1.320	.473	1.429	.443

SEC. 1.—OBLIGATION REPORT ON CHEMICAL WARFARE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, DEPARTMENT OF THE NAVY, RCS DD-D.R. & E. (SA) 1065

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE NAVY

Description of effort	Funds obligated (millions) Amount	In-house contract	Explanation of obligation
Chemical warfare program:			
Prior year	.000	.075	During the first half fiscal year 1974, the Department of the Navy obligated $75,000 for the R.D.T. & E.
Current fiscal year	.075	.000	of chemical warfare weapons.
			Lethal chemical program: Exploratory development $75,000
1. Lethal chemical program:			
Prior year	.000	.075	
Current fiscal year	.075	.000	
a. Agent investigations and weapons concepts:			
Prior year	(.000)	(.075)	Exploratory development funds were obligated in support of the investigation and analysis of the
Current fiscal year	(.075)	(.000)	logistical and safety aspects of binary technology.
PROCUREMENT			
Chemical warfare program:			
Prior year	.034	.034	During the 1st half fiscal year 1974, the Department of the Navy obligated $63,000 for procurement
Current fiscal year	.029	.029	activities associated with chemical warfare defensive equipment:
			Defensive equipment program: Materiel procurement $63,000
1. Defensive equipment program:			
Prior year	.034	.034	
Current fiscal year	.029	.029	
a. Protective clothing:			
Prior year	(.034)	(.034)	Obligations incurred in support of Navy and Marine Corps procurement of clothing outfits, chemical
Current fiscal year	(.029)	(.029)	protective.

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE NAVY

Description of effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
R.D.T. & E.			
Biological research program:			
Prior year	$0.000	$0.075	During the 1st half fiscal year 1974, the Department of the Navy obligated $75,000 for the R.D.T. & E. of biological defensive systems: Defensive systems: Exploratory development $75,000
Current fiscal year	.075	.000	
1. Defensive equipment program:			
Prior year	.000	.075	
Current fiscal year	.075	.000	
a. Physical defense against biological agents:			
Prior year	(.000)	(.075)	Exploratory development funds were obligated in support of the investigation of biological detection and warning systems.
Current fiscal year	(.075)	(.000)	
PROCUREMENT			
Biological research program:			
Prior year	.000	.000	During the 1st half fiscal year 1974, the Department of the Navy obligated $0 for procurement activities associated with biological materiel.
Current fiscal year	.000	.000	

SECTION 3.—OBLIGATION REPORT ON ORDNANCE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, DEPARTMENT OF THE NAVY, RCS DD-D.R. & E. (SA) 1065

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973 THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE NAVY

Description of effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
R.D.T. & E.			
Ordnance program:			
Prior year	$0.000	$0.000	During the 1st half fiscal year 1974, the Department of the Navy obligated $0 for R.D.T. & E. activities associated with smoke, flame, incendiary, herbicide, riot control agents and weapons systems, and other support equipment.
Current fiscal year	.000	.000	
PROCUREMENT			
Ordnance program:			
Prior year	.008	.879	During the 1st half fiscal year 1974, the Department of the Navy obligated $970,000 for Marine Corps and Corps Navy procurement activities associated with smoke, flame, incendiary, herbicide riot control agents and weapons systems, and other support equipment: Smoke, flame, and incendiary program $962,000 Riot control program 8,000
Current fiscal year	.962	.091	

SECTION 4.—OBLIGATION REPORT ON CHEMICAL WARFARE, BIOLOGICAL RESEARCH AND ORDNANCE PROGRAMS—ADJUSTMENT SUMMARY TO REPORT FOR THE SEMIANNUAL PERIOD JAN. 1, 1973, THROUGH JUNE 30, 1973—DEPARTMENT OF THE NAVY, RCS DD-D.R. & E. (SA) 1065

[The Department of the Navy reports no adjustments to obligations of fiscal year 1973 funds reported in the 2d half fiscal year 1973 DD-D.R. & E. (SA) 1065 semiannual report.]

DEPARTMENT OF THE AIR FORCE—SEMIANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS (JULY 1-DEC. 31, 1973)

SECTION 1.—OBLIGATION REPORT OF CHEMICAL WARFARE LETHAL AND INCAPACITATING AND DEFENSIVE EQUIPMENT PROGRAMS FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973 REPORTING SERVICE: DEPARTMENT OF THE AIR FORCE

Description of effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
Defensive equipment program:			
Exploratory development:			
Prior year	0	0	
Current fiscal year	0	0	
Engineering development:			
Prior year	0	0	Survey of existing Air Force collection structures and development of modification kits for collection structures.
Current fiscal year	$85.0	$85.0	
Total defensive:			
Prior year	0	0	
Current fiscal year	85.0	85.0	
Total R.D.T. & E. obligations:			
Prior year	0	0	
Current fiscal year	85.0	85.0	

SECTION 2.—OBLIGATION REPORT OF BIOLOGICAL RESEARCH PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, DEPARTMENT OF THE AIR FORCE—NEGATIVE

SECTION 3.—OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS, AND PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1973, THROUGH DEC. 31, 1973, FOR FLAME, SMOKE, INCENDIARY, RIOT CONTROL AGENT, AND HERBICIDE MUNITIONS AND AGENT/MUNITIONS SYSTEMS, AND OTHER SUPPORT EQUIPMENT

OBLIGATION REPORT OF PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD: JULY 1, 1973, THROUGH DEC. 31, 1973, REPORTING SERVICE: DEPARTMENT OF THE AIR FORCE

Description of effort	Funds obligated (millions) Amount	In-house/ contract	Explanation of obligation
Procurement:			
Anti-PAM 51_ lb BLU-32:			
Prior year	0	0	In support of Air Force training requirements.
Current fiscal year	0	0	
Smoke bomb 100 lb PWP M47-A-4:			
Prior year	0	$100	
Current fiscal year	$100.0	0	
Total procurement obligations:			
Prior year	0	100	
Current fiscal year	100.0	0	

SECTION 4.—OBLIGATION REPORT ON CHEMICAL WARFARE BIOLOGICAL RESEARCH AND ORDNANCE PROGRAMS—ADJUSTMENT SUMMARY TO REPORT FOR THE SEMIANNUAL PERIOD JAN. 1 1973 THROUGH JUNE 30 1973

[The following adjustments are to be made to the second-half fiscal year 1973 report to convert estimated obligations to actual.]

SECTION 3.—FLAME, SMOKE, INCENDIARY, RIOT CONTROL AGENT, AND HERBICIDE MUNITIONS AND AGENT/MUNITION SYSTEMS AND OTHER SUPPORT EQUIPMENT

	From—		To—	
P. 5—Procurement (thousands of dollars):				
Anti-PAM 510 lb BLU-32:				
Prior year	−2.0	0	−2.0	0
Current year	222.0	220.0	−876.4	−878.4
Smoke Bomb 100 lb PWP M47-A-4:				
Prior year	0	70.0	0	−30.0
Current year	70.0	0	−30.0	0
Total procurement obligations:				
Prior year	−2.0	70.0	−2.0	−30.0
Current year	292.0	220.0	−906.4	−878.4

Note: Adjustments have resulted from the deobligation of funds due to changes in requirements/price decreases.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. ABOUREZK). Is there further morning business? If not, morning business is concluded.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

The PRESIDING OFFICER. Under the previous order, the Senate will now resume the consideration of the unfinished business (S. 3066) which the clerk will state.

The legislative clerk read as follows:

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.

AUTHORIZATION OF APPROPRIATIONS FOR U.S. PARTICIPATION IN THE INTERNATIONAL OCEAN EXPOSITION OF 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 677, S. 2662, with the understanding that the unfinished business will not be laid aside beyond the hour of 1:30 p.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered. The bill will be stated by title.

The legislative clerk read as follows:

S. 2662, to authorize appropriations for United States participation in the International Ocean Exposition of 1975.

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

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Rules and Administration with an amendment on page 2, beginning with line 1, after "*Provided,*" strike out "That not less than $2,500,000 of the amount authorized to be appropriated herein shall be paid in Japanese yen accrued under the Settlement on Post War Economic Assistance between the United States and Japan, dated January 9, 1962: *Provided further,*" so as to make the bill read:

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 "International Ocean Exposition Appropriations Authorization Act of 1973".

SEC. 2. There is authorized to be appropriated for the United States Information Agency for "Special International Exhibitions", for United States participation in the International Ocean Exposition to be held in Okinawa, Japan, in 1975, as authorized by the Mutual Educational and Cultrual Exchange Act of 1961, as amended (22 U.S.C. 2451 et seq.), $5,600,000, to remain available until expended: *Provided,* That the amount authorized to be appropriated herein shall be available without regard to section 3108 of title 5, United States Code.

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. 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. SPARKMAN. Mr. President, it is my understanding that the pending business is S. 2662.

The PRESIDING OFFICER. The Senator is correct.

Mr. SPARKMAN. I yield to the Senator from Wisconsin such time as he may require.

Mr. PROXMIRE. Mr. President, I understand that the matter before the Senate is S. 2662, which would allow $5.6 million for U.S. participation in the International Ocean Exposition. I should like to raise some questions about these expenditures.

I do not object to our participation. In fact, I agree with Secretary of State Kissinger that U.S. participation is "very much in line with our own interests." What I do have real concern about is the price tag attached to this venture.

In the committee report on the bill, a financial plan is set forth which shows how the $5.6 million authorized by the bill is to be spent. Some of these items are entirely understandable. Obviously we will be involved in fabricating exhibits and providing a staff of guides. However, a few of these items give me real concern. They seem to involve excessive expense.

For example $727,500 would be spent on audiovisual materials. How in the world is this three-quarters of a million dollars to be spent? This would be an adequate budget for many Hollywood movies. The most successful film ever made by the U.S. Information Agency, which will have jurisdiction over these funds, cost $114,743. This was a remarkably moving film tribute to President Kennedy titled "Years of Lightning, Day of Drums." It was so successful that Congress permitted it to be shown in this country, where it played in commercial movie theaters to packed houses.

Yet this bill would permit the USIA to spend almost seven times as much as it cost to produce that fine film on audiovisual materials for an international ocean exposition.

I ask Senator SPARKMAN, the manager of the bill, how he justifies the expenditure of $727,000 for audiovisual materials, which seems to be a very large amount for one exposition in Japan, where we are just one participant.

Mr. SPARKMAN. I may say to the Senator from Wisconsin, if he will refer to the report of the committee, that that item is set out on page 3. Many different items are involved.

Mr. PROXMIRE. Yes; that is what I was referring to. For the audiovisual item, $727,500 is listed. Of that amount, $490,000 is for 1974 and $237,000 for 1975. The exposition will not take place until July 1975, but apparently most of the work on it will be done in advance. This seems to be rather a large amount, and I am very much surprised that it is being spent for this purpose.

Mr. SPARKMAN. The request came to us from the USIA. I cannot give the breakdown on it, because more than this is given in the report in the committee that approved it.

Frankly, I think the answer is: That this was the request that came in, and it was understood that all these matters would have to be taken up in the Appropriations Committee. Of course, it would be up to the Appropriations Committee to decide whether the amount was too much or too small. Furthermore, the bill will have to be acted upon by the House. I do not think there will be any particular difficulty, but I must say that I myself cannot explain it.

Mr. PROXMIRE. The Senator from

Wisconsin is a member of the Appropriations Committee. The difficulty is that when this item comes before the committee, and this amount has been authorized for an international purpose, and the Foreign Relations Committee looked into it and authorized, in this case, $727,500 for audiovisual purposes, we should be very careful about changing the amount the committee authorized.

Mr. SPARKMAN. First, let me say, speaking as a member of the Committee on Foreign Relations, that that certainly will not be my attitude when we go into this question. Let us go on and pass the item in the amount authorized; then when it is before the Appropriations Committee, I hope that that committee will look at it very carefully, examine the witnesses who will appear, and find out what the breakdown is. But I am sorry I am not able to give the Senator a complete explanation.

Mr. PROXMIRE. I understand. The Senator from Alabama has my great respect. He is certainly very much concerned, as I am, about excessive expenditures. The Senator must appreciate that we held the bill up deliberately so that answers could be procured from the appropriate agency. That was the reason for holding it up. I was willing to take the bill up at any time, but I had hoped that when we took it up, some justification would be given.

Mr. SPARKMAN. I had never heard of that before. The bill was introduced by the chairman of the committee, by request. It was acted upon, if I recall correctly, while he was still here. He has been away, now, for several days. I reported the bill as the committee had reported it. I mean that I had it placed on the Senate Calendar as it was reported by the committee.

I am not familiar with the individual items that would go in to make up one figure. If the Senator will let it go to the Appropriations Committee, I assure him that I will join in the request that it be examined carefully. I do not think that any member of the Foreign Relations Committee will be there urging that the full amount be approved because the committee had acted on it.

Mr. PROXMIRE. I should like to make a suggestion to the Senator. First, let me finish detailing a couple of other problems I have with the sums in the bill.

I should like to suggest that we make a moderate reduction in the bill. The item for brochure printing is pegged at $175,000. That ought to buy a great many brochures, especially if the people who work on them are already on the Government payroll. How was that figure arrived at, and how would the money be spent?

Then, $85,000 will be spent on other sorts of printing, such as invitations, manuscripts, magazine reprints and the purchase of books. This seems like a whale of a lot of money. I note that $38,500 will be spent on eight panelists at seminars. Again, a breakdown would be helpful. That should pay for enough panelists to fill the Senate Auditorium but if there were only eight they would get very high remuneration of expenses. It does seem like an extraordinarily large amount of money.

Would the Senator consider the possibility of reducing the size of the authorization by a half million dollars, or $500,000, at least as an indication that the Senate is concerned about the amounts, and that there does not seem in the report any justification for reason to spend this very large sum?

Mr. SPARKMAN. I would prefer to follow the other route. For instance, I am told that in the request that comes from USIA there is involved the printing of 1 million pamphlets, in order they may be distributed. That printing cost would be 14 cents a copy. That comes pretty close to $175,000, to which the Senator referred.

I wish very much that he would let the matter go to the Committee on Appropriations and by that time the request he said he has made can be taken up and we will get those figures, or they could come to him as a member of the Committee on Appropriations, and then adjust the figure that may be justified.

I am sorry I do not have the details. I know nothing about the request that the Senator stated.

Mr. PROXMIRE. I did not issue any request.

Mr. SPARKMAN. I thought the Senator said he had asked for it.

Mr. PROXMIRE. No, I put a hold on the bill with the understanding that when we did discuss it on the floor there would be an opportunity to secure answers on this particular item.

Mr. SPARKMAN. I knew nothing about that. We could call on the USIA to get it. If we are going to participate in this we have to get quick action because the time is here when we must let it be known that we are going to participate. I still believe the most satisfactory way of handling it would be to go the Committee on Appropriations route.

Mr. PROXMIRE. Let me say that I intend to write to both the chairman of the Committee on Appropriations and the chairman of the subcommittee that will handle this particular request and enclose a report on what we have discussed on the floor.

Mr. SPARKMAN. Fine.

Mr. PROXMIRE. And with the request that the Committee on Appropriations look into this and secure a clear justification for whatever spending we do eventually appropriate.

Mr. SPARKMAN. I would be very glad if the Senator would take that position. If we can be of assistance on the committee in getting the breakdown I should be very glad to cooperate.

Mr. PROXMIRE. I thank the Senator.

Mr. SPARKMAN. I thank the Senator from Wisconsin.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 2662

An Act to authorize appropriations for United States participation in the International Ocean Exposition '75

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 "International Ocean Exposition Appropriations Authorization Act of 1973".

SEC. 2. There is authorized to be appropriated for the United States Information Agency for "Special International Exhibitions", for United States participation in the International Ocean Exposition to be held in Okinawa, Japan, in 1975, as authorized by the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451 et seq.), $5,600,000, to remain available until expended: *Provided,* That the amount authorized to be appropriated herein shall be available without regard to section 3108 of title 5, United States Code.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

The Senate resumed 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.

The PRESIDING OFFICER. The question recurs on S. 3066.

Who yields time?

Mr. PROXMIRE. Mr. President, will the Senator from Alabama yield to me for 10 minutes?

Mr. SPARKMAN. Mr. President, I yield 10 minutes to the Senator from Wisconsin.

I also designate the Senator from Wisconsin to yield to any other Senator who wishes time.

Mr. PROXMIRE. I thank the Senator.

Mr. President, I wish to compliment the chairman and all members of the committee on Banking, Housing and Urban Affairs for working so long and so hard on the Housing and Urban Development Act of 1974. While the bill is by no means perfect, I believe it is a major achievement, particularly in view of the serious disagreements between the Congress and the administration on the future direction of the housing and urban development programs.

Mr. SPARKMAN. Mr. President, will the Senator yield to me for 1 minute?

Mr. PROXMIRE. I yield.

Mr. SPARKMAN. I thought it might be well at this time to call attention to two or three items in the bill that in the past might have been considered as backdoor financing. The Senator will remember that he had an amendment that proposed direct lending for certain types of housing, such as is done under section 202 now.

Then, the Senator from Connecticut (Mr. WEICKER) had an amendment that provided for assistance to State housing

agencies that likewise would have been considered as backdoor financing.

Those are not so considered now and, in fact, the Treasury Department approved both because we had completed action on the Federal Financing Act.

The Senator will remember that while the Treasury Department first objected to the so-called backdoor financing and we probably would have dropped them because of that objection, when they came up next time for discussion the Treasury Department representative was at the committee meeting and announced to the committee that they had no objection to either of those two provisions because that could be handled through the Federal Finance Bank and did not call for paying out funds from the Treasury itself.

Due to the fact that there is a question of backdoor financing that comes up I thought it might be well to point out those two items.

There is one other item. The $300,000 that was added by the amendment of the Senator from Massachusetts (Mr. KENNEDY) for cooperatives appeared to be backdoor financing but that could be handled in the same way.

The Cooperative Association, or whatever the name of it is, could issue debentures and that could be handled through the bank.

I thought it might be well to call that to the attention of the Senate now so that if that question does arise we will know the answer.

Mr. PROXMIRE. I thank the Senator very much.

Mr. SPARKMAN. I yield to the Senator such time as he may require.

Mr. PROXMIRE. I thank the Senator.

Mr. President, we all should appreciate that housing has been tremendously handicapped because it has to yield to budget restraints. So much of the housing bill is not a matter of expenditure but a matter of good, solid investment in mortgages which are repaid with interest, on which the Federal Government loses nothing. It is like a business treating its borrowing exactly like its expenditures. A business that did that would not function efficiently or stay in business long.

Even a bank that lends to a householder who is building a house would not consider the loan it makes to the householder the same as the expenditure it makes when it hires people to work in that bank. This is what has brought about the confusion we have had in the housing field and in failing to move ahead as we should be doing.

The bill adopts those recommendations of the administration which made sense to the committee; at the same time it continues those programs which the committee believes are essential to meet the housing needs of the American people.

There are many good things in this bill, and I would like to highlight some of them.

First, the bill continues, with certain reforms and improvements, our existing low- and moderate-income housing subsidy programs. The committee just did not buy the administration argument that these programs are inherently unfair and unworkable. There are some legislative improvements reflected in the committee's bill, but as hearings before the Joint Economic Committee clearly revealed, the major problems lie not with the structure of these programs but with the way they were administered. The Department of Housing and Urban Development has been guilty of incredibly bad management and worse in the administration of these programs.

Second, the bill provides local government with a new, streamlined block grant program for community development which will replace 10 categorical grant programs. Under the block grant approach, it is anticipated that much of the redtape and delay associated with the present programs will be eliminated. Local governments will be given more flexibility and responsibility to deal with the problems of their own community. However, in providing for this increased flexibility, the committee did not go as far as the approach taken by the administration which in my opinion, would have removed virtually all Federal guidelines and converted our present urban development programs into a general revenue sharing program.

Third, the bill includes a new chapter directing the Secretary of Housing and Urban Development to establish Federal standards for mobile home safety and construction. This chapter is based on legislation introduced by the Senator from Tennessee and myself, and in my view, it makes a giant first step in protecting consumers from poorly constructed or unsafe mobile homes.

Fourth, the bill reaffirms the housing goals set forth in the Housing and Urban Development Act of 1968.

This has been a very controversial issue with the administration. These goals call for the construction of 26 million housing units over the 10-year period from 1968 to 1978 including 6 million units for low- and moderate-income families. The administration urged that these goals be repealed. Fortunately, the committee did not buy the administration's arguments. The passage of the Housing and Urban Development Act of 1974 will indicate a continuing commitment by the Congress to meeting the housing needs of the American people.

These are just some of the good things about the bill. However, I believe I would be remiss if I did not point out that there are some deficiencies as well.

First, the bill does not include a clear directive to the Secretary of Housing and Urban Development to act promptly to control excessive real estate closing costs. Housing and Urban Development has authority and responsibility under existing law to issue regulations to limit closing costs on FHA–VA transactions. Unfortunately, it has been dragging its feet on these regulations. I had introduced legislation requiring that the regulations be issued in 6 months and that HUD's authority be expanded to cover all mortgage transactions, both conventional and FHA–VA. The committee, however, could not agree on this legislation although I am hopeful that HUD will act in the near future. I estimate that homebuyers are being overcharged by at least $300 million a year because of excessive or unnecessary closing charges.

Second, the bill does not contain clear and unequivocal language overturning the illegal and unconstitutional moratorium established by the administration 1 year ago with respect to our housing subsidy programs. The passage of the Housing and Urban Development Act of 1974 in and of itself should be taken by any fairminded administrator as a congressional declaration to end the moratorium. Nonetheless, this administration has repeatedly ignored the laws enacted by the Congress. I only hope the administration will not be similarly remiss when Congress takes final action on the 1974 housing bill.

Third, the bill does nothing major to boost our present low level of home construction or to provide emergency relief to hundreds of thousands of homebuyers who have been priced out of the market because of high interest rates and the lack of mortgage credit. Housing experts are projecting only 1.6 million housing starts in 1974, a 30-percent drop from the 2.1 million starts in 1973.

There have been all kinds of discussion as to what we should do under present economic circumstances, with inflation, and also a recession threatening. We are all hopeful a recession does not develop, but there are considerable indications that it may develop. We know in the past 4 months there has been a sharp unemployment increase. It did not increase last month, but it did until January, and according to all forecasts, including the administration's forecast, it is expected to go higher in coming months. One way to cope with the situation without inflationary pressure is to provide for the kind of housing which is so badly needed and which provides so much in the way of employment opportunities.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PROXMIRE. I yield myself 3 minutes. The distinguished Senator from Alabama gave me authority to do so, I understand, before he left.

It takes roughly 2 man-years to produce a new house. Therefore, a reduction in home construction of 500,000 will take 1 million jobs out of the economy. Unemployment in the construction industry already stands at 9.6 percent, nearly double the national average. We can ill-afford the additional unemployment in construction generated by a housing slowdown.

This is why stimulating the housing industry, permitting the housing industry to go ahead, is not inflationary. We would be using otherwise idle resources and putting them to work. The materials for housing which were in short supply a year ago are no longer in short supply; they are available.

What we need is a Government program for making low-cost mortgage credit available to the hundreds of thousands of families who have been priced out of the housing market, because of high interest rates.

The fact is that 60 percent of the people in this country cannot afford to buy a new home today, because interest rates are so high and the cost of construction

is so high that it is beyond those whose income is below $12,000 or $15,000 a year. There is a way to solve this, and the way is to use the authority Congress has given the President to make 7 percent mortgage loans to middle-income families during periods of tight money. Unfortunately, funds for this program were never requested, and the authority expired last June.

Despite these deficiencies, the Housing and Urban Development Act goes a long way toward meeting our housing needs and toward improving the conditions of our cities. I support the bill and recommend that it be adopted by the Senate.

I am very hopeful we can enact additional housing legislation later in the year and meet some of the objections many of us feel the bill has, but I do think the bill in its present form ought to be enacted.

Mr. TOWER. Mr. President, I ask unanimous consent that Mr. Pat Abshire, of the staff of the Committee on Banking, Housing and Urban Affairs, be permitted on the floor during consideration of S. 3066.

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

Mr. STEVENS. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. STEVENS. 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 amendment is as follows:

On page 131, line 11, before "At least 30 per centum", insert the following new sentence: "For the purpose of the preceding sentence, the initial annual contribution for a project shall, notwithstanding any other provision of this Act, be equal to the difference between the sum of the total debt service payment plus operating costs, and the rental payments that tenants are required to make under section 3(1) of this Act."

Mr. STEVENS. Mr. President, it is my intention that the language be inserted right after the so-called Indian amendment that was offered by the Senator from New Mexico (Mr. MONTOYA), but which was really called up by the majority leader.

This is a simple amendment that provides for an initial contribution on the Indian housing in the instance where very, very poor native and Indian people cannot prove feasibility because of the amount of their income and welfare contributions.

I have discussed this amendment with the manager of the bill. It applies to what is a maximum subsidy payment of $10 a month per unit in the instance where operating costs are included.

This amendment would remove the $10 limit in the case of very poor in the Indian housing only.

Last January the Department of Housing and Urban Development established a maximum subsidy of $10 per month per unit to cover operating costs of the projects. This means that the rental income from the property, subject to the Brooke amendment, has to cover the costs of water, heat, electricity, and other utilities. If an application could not prove financial feasibility in this regard, it did not receive approval regardless of the need for safe, sanitary housing.

The State of Alaska presently has 1,100 program reservations pending at HUD. None of these will be approved under the present $10 maximum. I understand that my good friend, Senator METCALF, has experienced similar difficulties in his part of the country.

My amendment will effectively remove this $10 limit and, thus, enable Native Americans in all parts of the country to benefit from the action the Senate has already taken in this regard.

I have been informed by HUD that this amendment will not alter the number of units which can be produced with the $15 million. This is due to the fact that these problems exist in remote, cold areas of the country. In Alaska, at least, it will be impossible to do any construction this summer as the funds do not become available until July 1. The subsidy does not become a factor until the new homes are occupied. Therefore, it will be 2 years before additional funds are needed to carry out my amendment. However, we need the amendment now so that HUD will approve the program reservations it has on hand and issue new ones without regard for the $10 maximum subsidy.

Mr. President, I understand that the manager of the bill is prepared to accept the amendment.

Mr. TOWER. Mr. President, I yield myself as much time as I may require.

This is a meritorious amendment. It is consistent with what we did last Friday when we agreed to the amendment offered by Senator MONTOYA.

On behalf of the committee, I believe that we are prepared to accept the amendment. I have discussed this amendment with the manager of the bill.

Mr. STEVENS. 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 time has been yielded back. The question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

Mr. HRUSKA. Mr. President, I send to the desk an amendment and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk proceeded to state the amendment.

Mr. HRUSKA. 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 175, line 23, after "(c)" insert "(1)".

On page 176, between lines 14 and 15, insert the following:

"(2) In addition, any community development agency which has been carrying out a locally-designed community development program during any of the five fiscal years ending on June 30, 1974, shall have an initial two-year entitlement for a grant in an amount equal to twice its basic grant entitlement determined under subsection (d), if the Secretary determines that such locally-designed program has substantially the same purposes as one or more of the programs referred to in paragraph (1). For the purpose of this paragraph, the Secretary shall—

"(A) prescribe such standards and cirteria as may be necessary in order to make the determinations referred to in the preceding sentence not later than 60 days following the date of enactment of this chapter;

"(B) make such determinations not later than 180 days following the date on which applications for assistance under this chapter are received for the first contract period; and

"(C) reserve for community development agencies which have an entitlement under this paragraph at least 5 per centum of the amount approved in appropriation Act under section 306 and available for obligation, for a period at least as long as the 180 day period during which his determinations must be made.

Any part of the funds reserved pursuant to clause (3) of the preceding sentence which are unobligated upon the expiration of the period referred to in such clause shall be reallocated in accordance with the other provisions of this section."

Mr. HRUSKA. Mr. President, this amendment would give the Secretary of Housing and Urban Development the authority to identify any community development agency which has been carrying out a locally designed community development program to achieve substantially the same purpose as one or more of the four programs used to establish eligibility under subsection 307(c), the grandfather clause. Any unused portion of the 5-percent set-aside amount authorized would be available after 6 months for reallocation to the specific purposes of the bill.

Mr. President, may I first commend the distinguished chairman of the committee, the distinguished ranking minority member and all the distinguished members of the committee who labored long and hard to forge this bill. Although I have never had the honor of serving on the Committee on Banking, Housing and Urban Affairs, it was my privilege for several years to serve on the Appropriations Subcommittee responsible for housing and community development programs. From that experience I know that these programs are extremely complex, that a great many interests have stakes in them, and that we face enormous problems in making congressional intent understood and effected at the local government level where these programs impact.

I share, Mr. President, the concerns expressed on March 8 by the distinguished senior Senator from Texas concerning the subsidized housing programs. As a member of the Appropriations Committee and of the Joint Study Committee on Budget Control, I am very much concerned about the heavy future costs of these programs and the relatively uncontrollable character of the spending from a budgetary viewpoint. Federal aid to support low- and moderate-income persons, and deserving persons without income, will require, of course, large sums. Whether we are talking of $65 to $85 billion over the next 30 to 40 years, or of $40 billion as suggested by the distinguished committee chairman in his remarks on March 8, it is clear that the Federal commitment will be large by any count.

The questions we have to ask are: Are we legislating in a fashion which will assure sound value received for every Federal dollar spent? Are we increasing the supply of adequate housing for those persons whom the law intends to help? Mr. President, my experience on the Appropriations Committee suggests that we are paying high, but not meeting well the needs of those who deserve help the most. That is why the subsidized housing moratorium was declared and the housing allowance experiment launched.

To the extent that the pending bill simplifies and consolidates the complicated housing laws now in force, we are making some good progress. I regret very much, however, that a majority of the committee apparently believes that we should not advance at this time beyond patching up old programs whose track record has been most disappointing.

In the provisions dealing with community development, Mr. President, I was most disappointed to find that a majority of the committee abandoned the effort to establish objective criteria such as population, substandard housing and poverty as the basis for allocating funds. This was the thrust of the administration's proposed Better Communities Act. The administration's plan struck many as fair, particularly because it included reasonable "hold harmless" features to assure a readjustment period for those cities which had been relatively more successful than others in securing categorical grants.

Mr. President, Senators on both sides of the aisle have expressed serious concern about the bill's community development grant criteria. The general objections are harsh but clear: Past performance at grantsmanship is the prime criterion for entitlement. It is my strong impression that the cities most likely to benefit under this bill will be those which secured categorical footholds in the mid- and late-1960's. As other Senators have pointed out, areas which recently have experienced rapid growth will be excluded from the favored grantsmanship category. They will have to scramble in the national melee for the approximately one-third of the total funds leftover after the Great Society winners take their cut.

It is to obviate and meet this difficulty, and so forth.

In my own State of Nebraska, Mr. President, we are just beginning to urbanize in a serious way after decades of upheaval in the agricultural sector. Our cities are not large by Seaboard and Great Lakes standards. But for the Great Plains they are markedly larger now than many of us expected 10 or 15 years ago. By 1990 it is likely that over 50 percent of Nebraskans will be living in cities of more than 25,000 population. These cities are now beginning to plan orderly renewal and development. Yet only 3 out of the 10 Nebraska cities with a 1970 population greater than 20,000 will enjoy preferred entitlement under this bill.

The city of Omaha fortunately had a code enforcement program as far back as 1967. The cities of Grand Island and North Platte launched neighborhood development programs just in time to secure entitlement under the pending bill. But Lincoln, our State capital, and all other cities in the State will have to scramble for the leftovers.

Mr. President, although I am not an expert on the legislation at hand, I can see in local situations familiar to me that the bill is likely to frustrate rather than help progress toward the purposes intended.

Since 1970, Mr. President, my constituents in the Omaha area have been working closely with their Iowa neighbors in Council Bluffs and adjoining Iowa counties to plan and carry out the development of some 54 miles of the Missouri River Valley above and below the Omaha-Council Bluffs metropolitan area. Six cities, six counties, the Nebraska and Iowa State governments, all agencies represented on the Kansas City Federal Regional Council, and numerous private organizations have all joined together in far-reaching development efforts to shape for generations to come the social and economic life and the ecology of the Upper Missouri Valley.

This riverfront development program was not spawned by model cities or urban renewal or by any of the other programs slated for consolidation in the pending bill. It was the result entirely of local initiative, a vision, if you will, conceived by local government officials and business leaders. Federal contributions to initial planning came not from the Department of Housing and Urban Development, but from the Missouri River Division and Omaha District of the Corps of Engineers and from the Economic Development Administration of the Department of Commerce.

Only after broad plans had been developed and local cooperation mechanisms were in place did the riverfront program make systematic overtures to the Federal Government to joint the partnership to develop the Valley. Full-scale Federal participation did not come through any of the programs mentioned in the pending bill, but through an experiment initiated by the Office of Management and Budget in early 1972, entitled the Integrated Grants Administration program.

Under this integrated grant program, a local group comes to the Federal Government and says, "This is our plan. Here is how we propose to carry it out. We have committed these local resources. In what ways is the Federal Government interested in participating and with what resources." Mr. President, the approach I have just described is the complete reverse of classic grantsmanship where the brass ring goes to the planners who can best gage the speed and rhythm of the merry-go-round of Federal laws and regulations.

I offer the experience of my Omaha area constituents, Mr. President, as a concrete example of the spirit of local initiative envisioned in the new federalism. It stands in sharp contrast to the dispiriting process of catering to the prejudices of staff of Federal agencies so evident in the old grantsmanship. But it is the practitioners of the old and discredited approach who stand to benefit most under the community development entitlement provisions of this bill.

Let me be specific, Mr. President, the cities of Omaha and Council Bluffs probably will qualify under the grandfather clause entitlement in subsection 307(c). The other four cities and the six counties participating in the riverfront program will not. Some of the latter have participated in one or more of the programs listed in subsection 307(d) for computation of the grandfather clause grant amount. This past participation gives them no advantage whatsoever because they fail to qualify under the grandfather clause in subsection 307(c). Furthermore, it appears that the combined value to the cities of Omaha and Council Bluffs of their grandfather clause entitlement may be less than the value of their entitlement under the proposed Better Communities Act where objective criteria entered into the formula.

Finally, Mr. President, the entire riverfront development program receives its Federal support under the Integrated Grants Administration program through a Metropolitan Council of Governments vehicle. This body, which serves to provide the collective expression of the wills of its member governments, is the Community Development Agency for the riverfront program. It appears, however, that the pending bill makes no allowance for grandfather clause entitlement for a consortium of this sort.

Thus, Mr. President, we see how this bill could seriously jeopardize a sound regional partnership able to act as a cooperative mechanism for effective use of Federal community development resources.

The cities of Omaha and Council Bluffs have lucked out, so to speak, under the grandfather clause. The other riverfront program cities and counties must now enter the mad scramble for leftover discretionary funds. There will be strong incentives for going it alone. In short, we are about to experience again the kind of "every man for himself" balkanizing of metropolitan areas which the categorical programs originally provoked. A sound, forward-looking, and locally conceived program, which has stimulated remarkable regional and intergovernmental cooperation of the kind envisoned by the advocates of special revenue sharing and block grants, may well be harmed rather than helped by this bill.

This possibility, Mr. President, should make us alert to the pattern developing in the other block grant legislation now on the books or pending. The law enforcement and manpower programs have cleared. Education and economic development are moving up rapidly. I regret to note that in the instant bill, while we are making some progress in consolidating categorical programs, we cannot shake off entirely such trappings of categorical legislation as tight Federal review, complex regulations, and interminable clearances. It seems inevitable to me that the bill's community development entitlement standards will generate a wild scramble for funds among those not protected by the grandfather clause. This in turn will necessarily force the Department of Housing and Urban Development into cautious application reviews in the interest of equity. Ultimately we will have even more elaborate defining of eligibility through the medium of Federal regulations.

To ease somewhat the burdens imposed by the entitlement standards and

to respect the managers' wish not to rewrite the formula on the floor, I have offered a rather modest amendment to section 307.

Mr. President, this amendment would give the Secretary of the Department of Housing and Urban Development authority to identify any community development agency which has been carrying out a locally designed community development program to achieve substantially the same purposes as one or more of the four programs used to establish entitlement eligibility in subsection 307(c), the grandfather clause. It further provides a 6-month period after enactment to make the identification and a 5-percent set-aside of the amount authorized. After the 6-month period, any unused portion of the 5-percent set-aside would be available for reallocation according to the basic purposes of the bill.

The intent of the amendment is straightforward, Mr. President. To the extent that participation in the four programs listed in the grandfather clause establishes the substance of what we mean by community development in a preferred sense, those communities carrying out substantially similar locally conceived efforts should be included. This amendment would be of great benefit to the riverfront development program which I described and to many similar situations in the United States.

Mr. President, it is for the purpose of meeting this situation that I have offered the amendment.

It would be my hope that some progress would be possible toward a test of this approach to entitlement.

Mr. President, I yield to the Senator from Texas.

Mr. TOWER. Mr. President, I have listened with interest to the distinguished Senator from Nebraska. He actually raises some of the objections that I raised in an earlier speech on the same subject. These are the same objections which I mentioned in a colloquy with the distinguished Senator from Florida (Mr. CHILES) last Friday.

It is my hope that the objections dealt with by the Senator in his proposed amendment will be handled in the HUD bill as it moves through the House.

At the moment I would prefer that the Senator not press his amendment at this time, if he can see fit not to do so. We are informed by HUD that it would impose very serious administrative problems for HUD in its present form. However, I would like to inform the Senator of that and ask him if he would give us the opportunity to deal with that matter later.

Mr. HRUSKA. Mr. President, I am aware that there are administrative difficulties without some major and fundamental revision of the basic bill. However, I would suggest that, unless major adjustments are made in the entitlement formula, we would not only have administrative problems but also a complete collapse of the block grant program. Then we will again find ourselves engaging in the same exercise of trying to revise the basic legislation.

I have learned from reading the debate of last Friday that it is not the desire of the managers of the bill to try to rewrite the formula on the floor.

That is why the amendment I have submitted is designed as a modest amendment which gives plenty of discretion and plenty of latitude and flexibility to eliminate a lot of the administrative difficulties.

Considering the matter on balance, I comply with the request of the Senator from Texas. I will withdraw my amendment. However, I am pleased to hear him say that it will be uppermost in his thinking together with other vital points in the bill when the time comes for conference to reconcile the bills from the two Houses.

Mr. TOWER. Mr. President, I thank my friend, the Senator from Nebraska. HUD is now working with our counterparts on the House side and is trying to get the matter settled.

Mr. HRUSKA. Mr. President, I thank the Senator from Texas very much.

Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. BROCK. Mr. President, the Housing and Community Development Act of 1974, S. 3066, is a monumental piece of legislation covering a broad range of Federal housing and urban development programs. The complexities of the bill reflect the fact that major housing and urban development legislation has been delayed many years, with the last comprehensive bill enacted in 1968. A range of subjects are covered including housing loan insurance and mortgage credit assistance, low-income housing assistance, community development, comprehensive planning, rural housing assistance, mobile home construction safety standards, and housing cooperative financing associations.

The distinguished chairman of the Subcommittee on Housing and Urban Affairs (Mr. SPARKMAN) and the distinguished ranking minority member of the subcommittee (Mr. TOWER) are to be commended for bringing this bill to the floor of the Senate. Their subcommittee worked long and hard for the better part of last year to put this important legislation together. The excellent craftsmanship of the professional staff of the subcommittee and the Senate Legislative Counsel's office can be seen in this legislation.

Other than the chapters dealing with community development and comprehensive planning, most of the bill deals in one way or another with housing.

The simplification of the mortgage credit provisions of the National Housing Act as contained in the bill is long overdue. The existing law is now characterized by a confusion of overlapping authorities, many of which are seldom used or completely obsolete.

Public housing should be aided by the new and simplified version of the U.S. Housing Act contained in chapter 2 of the bill, which grew out of the administration's recommendations submitted to the Congress in 1971.

I am particularly pleased that the committee saw fit to include as chapter 7 of the bill the National Mobile Home Construction and Safety Standards Act of 1974. Mobile homes are tremendously important in providing low-cost, decent housing for millions of American families. Although most manufacturers take great pride in producing a quality product at a reasonable cost, the need for national standards to insure safety has long been apparent. The National Mobile Home Construction and Safety Standards Act will go a long way toward reducing the number of personal injuries, deaths, and property damage resulting from mobile home accidents, plus reducing the amount of insurance costs.

Another important provision in the bill is section 810 designed to prevent discrimination on the basis of sex in housing. This section is patterned after the Fair Housing Opportunity Act which I introduced during the last session of Congress after it had come to my attention that in too many cases, women are discriminated against in housing transactions. For example, very often a wife's income is not counted toward a purchase of a home. Section 810 would amend the Civil Rights Act of 1968 to include as a prohibited activity discrimination on the basis of sex in housing transactions.

Although I strongly feel that the crisis in the housing area requires the early passage of housing and community development legislation, I do have some reservations over specific provisions in S. 3066.

The largest part of this bulky bill deals with housing. These provisions represent the product of 4 years of proposals, counter proposals, amendments to proposals, agreements, and debate. The provisions simplify the law we have now and make a number of specific desirable changes. Unfortunately, when it comes to the real problem areas, the bill does nothing—nothing that is, except to dredge up that same old remedy of pouring in more Federal dollars.

It is important that we be clear on this. The most obvious failures of Federal efforts to provide housing for lower income families are the multifamily subsidy programs, like section 236 and, in recent years, public housing. These are the programs which have tended to "warehouse" the poor, with high concentrations of problem families which result in unmanageable problems of maintenance and exacerbate social conditions, both in the project itself and too often in the surrounding neighborhoods as well. These are the programs where cost controls have been most glaringly absent, or have failed, where the Government's long-term 40-year subsidy comments are most troublesome, and where projects increasingly prove infeasible despite the assistance being provided. In the case of section 236, for example, the administration estimated in its housing study last year that 1 project in 5 would fail within 10 years. It has now begun to appear that even these estimates were conservative—more than 20 percent will come back to FHA and they will come back sooner than expected. In the case of public housing, the bottom has in effect dropped out of the program to the point where in many respects it is no longer even a housing program. It is a welfare program, with tenants often living rent free and the Federal taxpayer confronting an ever mounting, seemingly endless bill.

So far as these critical problem areas

are concerned the bill before you does little or nothing. The provisions of the bill make some amendments in the law. But by no stretch of the imagination are the resulting programs new. Rather, this body is being asked to approve the same old structure. The only really significant changes are to add on new potential Federal costs. Thus, in the successor to section 236, the committee has added to the existing mortgage payment and tax subsidies a new subsidy—an operating subsidy. In the public housing program which already has an operating subsidy, the committee has moved to make payments under that provision mandatory.

It has done so moreover without taking any step to improve incentives for sound project management or to increase project revenues and establish over a period of time some reasonable minimum rent.

To add to what the bill would do in retaining the old are some amendments it would make to the new. For the administration, to its credit, did present us with a new proposal for a multifamily subsidized program. This new approach was designed to deal with problems which had developed in public housing and the section 236 program. Various mechanisms were included for control of costs including, for example, use of objectively determined market rents and a requirement for a specific minimum rent. The use of mortgage insurance was limited so that lenders would have a real interest in project feasibility. And the problem of excessive concentrations of low income families was squarely faced with a provision limiting the number of subsidized units to 20 percent of those in a structure. Essentially, the idea was that subsidized projects would have to be projects that would also make the grade as conventional unsubsidized projects. No longer would it be possible, as it has been in the past, to build projects for low and moderate income families with higher costs but lower standards than characterize other housing being built in the community for higher income families.

The bill retains some of this proposal. But it has grafted on it so many characteristics of the old programs that it is hardly recognizable. The market rent limitation, for example, is eroded, the minimum rent provisions deleted, and the normal limit on subsidized units raised from 20 percent to 75 percent—a figure so high that as a matter of practice and economics projects are likely to be fully subsidized. Moreover, the bill would largely remove from the Secretary the power to deal directly with developers. Instead, he would generally be required to operate only through local housing authorities, some of which may have little interest in new ways of operating if not enough to do already with existing projects and programs.

In making these remarks, it is not my intention to suggest that we should now seek to rewrite what the committee has done. It is my intention, however, to put to rest any misapprehensions about what we are doing in this bill about the "housing mess" that some of the subsidized programs have become. We are doing very little, except possibly to aggravate the problem with new invitations—or mandates—for reliance upon Federal funds. We are not even adding to the old something new, except in a form which will substantially perpetuate the old problems. Let us hope that at some point, before this bill finally becomes law, the Congress will do better.

Mr. DOLE. Mr. President, I send an amendment to the desk and ask that it be considered.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

On page 189, between lines 16 and 17, insert the following: "Notwithstanding the provisions of paragraphs (1), (2) and (3), the Secretary shall accept in lieu of any other required local contribution under this chapter, an equivalent amount of local contribution credits allowable for those facilities which are currently eligible as such under title 1 of the Housing Act of 1949 where the facilities have been reflected in the financing plans of, and have already been constructed or are under construction in, an ongoing urban renewal project or neighborhood development program activity area as of the date of enactment of this chapter."

Mr. DOLE. Mr. President, I ask unanimous consent that during the consideration of this amendment and the following amendment, John Smith and Ken Benjamin of my staff may have the privilege of the floor.

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

NONCASH CREDIT ALLOWANCE

Mr. DOLE. Mr. President, it has come to my attention that the community development programs in many of our larger cities across the country may suffer serious setbacks through implementation of the section 309(a) requirement for 10-percent local cash contributions.

There is significant concern on the part of many local agencies that the virtual elimination of noncash credits for all except low-income housing projects would have a devastating impact on their ability to meet local participation cash requirements.

The problem arises in areas such as Kansas City, Kans., where the property tax structure is heavily committed to support of bond issues to meet the financial needs of their extensive urban renewal programs. With already the highest tax rate in the State, Kansas City is in no position to issue additional bonds to satisfy the proposed cash percentage requirement. And unless something is done to modify that requirement, they and others of our Nation's cities which have been so enthusiastically committed to renewal programs would face the loss of millions of investment dollars as well as virtual shutdown of their community development activities.

The specifics of the Kansas City situation were set forth in a letter to Senator PEARSON and myself by Mr. Miguel P. Madrigal, deputy executive director of the Kansas City, Kans., Urban Renewal Agency.

In the letter he said:

Under present regulations, communities have been allowed to provide their ⅓ share in either cash or noncash credits and excess noncash credits can be pooled from a completed conventional urban renewal project to the next succeeding project until they are expired. Also, under present regulations. It is possible to pool excess credits from conventional urban renewal projects that are being closed out or completed into the Neighborhood Development Program. In addition to this, under the Neighborhood Development Program, it is possible for agencies to "bank" un-utilized noncash credits into its accounting records after they are approved by HUD until such a time as it is necessary for a community to draw upon these credits to meet its financing needs. (See copy of NDP Handbook RHA 7386.1, Noncash Grants-in-Aid, Chapter 3, 2.D. pages 1 and 2).

Under the above regulations, presently Kansas City, Kansas has approximately $4.5 million already banked into its financing accounts to meet future financial needs under the present Neighborhood Development Program. In addition to this, the Agency filed, under Section ND-201, a list of other noncash credits which had either been completed or started during the last action year. This list amounted to approximately $17,948,633 (see list attached). Currently, the Agency has several of these noncash credits under review at the local HUD area office and several more than are currently under processing, which amount to approximately $12 million. Others on the list are either under construction or not yet completed.

In addition to this, the Agency has other noncash credits that are presently under construction in several of the conventional projects where we foresee excess amounts which can be pooled into the Neighborhood Development Program eventually as these projects are completed.

The City of Kansas City, Kansas and other local public entities, in the last few years (since approximately 1968) have added approximately $61 million to the ad valorem of this community in the form of a $15 million capital improvement bond issue, $24.5 million school bond issue, $16 million public building commission bond issue and a $5 million junior college bond issue. The majority of these facilities being provided by these bond issues are mainly in the inner city area and many are within our Neighborhood Development Program boundary."

Finally, Mr. President, to deal with this problem and assure a basic element of fairness in this program, I am offering an amendment to expand the noncash credits allowances for localities which wish to continue their progress through participation in Federal grant programs. I believe that it is essential to the future of many ongoing urban renewal and neighborhood development projects, and will contribute significantly to easing the transition to the new approach embodied in S. 3066.

I say that in cases such as that of Kansas City, where they are overextended now insofar as bond issues are concerned, where it will be almost impossible to continue in the program if the cash credit is required, the amendment will make an exception in these instances.

It does not apply just to Kansas City, but also to Wichita and to a great many other cities in similar situations across the country.

This amendment has been discussed with the distinguished Senator from Texas and members of the staffs of the Senator from Texas and the Senator from Alabama (Mr. SPARKMAN).

Mr. TOWER. Mr. President, may I say to the Senator that we are looking at his amendment at the moment and thinking in terms of perhaps asking him to modify

it slightly, and therefore, if we could have just a few minutes' time, if the Senator will forbear and let me suggest the absence of a quorum on the bill's time, perhaps we can work it out.

Mr. DOLE. Let me suggest that I have thought about one modification to establish a limit of 2 years, and I am prepared to make that modification.

Mr. TOWER. Yes, that is one of the problems we have in going from a one-third/two-thirds situation to a 90–10 situation; there are a lot of unused cash credits that would string this matter out for some period of time. That was one of the problems we discussed in the committee. But we are now considering the matter, if the Senator is agreeable to suggesting the absence of a quorum.

Mr. DOLE. That is agreeable.

Mr. TOWER. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time be charged to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. 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. DOLE. Mr. President, I send a modified amendment to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the modification.

The second assistant legislative clerk proceeded to read the amendment as modified.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. DOLE's amendment, as modified, is as follows:

On page 189, line between lines 16 and 17, insert the following: "Notwithstanding the provisions of paragraphs (1), (2) and (3), the Secretary shall, during the two year period beginning on the date of enactment of this chapter, accept in lieu of any other required local contribution under this chapter, an equivalent amount of local contribution credits allowable for those facilities which are currently eligible as such under title 1 of the Housing Act of 1949, where the facilities have been reflected in the financing plans of, and have already been constructed or are under construction in, an on-going urban renewal project or neighborhood development program activity area as of the date of enactment of this chapter."

Mr. DOLE. Mr. President, let me state that this is identical to the amendment sent to the desk earlier, except that it is limited in application to 2 years, beginning at the date of enactment.

The amendment has been discussed with the distinguished Senator from Texas (Mr. TOWER), the distinguished Senator from New Jersey (Mr. WILLIAMS) and the distinguished Senator from Alabama (Mr. SPARKMAN). I think the modification meets any objection they might otherwise have. Is that correct?

Mr. TOWER. I am sorry; will the Senator repeat his question?

Mr. DOLE. I have modified the amendment to limit the application to 2 years, and with that modification it is my understanding that it is acceptable.

Mr. TOWER. Yes, it is certainly acceptable to me, because I have supported the Senator's amendment from the outset. As a matter of fact, I supported that concept in the committee. Unfortunately, others prevailed in the committee, but the committee was fairly evenly divided on the issue, and I think the other members of the committee probably support the Senator's present position.

With the modification, I think it eliminates what could be an abuse of the use of noncash credits. Therefore, I am prepared to accept the amendment, and I believe that the Senator from Alabama is likewise so prepared.

Mr. SPARKMAN. Mr. President, I have gone over the amendment with the Senator from Kansas and the Senator from Texas, and I am willing to accept it as modified.

The PRESIDING OFFICER. Do all sides yield back the remainder of their time?

Mr. SPARKMAN. I yield back the remainder of my time.

Mr. DOLE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. ABOUREZK). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Kansas, as modified.

The amendment, as modified, was agreed to.

AMENDMENT NO. 1009

Mr. DOLE. Mr. President, I call up my amendment No. 1009 and ask that it be stated.

The PRESIDING OFFICER (Mr. ABOUREZK). The amendment will be stated.

The legislative clerk read as follows:

AMENDMENT No. 1009

At the end of the bill add the following new chapter:

Chapter .—HOUSING OPPORTUNITIES FOR THE HANDICAPPED

SECTION 1. This chapter may be cited as the "Housing Opportunities for the Handicapped Act".

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to—

(1) promote alternatives to institutional living arrangements for severely handicapped adults;

(2) promote a more normal living experience and thereby provide an opportunity for the severely handicapped adult to choose how and where to live in order to reduce dependency, to maximize opportunities for vocational evaluation, training, and placement, integration into the community, and to utilize already obtained rehabilitation and educational experiences;

(3) focus attention on housing needs which are not already available;

(4) promote facility construction adequate for both handicapped and nonhandicapped at the most feasible cost;

(5) demonstrate models of housing and services for severely handicapped adults; and

(6) utilize existing supportive service systems.

AUTHORITY

SEC. 3. The Secretary of Health, Education, and Welfare (hereafter referred to as the "Secretary") is authorized to make grants to eligible sponsors to carry out a demonstration program to provide, in an efficient and innovative manner, housing and coordination of existing supportive services for severely handicapped adults. For the purposes of this Act, "severely handicapped adult" means a person, having attained the age of eighteen years, whose handicap is sufficiently severe to impair substantial gainful activity, and who requires multiple services to assist in adjusting to or overcoming such handicap.

ELIGIBILITY

SEC. 4. An eligible sponsor for a grant under section 3 is a public or private nonprofit agency or organization (other than a State institution) which—

(1) has demonstrated a commitment to serving and understanding the severely handicapped;

(2) is, at the time it applies for such a grant, supporting a continuing service delivery system for severely handicapped persons; and

(3) is a community-based agency or organization.

CONCLUSIONS

SEC. 5. (a) The Secretary shall not approve any application for a grant under this Act unless he determines—

(1) that such application was submitted to and approved by a sponsor's advisory council, which council is established for the purpose of furnishing advice to a sponsor with respect to the administration and design of a program to be carried out under this Act, and of which not less than 50 per centum of the members are handicapped persons, some of whom will reside in the housing to be operated by the sponsor, and for which not less than 25 per centum of the members are professionals experienced in providing services to severely handicapped persons;

(2) that the applicant has furnished assurances that its program will not serve fewer than six severely handicapped adults at a cost of not more than $10,000 per adult; and

(3) that the applicant has furnished such other assurances as the Secretary may by regulation require.

(b) In furnishing assistance under this Act, the Secretary shall encourage the conduct of demonstrations in both densely and sparsely populated areas in separate geographic regions of the United States.

REPORTS

SEC. 6. The Secretary shall report to the Congress not later than March 1 of each year on his activities under this Act and shall submit a final report to the Congress which report shall include recommendations for future legislation in the area of housing for severely handicapped adults based upon a comprehensive analysis and review of the projects funded under this Act.

PLANNING AND COORDINATION

SEC. 7. (a) Section 701(a) of the Housing Act of 1954 is amended by inserting before the last sentence the following: "Planning assisted under this section shall include a consideration of the design, construction, and location of housing, transportation facilities, and other facilities and services for the purpose of insuring ease of adaptability of such facilities and services for occupancy or use by handicapped persons."

(b) Section 4 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following:

"(d) There shall be in the Department a Special Assistant to the Secretary, designed by the Secretary, who shall be responsible for—

"(1) consultation and coordination with the Department of Health, Education, and Welfare and other agencies with respect to housing design and technology with respect to adaptability of housing for occupancy by handicapped persons; and

"(2) coordination and oversight within the Department of all housing and related programs to assure the maximum practicable application of design and technology which

facilitates adaptability for occupancy or use by handicapped persons."

AUTHORIZATION OF APPROPRIATIONS

SEC. 8. There are authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1974, $1,500,000 for the fiscal year ending June 30, 1975, and $2,000,000 for the fiscal year ending June 30, 1976, to carry out the purposes of this Act. Any sums so appropriated shall remain available until expended.

Mr. DOLE. Mr. President, I would like to express my support for the goal of adequate, safe, and secure housing for every American—the basic objectives contained in this much-needed legislation for the betterment of our existing housing and community improvement programs. However, I am concerned that it does not go far enough in dealing directly with the particular problems encountered in this area by our Nation's handicapped citizens.

The only portion of the bill, as it was reported, which deals even remotely with this area is section 804 providing for creation of a special housing loan fund for the elderly and the handicapped. It is my firm belief that this fund alone would be insufficient to meet the critical needs of our physically and mentally disabled, especially with regard to their requirements for adaptability in their living facilities. I, therefore, propose an amendment to extend the scope of housing alternatives available to the severely handicapped.

Many problems, of course, uniquely afflict this segment of our population. They must contend with an almost limitless variety of economic difficulties, physical obstacles, social prejudices, and emotional uncertainties. It is to the great credit of our society that we have attempted—through public, private, and individual efforts—to respond to these problems in ways that will facilitate and enhance the lives of our fellow citizens who are physically or mentally handicapped. One only has to look back a few decades to appreciate the distance we in America have come—from regarding persons with physical and mental disabilities as less than human, to the point where we now devote major programs and resources toward assuring their fullest and most rewarding participation in the mainstream of life. But as anyone who is concerned with this field understands, there is still much to do.

HOUSING DIFFICULTIES

Housing has always been a subject of concern to the handicapped, for a variety of reasons relating to their unique physical, medical and financial requirements. Their living accommodations frequently must conform to special needs. Doorways may have to be widened to allow easy passage on crutches or in wheelchairs. Elevators and ramps may be required, too. The installation of handrails, grip-bars, lifting devices, and other equipment is often necessary. Appliances, fixtures, and floor plans frequently must be modified. These requirements, by virtue of their complexity, uniqueness, and cost, are seldom met by conventional living accommodations. Although, taken separately, they do not seem overly important or serious, together they often have meant the difference between institutionalization and life as a part of the so-called normal community. And as the severity of an individual's handicap or group of handicaps increases, so does the likelihood that this individual will be unable to escape life in an institution.

The result of this process has been an increasing emphasis on institutionalization as a way of life for the more severely handicapped, and it has given rise to an "institutional" mentality among the handicapped, themselves, as well as the professional, technical, and policymaking personnel who serve them. It seems most effort has been based on the proposition that severely handicapped individuals must by definition be maintained in institutions. Little thought, small energy, and few resources have been dedicated to deinstitutionalizing them and placing them physically in the environment of the communities to which they belong.

ESTABLISHED PATTERNS

Indeed, so far no broad-scale, concentrated efforts have been devoted to providing residential facilities designed specifically for severely handicapped adults. Except in rare instances, substantially handicapped persons have remained in their parents' houses until some emergency such as the death or physical incapacity of a parent has forced them into institutions, or they have been placed there from the outset. Little thought has been given by these parents or their handicapped children to alternative living accommodations. And no wonder.

Even such rehabilitative services as are available are usually institutionalized, and often they are set apart from similar programs for the rest of the population. For example, excellent special education programs are often segregated for no real reason, and thereby the contact between handicapped and nonhandicapped children—which in many cases might be beneficial to both groups—is limited. In similar fashion, vocational services, and sheltered employment are also often removed from the well-traveled paths of the community.

This continued separation produces a detrimental cycle. The handicapped person, segregated from his fellow citizens, finds his opportunities for personal interaction with others are limited. He finds it more difficult to enter community life when opportunities are presented. At the same time, opportunities for the remainder of the population to become acquainted with the disabled as individuals and fellow human beings with the same emotions, hopes, and personalities are also reduced. And the whole society is the poorer for it. Because of this institutional mentality among those responsible for providing services to people with special needs, the severely handicapped, themselves, are confined by their limited institutional terms. In effect the whole society is stifled.

A touching example of this institutional mentality arose out of a meeting not long ago in a large city where severely handicapped adults, their parents, volunteers, lay leaders, and State officials were discussing the kinds of living arrangements favored by the handicapped adults and their families. Everyone could mention already established institutional methods, but no one ever raised the possibility of a noninstitutional setting. They could not think of anything but large population categories—nursing homes, hospitals, and institutions for 50 or more, with 3 or 4 in a room. The idea of increased self-sufficiency and independence in a private residential setting was completely foreign to them all.

NEW DIRECTION

I believe the time has come to set aside this institutional mentality and introduce a new direction into the planning and programs for the severely handicapped—particularly where housing is concerned.

Of course, some handicaps are so severe that they absolutely necessitate the care and extensive facilities available only in modern hospitals and extended care centers. But many severely handicapped people—given the right facilities, training, and guidance—can live independent, productive lives away from the institutions to which they have been confined.

So from this point on, let us not make our first question, "What institution is best?" Rather let us first ask, "How can we make it possible for this person to live in the community? How can we make him or her as much a part of the everyday life of America as possible? How can we enable him or her to play a maximum role in the world?"

The modern directions in this Nation for treating and rehabilitating the handicapped are deinstitutionalization and decentralization. These trends should also be incorporated in approaches to living arrangements for the severly handicapped. The goal should be to integrate them into the community but still provide all the special services they require—through establishing a new emphasis in planning for future housing construction and utilizing available services and facilities more effectively, efficiently and, economically.

HOUSING OPPORTUNITIES FOR THE HANDICAPPED ACT

In April 1973, I proposed a two-phase national effort to redirect our approach to housing for the handicapped in America. It placed the focus on providing alternatives to institutional living arrangements by adapting present housing to meet the needs of the severely handicapped and by assuring that future housing will be constructed with the needs of all handicapped Americans clearly in mind. It was entitled the Housing Opportunities for the Handicapped Act of 1973, and forms the basis of the amendment I am offering today.

DEINSTITUTIONALIZING THE SEVERELY HANDICAPPED

With regard to existing housing, the amendment seeks to establish a demonstration grant program designed to break the pattern of the institution mentality which has grown up around the severely handicapped.

The administrator of this program would work in cooperation with the many fine public and private agencies and organizations which are already striving to supply service delivery systems for the handicapped. Grants would be provided to "sponsor" organizations to support plans which are specifically designed to provide housing and coordination of existing supportive services for

at least six severely handicapped individuals. The grants would be limited to a total $10,000 for each person served by any single program, but there would be no limits on the innovations, new approaches, or fresh ideas which could be implemented by the programs. It is hoped these grants would lead to a broad range of experimentation in methods of equipping, adapting, or modifying private homes, apartments, hotels, and other nonspecialized facilities to meet the residential needs of the severely handicapped. It would be expected that some experiments would fail because they were impractical, too expensive, or too complicated. But I also believe that out of this experimentation by groups with established experience and demonstrated understanding in serving the handicapped, many good ideas and workable new approaches will emerge.

Over the 3-year period that these demonstration grants are authorized there will be ample time to thoroughly test ideas, to correct mistakes and to make improvements or promising developments. And at the end of the 3-year authorization, Congress would receive a report, with legislative recommendations based on the experience of the funded programs.

I believe this represents a sound approach to an important need. It starts on a small scale but provides wide flexibility and latitude for searching out and applying new ideas. It lays the foundation for thorough study of the various experimental approaches, and it holds the promise of showing us a clear path to successful broad-scale legislation to meet these needs on a national basis—and open millions of existing homes, apartments, and other residential facilities to the severely handicapped.

FUTURE HOUSING

Of course, if this goal is to be achieved we must work with housing which is in existence now. But if we are to have lasting success we must assure that in the housing which will be constructed in the future the needs of the handicapped are taken into consideration from the start of the initial planning process.

It would be wonderful if by making a speech or passing a law we could assure that the needs of the handicapped would occupy a prominent place in the mind of every architect, housing planner and residential developer in the country.

We all recognize the limits of our laws and our abilities, however. But we can also recognize the possibilities for achieving our goals on a more limited, though certainly significant scale. And if we cannot immediately impress our concerns on the entire housing industry, it is by all means possible to do so with respect to one of the most important sectors of the housing fraternity—the Federal Government's Department of Housing and Urban Development.

BASIC PLANNNING CONSIDERATION

Therefore, this amendment expands the authority of the Department of Housing and Urban Development to require that its comprehensive planning activities:

Include a consideration of the design, construction, and location of housing, transportation facilities, and other facilities and services for the purpose of insuring the ease of adaptability of such facilities and services for occupancy or use by handicapped persons.

CLEAR MANDATE

This language is intended as a clear mandate to our Federal housing authority that the needs of the handicapped—all handicapped persons—shall be given basic consideration in America's planning for future housing.

As anyone who has ever undertaken a home remodeling project knows, it is many times more difficult and more expensive to modify a house after it is built than to include the modifications in the original plans. And it is much more difficult and costly—often to the point of being prohibitive—for a handicapped individual to modify a house or apartment to his specific needs. And thus we get back to the vicious cycle of institutionalization because of physical, financial or personal limitations.

BASIC DESIGN CONSIDERATIONS

But what if these needs were considered in the beginning? For example, what if doorways were built wide enough for a wheelchair to pass through without difficulty? What if easy connections were made for converting sinks, lavatories, toilets, and bathtubs or showers to models readily utilized by an individual who is confined to a wheelchair? Countless other examples could be found—simple things, little things, inexpensive things, but some major items, too—that if included in original plans and specifications could make all the difference in the world for someone with a handicap.

And where could we find a better place to start than with the Federal Government and the Department which is concerned with the homes and communities in which we will all live in the future? With all the expertise and technical resources at its command, I believe the Department of Housing and Urban Development could produce great strides in a short time. And with the firm direction provided by this demonstration program, the Department would clearly be held accountable for achieving this progress.

SPECIAL ASSISTANT TO THE SECRETARY

To assure the maximum possible dedication to these objectives and to provide a central authority for directing departmental efforts toward it, the amendment creates a special assistant to the Secretary of Housing and Urban Development to have coordinating and oversight authority within the Department and to consult and coordinate efforts with the Department of Health, Education, and Welfare.

I believe this amendment to the Housing and Community Development Act is a vital requirement if America is to fulfill its responsibilities—its legitimate and clear responsibilities–to our handicapped citizens as we move into the third century of our independence. The handicapped have long been a slighted minority in this country in terms of the planning processes of Government. Perhaps the most glaring recent example of this inexcusable shortcoming is to be found right here in the District of Columbia, where a multibillion-dollar subway system was permitted to proceed without incorporating even the most basic facilities to promote access by even moderately handicapped people.

Such serious defaults of our clear and basic obligations cannot be permitted to continue. And the area of housing is—along with medical and transportation considerations—as critical a subject for the handicapped as any I know.

So this amendment I believe, takes on great importance in terms of determining what type of nation the United States is to become. And if we do not meet our responsibilities to those citizens who are afflicted by various physical and mental disabilities, I believe America will be unable to achieve the full realization of its ideals and greatness.

Now, Mr. President, amendment No. 1009 has been before the subcommittee. I appeared before the subcommittee and the Senator from Alabama (Mr. SPARKMAN) concerning this amendment which deals with housing opportunities for the handicapped.

It does seem to me, being active in the field of handicapped Americans, that for too long we have considered those who had serious handicaps as only being cases suitable for institutions. We have built housing of all kinds but really never considered those who were in wheel chairs or suffering other serious handicaps.

My amendment would provide the authorization, for fiscal year ending this June, of $1 million; $1.5 in fiscal 1975; and $2 million in fiscal 1976.

It does seem to me that with the limitations and restrictions I have placed in the legislation, it may be time to take a look at public housing and some of the expenditures, with handicapped adults in mind.

For these reasons, I am offering the amendment today. I think its consideration is long past due. I would hope that the amendment will be accepted by the committee. If not, perhaps it can be discussed and we can have a rollcall vote on it.

Mr. TOWER. Mr. President, I am sympathetic with what the distinguished Senator from Kansas seeks to do, but I would suggest to him that he not press this amendment because we already have a provision in the bill dealing with his concern. Additionally, there is a budget proposal that has been submitted by the administration for research and development, to determine the means for improving housing for special user groups such as the elderly and the handicapped. It is anticipated that the problem will be dealt with in their research and development program.

I think there will emerge something that will satisfy the desires of the Senator from Kansas—maybe not in the institutional sense but at least something which will enable his objective to be achieved.

Mr. DOLE. I am aware of the amendment adopted last Friday, the amendment of the Senator from California (Mr. CRANSTON), which does offer possibilities. It would perhaps satisfy the general objectives of my amendment as detailed in the colloquy with the distinguished Senator from Texas. I would hope there will be some scrutiny of amendment 1009, as well as the state-

ment which I have made in support of the amendment; so that perhaps those responsible for the study and those who are otherwise in charge of disposition of the funds in this area will look specifically at what is suggested by the Senator from Kansas. I would hope that we can develop a program that will aid the elderly and the handicapped and anyone else who has a special problem.

Mr. TOWER. I can give my assurances to the Senator, and I am sure that my distinguished colleague from Alabama (Mr. SPARKMAN) will join me, in saying that the committee will maintain a continuing interest in special problems of the elderly and the handicapped. We will exercise great interest and careful oversight over what the department does in this field because I think we all share the concern of the Senator from Kansas, and a very humane concern it is. I think that the Senator can expect that the committee will manifest considerable interest in this matter.

Mr. TAFT. Mr. President, will the Senator from Kansas yield?

Mr. DOLE. I yield.

Mr. TAFT. I have listened with interest to the position of the Senator from Kansas and the assurances given to him. I am a cosponsor of legislation with him on this subject, and I want to commend the Senator for his initiative.

I, too, feel it is important that we keep something moving here, and not just give mere lip service, which is given at the very least in the bill. I hope that it will turn out to be more than that in the bill as it presently stands. It may be enough to get this moving, but if it is not I certainly would support the Senator's efforts to come back here with legislation and really push, because it is the kind of proposal on which we can get the support of Congress.

Mr. DOLE. I thank the Senator from Ohio very much. I know of his interest in this legislation. Frankly, I am concerned when it says that we direct the Secretary of HUD to undertake the research. I may not live long enough to see the results of that research, for I know how HUD operates. I have had many dealings with HUD, and I only have a life expectancy of 30-some years. So, based on that frailty, I would hope that someone at HUD will be brought to understand the problem and will pay particular attention to it and will undertake such a study in an effort to really do something about it.

I agree with the Senator from Texas that this may take some time but I hope it will happen in this century.

Mr. President, it seems to me that this is something that should not have to wait and should not require much research. If there is a choice between putting someone in a home because he may be an adult and handicapped, thus more or less institutionalizing that person, or making an effort to provide a more normal and productive living arrangement—then the path should be clear. There is every reason, and that person has every right to expect some significant benefits from housing and other programs where the Federal Government has some interest. It should be long past the research stage now.

I know the interest of the committee. I know the interest of the Senators on the committee. I would hope that they would make it known to HUD that this is a matter of some priority because of the people who may be affected.

Mr. SPARKMAN. Mr. President, I yield myself such time as I may require. I appreciate the attitude that has been expressed by the Senator from Kansas. I know his interest in this subject, but I want to call his attention to the fact that every time we mention the elderly in connection with housing, we couple it with the handicapped. In other words, all through the bill there are provisions for the elderly and the handicapped. So we have not been blind to the need for special service provisions for the handicapped.

The amendment of the Senator from California (Mr. CRANSTON) provides for research and study to discover improvements in the field of housing persons with special needs, including handicapped persons.

I think the Senator will recall that one day he was testifying before our committee on behalf of handicapped legislation and he called attention to—as I recall it—the fact that he was in the hospital recovering from an injury following World War II—it seems to me he said it was in 1947, when he was in the hospital—when he learned of the passage of legislation for handicapped veterans. He was in the hospital, as I recall, out in one of the far Northwest States. I said to him at that time, "I was privileged to be the author of that legislation," and I was. We wrote what I think was a very fine piece of legislation for handicapped veterans. It is true that it covered only those who were perhaps wheelchair cases or cases of that kind.

I mention that simply to say that down through the years—that was 25 years ago or more—we were working for handicapped persons, and we are still working for them. This is full of provisions for handicapped people.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DOLE. As I tried to make clear, I understand the Senator from Alabama's commitment, and the Senator from Texas and the Senator from Ohio have demonstrated their commitment. I am not suggesting that there is a lack of concern on the part of the members of the committee. I am suggesting that, despite the commitment, and it has been on-going for the past 25 years or more—that the results have been less than many of us had hoped.

I think that now that the handicapped are coupled with the elderly in the bill, together with Senator CRANSTON'S amendment to improve upon it—it demonstrates further commitment by the committee and by Congress. Hopefully, HUD now will understand that we mean business and will do something about it.

Mr. SPARKMAN. I agree completely with the Senator from Kansas as to that.

The thought just occurred to me that it might be helpful if the Senator would come up with some specific recommendations and let us. as a committee, get behind HUD and tell them to work on those matters.

Mr. DOLE. I have one specific suggestion, it is the amendment I have offered, which has been made a part of the RECORD.

I would be pleased to visit with the Senator or a representative of HUD. That is just one thing. I can think of a number of others that should be looked into.

Mr. SPARKMAN. I hope the Senator will give us those suggestions and let us see what we can do to push HUD into greater activity.

Mr. DOLE. I thank the Senator from Alabama.

Mr. President, based on the colloquy with the distinguished Senator from Texas and with the chairman of the committee, the distinguished Senator from Alabama, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. WILLIAMS. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

At the end of the bill, add the following new section:

ENERGY STATEMENT

SEC. —. In any case in which the Secretary of Housing and Urban Development is required to prepare a statement pursuant to section 102 of the National Environmental Policy Act of 1969 as a result of any action being taken or assistance being furnished under this Act, he shall include in the statement:

(1) his assessment of the long-term and short-term impact upon energy resources of the proposed assistance or action; and

(2) alternatives to the proposed assistance or action and their effects upon energy resources.

On page 6, at the bottom of the page, insert:

"Sec. —, Energy Statement".

Mr. WILLIAMS. Mr. President, this amendment has already been discussed with the manager of the bill, the distinguished chairman of the Committee on Banking, Housing, and Urban Affairs, and he assures me he has no objection to it.

The intent of my amendment is to stimulate at the Department of Housing and Urban Development, and within our private construction industry, thinking and planning for more efficient energy utilization.

The National Environmental Policy Act requires all Federal agencies to present an environmental impact statement whenever they propose a major Federal action that would significantly affect the human environment.

Our energy resources are as finite and precious as the other natural resources that we usually think of when we refer to our environment.

When we commit them to a project, it should be with the same thoughtfulness and consideration that we give to the commitment of our other natural resources.

My amendment would, therefore, direct the Secretary of Housing and Urban Development to include the impact upon

energy resources as a component of his environmental impact statements.

In the context of the shortages of gasoline and other petroleum products which we are now experiencing, the need for energy conservation could not be clearer.

At the same time, the potential for conservation in this country is vast.

And much of that potential savings is in the type of projects with which HUD is concerned.

Estimates of the energy resources squandered in this country range up to 40 percent.

Residential energy consumption amounts to 22 percent of our total energy usage, and private homes offer energy savings possibilities second only to those projected in transportation.

For example, a Rand Corp. study shows that better insulation in new housing would cut heating and cooling requirements by 40 to 50 percent.

Extra construction costs could be recaptured in 4 to 7 years through reduced fuel and utility bills.

My amendment would require only that in a situation where HUD is engaging in a major undertaking, and is already required to file an environmental impact statement, that it include in that statement an exploration of the energy efficiency of the proposed project.

I believe this amendment would help to focus the Department's attention upon the need to conserve our finite energy resources.

The Secretary would be required to set out his assessment of the long-term and short-term impact the project would have upon energy resources, and his assessment of the impact alternative approaches would have upon energy resources.

I believe that this amendment would also help to draw the attention of the public to our vital concern for the conservation of energy.

Perhaps we would have thought twice about the plans for the 110-story World Trade Center if its staggering energy requirements had been fully and clearly set out.

That complex, with its enormous electrical requirements, will consume as much electricity as the entire city of Schenectady, N.Y., which has a population of 100,000 persons.

We have watched unquestioningly as glass-clad buildings have sprung up all across the country.

Glass, however, is a notoriously poor insulator, and heat loss could be cut in half by the use of double glazing.

Similarly, we have erected high rises with windows that do not open.

It has been estimated that the average office building is occupied 3,100 hours per year with 500 hours in the temperature range where untreated outdoor air could be used. Opening the windows could reduce the energy necessary for handling the air by about 19 percent.

Simply designing a building with the sun in mind can achieve substantial energy savings.

A building will require nearly 29 percent less energy for cooling if the broad sides face north and south.

Mr. President, my amendment merely requires HUD to explore these and other energy conservation opportunities along with the other environmental ramifications of a major Federal project.

I think all of us are now coming to the realization that we in the United States have been lavishly wasteful of energy resources.

The current fuel shortage has shown quite dramatically that such waste can have severe consequences.

In my judgment, we are now entering a new era, where the squandering of energy will no longer be acceptable.

We are moving toward a new "conservation ethic."

And one of the first steps we must take in that direction is to make energy conservation part of our day-to-day planning.

My amendment would require that kind of planning and I urge my colleagues to give it their support.

Mr. SPARKMAN. Mr. President, the Senator from New Jersey has discussed this amendment with me.

I point out that we do treat with energy problems through the bill. In fact, if the Senator will refer to section 105, on page 13, he will see that we require compliance with what needs to be done in the field of energy, conservation, and so forth.

I see nothing wrong with the amendment. I have not discussed it with the Senator from Texas.

Mr. TOWER. Mr. President, I believe the amendment is laudable. Opposing this amendment would be like opposing a resolution on motherhood, considering the current state of our energy problem.

Mr. SPARKMAN. It is in keeping with the times.

Mr. TOWER. Therefore, I am delighted to support the amendment of the Senator from New Jersey.

Mr. WILLIAMS. I am grateful to the managers of the bill.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

Mr. WILLIAMS. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BROOKE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 154, line 16, insert after the word "income" the following: ", as determined by a review at intervals of two years (or at shorter intervals where the Secretary deems it desirable),".

Mr. BROOKE. Mr. President, this is a very simple technical amendment which applies to the new leasing program proposed under section 8(g) of the U.S. Housing Act of 1937, as amended.

As section 8(g) now stands, it has no provision for periodic review of tenants' income. This amendment would provide for a review every 2 years or at such shorter intervals as the Secretary of HUD shall determine. This is the same provision as is applied to all other subsidy programs under the bill.

I have discussed this matter with the chairman of the committee, the floor manager of the bill, and the ranking minority member, the Senator from Texas (Mr. TOWER), and it is my understanding that they will accept the amendment.

Mr. TOWER. Mr. President, I am prepared to accept the amendment. It is consistent with other provisions of the bill.

Mr. SPARKMAN. I accept it, also.

I yield back the remainder of my time.

Mr. BROOKE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

Mr. BROOKE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 145 at the end of line 24 add the following new subsection and renumber the succeeding subsections in Section 8(a):

(6) As used in this Section, the term "tenant" includes a member of a cooperative; the term "owner" includes a cooperative; and, with respect to members of a cooperative, the terms "rent" or "rental" mean the charges under the occupancy agreement between such members and the cooperative and the term "lease" means such an occupancy agreement.

Mr. BROOKE. Mr. President, this is another simple amendment which could be classified as a technical amendment.

There are other places in this bill where there is language which makes it clear that the rental housing provisions apply to cooperatives. I am offering this as a perfecting amendment, to add similar language to section 8 of chapter 2, under the leasing assistance program.

The amendment simply provides that the term "tenant" includes a member of a cooperative and that the term "rent" includes charges under an occupancy agreement.

It is my understanding that the chairman, the manager of the bill, and the ranking minority member, the Senator from Texas (Mr. TOWER) will accept the amendment.

Mr. SPARKMAN. Mr. President, I am in favor of the amendment. I think it is good language, in order to make clear what we already understand.

Mr. TOWER. Mr. President, I join in the remarks of the distinguished Senator from Alabama.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time on the amendment.

Mr. BROOKE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. TOWER. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time consumed be charged equally to both sides.

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. TOWER. Mr. President, I yield as much time as he may need to the distinguished Senator from Illinois.

Mr. PERCY. Mr. President, I thank my distinguished colleague from Texas. I am speaking primarily to commend the members of the Committee on Banking, Housing and Urban Affairs for bringing before this body an exceptionally fine bill. Surely this legislation will be viewed in the years to come as a major milestone in our efforts to provide decent housing for all Americans and to rebuild and revitalize our great cities.

I was privileged to serve as a member of the Banking Committee when it drafted another landmark piece of legislation, the Housing and Urban Development Act of 1968. I am extremely pleased that the committee, under the able leadership of the senior Senator from Alabama (Mr. SPARKMAN) and the senior Senator from Texas (Mr. TOWER), has preserved many of the bold and innovative and successful programs launched by that bill, some of which have been subjected to a fierce and, to some extent, unwarranted attack.

I have in mind particularly the section 235 program of homeownership assistance for low- and moderate-income families. This is now the section 402 program under the committee's bill.

It is a fact, Mr. President, that the program provided homeownership opportunities to 434,000 families between 1968 and June 1973, housing approximately 2 million people in homes of their own. I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a table showing the distribution by States of 235 units.

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

(See exhibit 1.)

Mr. PERCY. Mr. President, I would hope that any Senators who have any doubts about the wisdom of this program and what it has been able to accomplish can visit some of the homes in their own States and their own communities that they are familiar with and talk to the families, as I have done. Obviously, there are imperfections in this program, but many of the imperfections could have been avoided if other provisions which were in the law had been implemented. There was adequate authorization for example, for the Department of Housing and Urban Development to move ahead in providing adequate counseling for homebuyers.

Despite the fact that many of the things that the Banking, Housing, and Urban Affairs Committee felt were necessary were not implemented, still today the success story told by 434,000 families in homes which provide decent housing for several million Americans is adequate testimony to the fact that we embarked upon a program that was a most suitable alternate to public housing. I feel, in the end, it will accomplish far more than simply providing the same amount of money for more high rise public housing.

It is a fact that with a median income of about $6,500, most of these families could not otherwise have enjoyed the benefits of home ownership.

It is a fact—as the administration's own housing study points out—that the program has resulted in "substantial benefits" for these families in terms of improved housing quality. It has provided an incentive to them today and hope for tomorrow. It has provided a hope for them that never would have been possible otherwise.

The wisdom of this principle, I know, was enunciated by the distinguished Senator from Texas when he, seeing the lack of concern by occupants of public housing for the facilities in which they were housed, and seeing also that their hope was to get out of these projects, offered an amendment which at least gave an opportunity for those people to buy their own units and thereby give them a sense of belonging and a sense of owning something of their own.

It is a fact—once again as the administration's study points out—that new construction under 235—or 402 as it is now called—costs no more than comparable privately produced units.

Now, Mr. President, I certainly do not deny that the program has been plagued by a number of problems. But I think the committee has done an outstanding job in modifying the authorizing legislation in such a manner as to promote strengthened management of an essentially strong and viable program.

I am particularly pleased that the committee has mandated homeownership counseling for 402 participants, as I suggested in my bill, S. 1614, the Home Buyers and Homeowners Protection Act. Counseling was authorized by the 1968 act, but tragically was never fully implemented by the Department. Evaluation studies of counseling programs where they have been in existence have shown them to be an exceptionally useful component of the homeownership assistance program.

Essentially, this is what we were attempting to accomplish; to provide, together with homeownership, the kind of counseling and expert advice that would enable families to manage their affairs and would enable them to become responsible citizens of their community and take pride in that community.

I also believe that authorizing the Secretary to draw upon the insurance funds of the FHA will allow some continuity in the maintenance of counseling programs.

I agree with the committee's action in tying eligibility for program participation to the median income in the area and in establishing flexible mortgage ceilings which are tied to "prototype cost for the area." I believe these features will go a long way toward better targeting the program on the neediest families and making it more uniformly available in all areas of the country.

Finally, it is not without a sense of personal satisfaction that I take note of the effort by the committee to link the provision of homeownership subsidy funds to a community's plan for orderly development. The thrust of my original proposal for a national homeownership foundation—a bill which enjoyed the cosponsorship of every single Republican Member of the Senate when it was introduced in 1967 and subsequently by 100 Members of the House—was to stimulate cooperative efforts by public and private agencies to rebuild and renew communities large and small in part through the provision of homeownership opportunities for low- and moderate-income families.

The absence in many cases of a relationship between provision of low-and moderate-income housing and a community's overall plans for development has handicapped the homeownership program in achieving its goals. Allocating all housing subsidy funds in a lump sum and then either reserving 402 funds specifically for communities to meet the objectives of their community development program or making them available only for use on sites which conform with housing plans of local governments generally moves in the direction of our original 1967 bill.

I applaud the committee's decision to retain the homeownership program, which has meant improved housing for so many Americans, and I applaud the committee's very useful revisions in the enabling legislation to make the program work better in the future.

Mr. President, I must confess some disappointments. The principal disappointment that I have goes back to the committee authorized this home ownership program and when adequate appropriations were authorized by the Congress for it. It was then that the administration saw fit to institute the program but to abandon the oversight authority delegated to the National Homeownership Foundation to make certain beneficaries would be properly counseled, to make certain that low income people, who had never owned anything of value in their lives, would be properly counseled, and to make certain that they would not be exploited by those who might attempt exploitation. The consequences of our inability to obtain a very modest amount of money for oversight and supervisory efforts, money which would have been matched by private foundation money if the Government had provided the original seed

money and appointed the board of the Foundation, has now been testified to in the tragedy of grand jury investigations and indictments across the country for the very kind of abuses we knew might creep in if the program was not properly supervised. We spent millions and millions of dollars, which we were willing to spend, but we were not willing to spend the relatively few pennies required to oversee the program.

I am also disappointed that the committee in S. 3066 has not gone further in protecting the interests of the housing consumer. We have made great progress, but I feel that continued future progress in this direction will be very worthwhile.

I recognize that several features of the bill—the warranty provisions, the provisions for reimbursement of homeowners for defects, the extension of counseling programs—resemble the proposals included in my bill, S. 1614.

I nonetheless regret that the committee did not adopt other sections of my bill, provisions dealing with an Office of Consumer Affairs in HUD, authorization for "fair-dealing" requirements in marketing of FHA-backed homes, authorization of programs to protect homebuyers from the loss of their homes due to involuntary unemployment or unexpected expenses for home maintenance.

These were programs I felt private insurance would have been willing to underwrite in this country. We had testimony to that effect, and I feel we could have made more progress in this area.

On the whole, however, I believe the strengths of the legislation before us far outweigh any limitations that might be pointed out.

No piece of legislation is perfect. But tremendous progress has been made in the bill that is before us today, and again I commend our distinguished committee and its chairman and the ranking minority member and the staff—and it is a brilliant staff—who have worked together to put this bill in its present form.

I would like to take note briefly of some other aspects of this far-reaching piece of legislation:

First, I think the committee has done a fine job in its consolidation and revision of community development programs of balancing the benefits of revenue sharing for States and localities with the need for assurances that the funds will be directed toward achieving certain obtainable and worthwhile goals.

Second, the authorization for an expanded housing allowance experiment together with the authorization for an expanded urban homesteading program indicate that the committee is continuing to seek innovative ways of achieving our goals of decent housing for all Americans and a revitalization of our cities.

I am particularly intrigued by the potential of the urban homesteading concept.

Not only is this a means of disposing of basically sound housing in HUD's inventory, but it offers hope both to families who might not otherwise become homeowners and to neighborhoods which might otherwise be ravaged by the wrecker's ball. Moreover, it is in keeping with the basic values and spirit of the American heritage.

I cannot close without a word about the committee's heartening efforts on behalf of the elderly. I have in mind particularly the strengthening of the very useful section 202 program as well as the creation of an Office of Housing Security in HUD. The elderly and the handicapped do have special housing needs which cannot be met without Federal assistance. But perhaps the No. 1 problem of those elderly persons now living in federally financed developments is the problem of crime and vandalism.

I remember how one woman said to me one evening that crime was uppermost in her mind. Once dark comes, she said, she feels that she is a prisoner in the housing project. It is federally backed and we have local support for it. Yet she feels that she cannot go out of doors and go down to the street. It is a particularly frightening problem for the elderly. Elderly persons—all persons—should be secure on the grounds and in the lobbies, elevators, and hallways of their buildings. I know the Office of Housing Security will deal effectively with this problem.

Mr. President, I congratulate the committee for its sensitivity to the needs of the elderly. I enthusiastically support the principal provisions of this bill. And I hope that we will be able to do something about the problem.

EXHIBIT 1

Volume of FHA—Section 235—Insured new and existing home mortgages, by State location of property, 1968—June 1973

State:	Number insured
Alabama	12,994
Alaska	688
Arizona	7,521
Arkansas	6,398
California	31,439
Colorado	6,719
Connecticut	1,019
Delaware	434
District of Columbia	759
Florida	31,361
Georgia	20,397
Hawaii	1,746
Idaho	2,210
Illinois	16,911
Indiana	9,340
Iowa	7,232
Kansas	3,309
Kentucky	9,258
Louisiana	23,010
Maine	927
Maryland	1,655
Massachusetts	4,360
Michigan	20,082
Minnesota	3,220
Mississippi	11,026
Missouri	6,096
Montana	1,652
Nebraska	4,543
Nevada	5,980
New Hampshire	1,098
New Jersey	3,293
New Mexico	5,167
New York	4,364
North Carolina	7,244
North Dakota	811
Ohio	16,676
Oklahoma	11,455
Oregon	6,326
Pennsylvania	5,880
Rhode Island	744
South Carolina	16,571
South Dakota	1,498
Tennessee	17,227
Texas	37,755
Utah	6,689
Vermont	340
Virginia	3,777
Washington	13,751
West Virginia	711
Wisconsin	10,440
Wyoming	921
Puerto Rico	9,661
Virgin Islands	0
Guam	129
U.S. total	434,814

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. PERCY. I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I call the attention of the Senator to the committee report, page 4, paragraph (4) and subsection (a) under that paragraph which reads as follows:

(a) Subsidy funds would be reserved for 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 of units of general local government.

Does that mean that all subsidy money would go for the two categories?

Mr. PERCY. I am not on the committee any longer. I have not been on it for 3 or 4 years. So I really feel that this question in detail on this particular legislation should be addressed to members of the committee. I was addressing myself to the principles involved.

Mr. CURTIS. Mr. President, I would like to point out that many small communities have neither a developer nor a community development program, and they probably never should have them. That is the reason why I wanted to know what the Senator means here on whether or not these subsidies are limited to these two categories.

Mr. PERCY. Under the original homeownership program this, of course, was not provided; there appeared to be no need for that. However, the committee since then has devised the new community development program. And I think that a member of the committee could best give the Senator the reason why they are tying these two programs together.

Mr. CURTIS. Mr. President, on another point, is it the Senator's understanding that eligibility for a subsidy will be determined by considering the relationship between the applicant's income and the price of the house?

Mr. PERCY. Eligibility—for assistance—according to the committee report, page 4, paragraph (4)(c) would be limited in general to families with income less than 80 percent of median to

insure more coverage for lower-income families.

So, I think it relates first to the income of the family, and obviously there are ceilings placed on the cost of the housing that that particular family could be subsidized for under the provisions of the bill.

Mr. CURTIS. Mr. President, I ask that question because of circumstances where an individual, in the ordinary run of business, might be buying a home, say, for $15,000. They will look at his income and see that the price of the home is $15,000. They say then that he would not be eligible for a subsidy. However, if he decided to buy a home for $20,000 or $25,000, that would make him eligible for a subsidy. Is that situation still available?

Mr. PERCY. At the time I left the committee, I think the absolute ceiling was $24,000. I understand that that provision has now been amended. Also the Senate has increased the eligibility figure to 90 percent of median income. However, as to whether there is a direct relationship between the individual's income and the price of a house that that individual would be able to purchase, I would have to turn to the distinguished chairman of the committee and chief counsel for advice. The provisions have been changed since I actually worked on the legislation some years ago.

Mr. CURTIS. The Senator is not familiar with the program described in paragraph (7) at the top of page 5 of the report, a new program of Federal guarantee of State taxable bonds with an interest subsidy.

Mr. PERCY. The Senator said that is on page 5, paragraph (7).

Mr. CURTIS. The Senator is correct.

Mr. PERCY. Mr. President, this is a new provision of the bill, not part of the homeowners' bill that the distinguished Senator from Nebraska cosponsored back in 1967. This is a new provision. I would again have to turn to the committee, because through its hearings and its own deliberative processes, it decided that this particular feature was desirable as a new program.

Mr. SPARKMAN. Mr. President, I will be glad to give a brief explanation of it. I had something to say earlier in the day about this.

The Senator from Connecticut (Mr. WEICKER) offered an amendment which, in effect, would have provided for this type of assistance to a State housing finance agency. And, by the way, there are 31 States today that have State housing finance agencies. The number is still growing. Objection was made at first on the ground that this would be one way of, shall we say, backdoor financing and it would be not be approved because of that.

There is another provision that is somewhat similar. The Senator from Wisconsin (Mr. PROXMIRE) offered an amendment to provide direct lending for housing and, again this would have called on the Treasury to purchase bonds and debentures that might be issued. That would have been backdoor financing.

The Treasury Department at first objected to the amendment offered by Senator PROXMIRE relative to borrowing authority and expressed some reservations relative to the State bonds as one would expect; but the next day, the next morning when we started talking about them again, the representative of the Treasury Department got up and said, "We have no objection to the borrowing authority provision."

What had happened in the meantime was that we had completed, in the Senate, action on the Federal Financing Bank, and his explanation was that we would not have to call on the Treasury to bear this burden, that it can be handled through the Federal Financing Bank and sold in the market like other debentures.

Mr. CURTIS. This is a new program?

Mr. SPARKMAN. Yes.

Mr. CURTIS. The subject of State and municipal tax-exempt bonds has been before Congress for a long time, and the tax writing committees have given it considerable consideration.

One of the suggestions made in reference to the question concerning the question of tax-exempt bonds was to make them taxable, and have the federal government pay an interest subsidy. Is that what is involved here?

Mr. SPARKMAN. That is correct. We were told that in their method of handling these bonds—and the Treasury representative was there with us—there actually would be—a "profit" made on handling the bonds.

Mr. CURTIS. This is the first time I have ever heard of a subsidy resulting in a profit.

Mr. SPARKMAN. Instead of calling it a "profit," I should say there would be less cost to the Federal Government. In other words, the real cost of financing the housing would be diminished.

Mr. CURTIS. It seems to me that this is a rather major change in our tax treatment. It could very well be that this section is so drawn that it does not amend any part of the Internal Revenue Code. That I would grant. But basically it is the beginning of a broad change in the tax policies concerning municipal and State bonds, and I wonder if the matter has been referred either to the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate.

Mr. SPARKMAN. No, it was not referred to either commtitee. As the Senator must know, the Treasury Department had a representative there and accepted the program with respect to taxable bonds. It is consistent with the latest Treasury policy

Mr. CURTIS. That does not satisfy the legislative prerogatives of the two committees, the fact that the Treasury was here. I think consulation with the Treasury and its approval on tax matters is very important; but they certainly cannot speak for Congress.

While the chairman of the committee is present, may I ask some other questions?

The PRESIDING OFFICER. Who yields time?

Mr. SPARKMAN. I yield myself 5 minutes.

Did the Senator understand that these were tax exempt bonds?

Mr. CURTIS. No, they are taxable bonds.

Mr. SPARKMAN. Taxable bonds?

Mr. CURTIS. According to what it says here.

Mr. SPARKMAN. That is right.

Mr. CURTIS. But I——

Mr. SPARKMAN. Is there anything illegal about the Treasury Department being willing to handle bonds through the Federal Financing Bank?

Mr. CURTIS. Is the Federal Financing Bank going to pay the subsidy? It says here "a new program with an interest subsidy."

Mr. SPARKMAN. No, the subsidy is paid just like all other subsidies are paid.

Mr. CURTIS. Will it be paid by this new bank, or will it come out of the Treasury?

Mr. SPARKMAN. It will come out of HUD; but the sale of these bonds which will yield taxes will compensate in part for the subsidy that is paid. We were told that as a result the Federal Government would pay less than otherwise it would have had to pay.

Mr. CURTIS. I still do not understand how bonds can be issued and the Federal Government pay a subsidy, subsidize the interest, and not get the money from some place. It will be appropriated funds, will it not?

Mr. SPARKMAN. Yes, that is true.

Mr. CURTIS. And how much will it be?

Mr. SPARKMAN. Let me find the bill and see what it says.

The provision is found on page 97. It says:

> The aggregate amount of payments committed to be made pursuant to contracts entered into under this subsection shall not exceed $50,000,000 per annum prior to July 1, 1975, which maximum dollar amount shall be increased $60,000,000 on July 1, 1975.

Mr. CURTIS. On a different subject, the Government has had to take possession of some housing, has it not, in recent years?

Mr. SPARKMAN. Yes; that is true.

Mr. CURTIS. How many single dwelling units do the various Federal housing agencies now have?

Mr. SPARKMAN. I do not know. I have a figure in my head that I have heard over the radio or read in the newspaper, but I am afraid to give it, because I could not vouch for it at all.

Mr. CURTIS. Could the Senator have the staff supply that?

Mr. SPARKMAN. Yes; I would be very glad to.

Mr. CURTIS. Then on multiple dwellings, I would like to know of how many projects possession has been taken by the Government and how many units are involved.

Mr. SPARKMAN. Yes; we will be glad to furnish that.

Mr. CURTIS. I thank the distinguished chairman.

Mr. SPARKMAN. I thank the Senator from Nebraska.

The PRESIDING OFFICER. Who yields time?

Mr. SPARKMAN. I yield the Senator from Oklahoma such time as he may require.

AMENDMENT NO. 1008

Mr. BELLMON. Mr. President, I call up my amendment No. 1008 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

At the end of the bill, add the following:

SEC. 823. The Secretary of Housing and Urban Development shall take action to secure the payment of any deficiency after foreclosure on a mortgage where the Secretary has reason to believe that mortgage proceeds have been fraudulently misappropriated by the mortgagor.

Mr. BELLMON. Mr. President, the omnibus housing bill we are now considering is a significant step toward fulfilling our national commitment of insuring that all Americans have access to adequate housing.

However, past policies to increase the availability of housing to those with low incomes have left the door open for abuse. Specifically, Mr. President, I refer to the following hypothetical situation. A contractor or developer desires to build an apartment project for low-income families often referred to as 235 or 236 projects. After becoming certified or qualified by the Secretary of Housing and Urban Development, the contractor submits his estimated costs of building the project to a regional HUD office. Based on these estimates, the Federal Government, through a local mortgage banker, insures the mortgage, thus advancing the contractor the necessary funds to build the apartment project. The first problem arises when the contractor "skims" money off the top of the advanced mortgage proceeds. As a result, the contractor does not purchase quality materials necessary for the construction of a good project and the apartment project is completed with substandard materials. Because of the poor quality of the workmanship and general unattractiveness of the overall project, the apartments fail to "rent up." Accordingly, the mortgage payments cannot be made and the Government is forced to buy up the mortgage and resells the project at a loss.

Similar results occur where the contractor grossly underestimates his costs and therefore builds a project with inferior material and poor workmanship. Accordingly, a sloppy project is built, it fails to rent up and eventually finds itself into the hands of the Government. As is usually the case, prior to construction of the project, various types of business entities are formed to take advantage of the tax shelters this type of investment offers. Everyone prospers, but the Government and the people intended to benefit by our housing programs.

The scenario I have outlined is costing taxpayers millions of dollars. As reported by the Washington Post on Sunday, March 10, 1974, the Department of Housing and Urban Development owns 29 apartment projects which it acquired at a cost of roughly $10 million as a result of default termination. This number is increasing rapidly. Reportedly, the rate of Government acquisitions is destroying funds set up to take care of mortgage defaults. According to HUD budgets reported by the Washington Post, one of these funds will be in default by $715 million in 1975 and another in deficit by $810 million.

Often the contractor, or owner, who grossly underestimates his costs and, or skims off the top of mortgage proceeds is protected from any personal liability on the Government insured loan. That is where the problem comes in. As is the case many times, the mortgage agreement itself contains provisions whereby the Secretary agrees that in the event of a default and resulting foreclosure, the Secretary will not pursue a deficiency judgment. Therefore, the only proceeds that go toward satisfaction of the outstanding indebtedness are those that come from the sale of property on which the apartment project was built. Hence the Government is saddled with losses amounting to millions of dollars.

Mr. President, the amendment I offer today is intended to restore integrity to our Federal housing program and potentially save the U.S. Government and its taxpayers large sums of money. I propose that the future policy of the Department of Housing and Urban Development be to take action to pursue deficiencies which results in foreclosure, in cases where fraud is suspected. With this added deterrent of potential personal liability, contractors will be more careful about the accuracy of the estimates they submit to the Government for approval, and he will think twice about "skimming" off the top of mortgage proceeds which siphon away funds needed for the construction of quality housing projects. Mr. President, the law needs to be changed so the owner, or contractor will be highly concerned with the quality and livability of these projects as with advantageous tax shelters such investment offers.

Mr. President, the U.S. Government has undertaken a noble cause in trying to increase the availability of adequate housing to every American. If we are to reach this objective, I submit that Congress should tighten up the regulations and the administration of the program to eliminate fraud.

Mr. President, I urge approval of my amendment to S. 3066.

Mr. President, this amendment would apply only to those cases where fraud is suspected. It is up to the Secretary to determine those cases, which would have a desirable effect in improving the quality of the projects and saving the Federal Government large sums of money.

Mr. SPARKMAN. Mr. President, of course, the purpose of the amendment is laudable if the purpose is to prevent fradulent misappropriation—those are the words used—where the Secretary has reason to believe that mortgage proceeds have been misappropriated or misused fraudulently.

I must say that I have not been able to determine just why or where this originated. I hope very much that the Senator will not press his amendment at this time but that he will give us a chance—in fact, I wish he would write us a letter suggesting the things that he has said, or perhaps we can take it from his remarks in the CONGRESSIONAL RECORD which will give us a chance to look into this thing. It comes as something completely new to me. That is all I can say about it.

Mr. TOWER. I would concur with the Senator from Alabama. I agree with the thrust of what the Senator from Oklahoma is trying to do. I think that perhaps a study might be advisable to determine what kind of additional legislation is needed.

There is already some authority in HUD to recover moneys as described in the amendment, but HUD would prefer not to have this mandated to them at this moment. If the Senator from Oklahoma would not press his amendment, it is something we will be vitally interested in looking into.

Mr. SPARKMAN. I wonder whether the Senator would withhold just a minute for me to make this further comment—and I yield myself such time as may be required to do so—but HUD has a regulation. It has an agreement with FHA which prescribes standards under which the rental receipts can be distributed. These receipts must first be applied to making the mortgage payments as well as payments for real estate taxes and hazard insurance. They then must be used for properly maintaining the project. Only after these obligations are met, may any other rental receipts be disposed of to the owners of the project.

In case of default or subsequent foreclosure, FHA will normally only look at the mortgage property to satisfy the mortgage indebtedness. However, if the owners of the project have used rental receipts contrary to the terms of their regulatory agreement with the FHA, FHA is empowered, pursuant to the agreement, to proceed against the project owners to recapture the misused receipts.

Mr. BELLMON. Mr. President, that applies to rental receipts. My amendment goes to the initial mortgage insurance, to the receipts of the construction funds which in many cases are skimmed off or misappropriated. In this case, there seems to be no authority under most agreements where the Federal Government comes back against a contractor to recover the funds misappropriated. So I am not talking about rental receipts but construction funds.

If I may say to the chairman, I can see no harm in taking the amendment. It has been printed and there has been time to study it. If he finds something wrong with it perhaps it can be straightened out in conference. My studies indicate that this is badly needed. There have been a whole series of scandals, particularly in section 235 and 236 projects.

The whole program will be seriously damaged unless Congress takes steps to clean it up, and that is the purpose of this amendment.

Mr. SPARKMAN. I am not sure that I get from the amendment the meaning that the Senator has just mentioned. That may be the intent, but the amendment says:

The Secretary of Housing and Urban Development shall take action to secure the payment of any deficiency after foreclosure on a mortgage where the Secretary has reason to believe that mortgage proceeds have been fraudulently misappropriated by the mortgagor.

Again, I will say that this is a matter of first impress, shall I say, on this thing. I hope the Senator will agree to withhold his amendment and let us have a chance to check into it later. We will welcome from him any suggestions and help that he can give us.

Mr. BELLMON. Would the Senator agree to take the amendment to conference and give his staff an opportunity to look at it? If the Senator finds some objection to it, it can be modified in conference.

Mr. SPARKMAN. Yes; I would agree to take it to conference, if the Senator from Texas will go along.

Mr. TOWER. That will be agreeable with me.

Mr. BELLMON. I thank the distinguished chairman.

Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was agreed to.

Mr. HATHAWAY. Mr. President, I call up my unprinted amendment which is at the desk.

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.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 231, between lines 13 and 14, insert the following:

(d) Section 521(c) of such Act is amended by adding at the end thereof the following new sentence: "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 is a technical amendment which corrects an error that was made last week. An amendment I offered, which was accepted, vitiated part of a previous amendment I had offered and had accepted, and this straightens out that situation.

I understand that both the majority and minority agree that this amendment simply does that and that there is no question about it.

Mr. SPARKMAN. Mr. President, that is my understanding. I am willing to accept the amendment.

Mr. TOWER. I am prepared to accept it.

Mr. SPARKMAN. Mr. President, I yield back the remainder of 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. TAFT. Mr. President, will the Senator from Texas yield me 3 minutes on the bill?

Mr. TOWER. I yield.

Mr. TAFT. Mr. President, I should like to take this opportunity, in talking on the bill, to express my appreciation to the chairman and the ranking member and the staff of the Housing Subcommittee and the Committee on Banking, Housing and Urban Affairs, on which I had the privilege of serving during the time this bill was considered. I left the committee just before the bill was reported, but in the committee report I was permitted to make additional views and comments. I appreciated that especially. Also, I appreciated the great cooperation and help I received over the years in working on housing legislation with the distinguished members of that committee.

Mr. President, the proposed legislation now before the Senate is the most comprehensive rewrite ever attempted of our housing and community development laws.

In many respects it is a major step forward while in others it falls short. There are reforms which every Senator would support, while every Senator could find provisions which displease him.

As we continue the necessary process of debating individual amendments, however, I could not urge my colleagues too strongly to keep the debate in perspective.

There are two salient facts about this bill. First, it is in trouble, because of the deep-seated differences between our approach and that of the House and the administration. Second, we in Congress may not yet be charged with fiddling and the cities may not be burning. However, there is no question that each day the housing and community development situation continues to get bleaker in too many areas. Each day, the future of our communities' ongoing efforts in this field becomes more jeopardized.

The Senate bill is a strong reaffirmation of the importance and desirability of both federally subsidized housing and a locally based community development block grant approach, with adequate Federal direction and supervision. I generally support it and I am not suggesting that it be altered fundamentally. Nor am I calling for it to be enacted with undue haste and without working out as many as possible of the serious problems contained in both this bill and the other approaches.

Nevertheless, if we want a major bill everyone is going to have to compromise—the Senate, the House of Representatives and the administration. As the legislative process continues, let us keep in mind that the "perfect bill" is not going to help anyone if it ends up in the "also-rans" file. Let us do all in our power to bring about the maximum possible cooperation between the Senate, the House and the administration. And most importantly, let all of us in Congress and the administration attach the importance to enactment of this legislation which it deserves and conduct our negotiations accordingly.

Mr. President, one of the most controversial provisions of the community development chapter would require that in most cases at least 80 percent of a community's funding be spent for activities intended to be of direct and significant benefit to blighted or deteriorating areas or to families with low or moderate incomes. Because I sponsored that provision, I prepared suggested language for the committee report to explain more fully the intent of this requirement. The language was not included in the report because of its length. However, I believe it reflects the thinking of the provision's supporters and thus it would be a helpful addition to the legislative history. Accordingly, I ask unanimous consent that it be printed in the RECORD at this point.

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

ANALYSIS OF COMMUNITY DEVELOPMENT RESTRICTIONS (SEC. 305(b)(1) OF CHAPTER III)

The Committee bill requires that no more than 20 percent of a community development agency's grant funds be expended during any contract period for activities not intended to be of direct and significant benefit to blighted or deteriorating areas or to families with low and moderate incomes. An exception to this requirement could be made, however, if HUD certified that the exception is necessary to meet urgent community needs. HUD would include a list of all such certifications in its annual report to Congress on the community development program.

This limitation is necessary to ensure that the thrust of the community development effort is along the lines of that intended to be fostered by the major programs it would replace, of which urban renewal and Model Cities comprised 86% in terms of fiscal 1972 funding. The community development program is not intended to be another general revenue sharing program. Rather, such a program should be designed primarily to assist in the revitalization of a community's deteriorating and blighted areas and in providing additional facilities which will be of major benefit to families with low and moderate incomes. In the absence of a general but nonetheless clear requirement that most community development money be expended in this manner, local political pressures may dictate an inordinate amount of the funds for facilities which primarily serve upper income neighborhoods or families or for public works which are highly visible but do not fulfill more basic needs of the community. The specific percentage was felt to be necessary to make Congress' intent absolutely clear to participating communities and to HUD, which has indicated its extreme reluctance to place requirements, restrictions or demands on the expenditure of Federal community development funds.

On the other hand, the proposed limitation is broad enough so that local flexibility and decision-making would not be inhibited unduly. A community development activity would fall within the twenty percent limit only if it could not be adjudged to be of direct and significant benefit either to a blighted or deteriorated area or to families of low and moderate income. Activities which would nevertheless fall within the twenty percent limit are likely to fail rather obviously to address what are generally considered to be urgent needs of our communities.

The provision of an unimportant monu-

ment, a swimming pool or park in an upper income neighborhood or a sports arena in an area which is not blighted or deteriorating, are good examples. Such activities are also likely to be popular projects which communities should be able to support with private funds, local taxes and general revenue sharing funds.

While inevitably there will be some controversies relating to the administration of this 20% limitation, its administration should not become a major problem. Activities destined to take place in blighted or deteriorating neighborhoods should be easy to distinguish from other activities. Whether a neighborhood should be considered "deteriorating" can be determined partly by the activity proposed for it. For example, sensible activities along the lines of a code enforcement program normally would be proposed only for an area which could be classfied as "deteriorating" In general, a neighborhood should be considered to be deteriorating if its long-term stability is presently threatened. That is not by any means an enormously difficult judgment to make.

Similarly, the phrase "direct and significant benefit" should not prove excessively difficult to interpret. For example, the supporting facilities for a sizeable suburban housing project where 40% of the tenant families have low or moderate incomes (by the standards normally used for our housing programs) would be considered to be of "direct and significant benefit to families of low and moderate incomes". The facilities could not be considered in that light if the project happened to have only a few families in the low and moderate income range.

The possibility of obtaining an exception to the limitation was included in recognition that there will be "borderline cases" and to give the community development program additional flexibility. For example, a relatively new community which does not have blighted or deteriorating areas might be able to demonstrate that to fulfill urgent needs it must expend more than 20% of its funds on activities, such as water and sewer lines in certain areas of the community, which are not of direct and significant benefit to families of low and moderate incomes. Another community may be able to demonstrate that it has an urgent need for facilities (such as housing) designed specifically to attract middle and upper income groups back into the inner city and to the tax rolls, and that in support of this purpose more than 20 percent of the funds must be expended in areas which could not be classified as blighted or deteriorated. However, because the 20 percent limitation only restricts the expenditure of funds in ways generally not considered to be essential to the fulfillment of program purposes, such exceptions should be needed only in limited numbers.

The Committee expects that HUD will interpret the 20 percent restriction in a manner which respects communities' ability to determine their own needs, by giving them a reasonable "benefit of the doubt." It is not expected, therefore, that there will be a great number of cases where HUD will be forced to take disciplinary action by withholding funds to enforce the restriction. The committee expects the major benefit of the restriction to come not from enforcement efforts by HUD, but rather from an improved understanding of and response to the purposes of the community development program at the local level.

Mr. TAFT. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. TAFT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the appropriate place in the bill insert the following new section:

TAX INCENTIVES REVIEW

SEC. . Upon the enactment of this Act, the Secretary of Housing and Urban Development, in cooperation with the Secretary of the Treasury, shall conduct a thorough review of the effectiveness of existing tax incentives for investors in low and moderate income multifamily housing. Not later than 6 months after the date of enactment of this section, the Secretary of Housing and Urban Development shall submit to the Congress any recommendations for adjustments in such incentives—

(1) in order to facilitate increased efforts to reduce or stabilize construction or operating costs;

(2) in order to facilitate improved management practices which are more responsive to the needs of tenants; or

(3) for any other reason.

Any such recommendations shall include an estimate of the effect their implementation would have on the levels and costs of low and moderate income housing programs.

Mr. TAFT. Mr. President, this amendment would direct HUD and the Treasury Department to conduct a thorough review of the effects of present tax incentives for investment in multifamily low- and moderate-income housing. Within 6 months, HUD would submit to Congress any recommended changes in the incentives for the purpose of facilitating increased cost consciousness by investors, more sensitive management, or for any other reason. Any recommendations would have to be accompanied by an estimate of their effects on the volume and cost of the low- and moderate-income housing programs.

The major attraction for investors in the present subsidized multifamily housing program is the possibility of using the accelerated depreciation allowance and other losses as tax shelter for other income. Experts have alleged that the arrangement has contributed to insensitive management and unnecessarily high costs in some cases. When an investor's income is dependent upon tax sheltering rather than a healthy project cash flow, in a fundamental way the more expensive the development becomes the better off he is. Because the developer is often paid with a fee expected by investors to be extracted from the tax advantages rather than from profits upon sale, he also may have a lax attitude about cost control. Furthermore, because tax sheltering benefits are unrelated directly to the condition of the project or to full or nearly full occupancy levels, the investors may not always require, to the extent they should, that the property managers responsible to them be responsive to tenant and project needs.

It is generally agreed that the section 236 provisions generated private capital more successfully than any other low- and moderate-income housing program. Unquestionably, sizable incentives are needed to accomplish this task, and I am not suggesting definitely that the magnitude of the incentives be reduced, although HUD and Treasury should certainly evaluate that strategy because of the possibility of reducing per-unit costs. However, a restructuring rather than reduction of the incentives might encourage reduced costs and sounder management. For instance, an internal HUD paper has called the present incentives inappropriate for subsidized housing and instead recommended tax credits to apply separately to construction and management expenses. A HUD-Treasury review of such possibilities and formal recommendations from those agencies could only be beneficial.

Mr. President, I reserve the remainder of my time.

Mr. TOWER. Mr. President, I believe that the amendment of the Senator from Ohio has merit. The only question might be the time in which the study is required to be completed. Other than that, I think it is a meritorious idea; and for my part, I am willing to accept it.

Mr. SPARKMAN. Mr. President, I fully agree. I yield back the remainder of my time.

Mr. TAFT. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. TAFT. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 145, line 14, after the word "entity" insert the following: ", including a public housing agency,".

Mr. TAFT. Mr. President, I note that in this draft of the section 8 leased public housing program, dwelling units may be leased from an owner rather than specifically from a private owner. This leads one to question whether public housing agencies can participate in section 8(g) program as developers. I do not know whether this is clear. I think it should be clear.

We have talked with HUD about it, and our understanding of HUD's position is that the public owner, the housing authority, should be capable of going into these programs if it wishes to do so, just as a private owner could.

I do not know whether it is anticipated that public housing agencies could finance such development through federally guaranteed tax-exempt bonds or otherwise under the provisions of the bill, but I think that would be desirable also.

This provision, it seems to me, has not been clarified by the committee report. I would welcome any comment members of the committee might have in regard to the necessity of clarifying this matter so that the housing agencies can become sponsors or owners under the program.

Mr. SPARKMAN. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SPARKMAN. Mr. President, I am not sure I fully understand just what the question would be. Does it relate to the powers of housing authorities to be developers themselves?

Mr. TAFT. That is correct; under section 8(g).

Mr. SPARKMAN. How would that operate? Why are they not developers now?

Mr. TAFT. They have been their own developers.

Mr. SPARKMAN. Yes.

Mr. TAFT. Under this new language for the leased housing program they would have to go out and find an owner, as I see it, unless we specify clearly they can be owner and developer also, using the financing capability that they have.

Mr. SPARKMAN. Does not section 8 refer wholly to private accommodations and is this not completely different from what the housing authority ordinarily would have jurisdiction of? It would be completely contradictory to the purpose of public housing authorities.

The housing authority handles low-rent public housing and does not sponsor private housing. I do not see why their power should be extended to construct or develop private housing. This is a new program sponsored by the administration. I must say that it is open to interpretations by anyone who wants to read it, but this is low-income housing in private accommodations.

Mr. TAFT. Mr. President, if the Senator will yield, it seems to me to be basically following the section 23 approach that has been used in public housing. It seems to me if that is true, the people who have the most experience administering it and who should be authorized to be developers are local public housing agencies.

Mr. SPARKMAN. I feel it would be more or less in conflict; that it is a conflicting proposition because this relates to private accommodations. As I understand it, section 8 proposal was recommended by the administration with the intention that local authorities be allowed to go out and lease property from private owners so low-income people could be placed in those private accommodations.

On page 145 it is stated:

As used in this section, the term "low income housing in private accommodations" means dwelling units leased from an owner (including an owner occupant), which provide decent, safe, and sanitary dwelling accommodations and which may include related facilities,

So it seems to me that the Senator's proposition runs completely contrary to the whole concept.

Mr. TAFT. Mr. President, if the chairman will yield, it seems to me that what the chairman said is undeniable. It applies to private accommodations because the statute says these are private accommodations. It is a bootstrap approach to the problem.

If the authority is given under the amendment I propose for the public housing agency to go out——

Mr. SPARKMAN. And build.

Mr. TAFT. To become a builder of this type facility, it will be a public facility just as it would be a private facility if a private owner develops it.

Mr. SPARKMAN. When the Senator suggested "bootstrap" I started to say it is moonlighting for the housing authority.

I have just stated my views. I would be glad to yield time to the Senator from Texas if he wishes to speak on this matter.

Mr. TOWER. I cannot add more than what the Senator from Alabama said. It occurs to me in this situation that if we adopt the amendment of the Senator from Ohio, conceivably there could be a conflict of interest because on page 147, line 10 it is stated:

The Public Housing Agency shall conduct appropriate inspections over the units offered to be made available in any residential structure, and so forth.

In effect the housing agency would be inspecting its own development.

Mr. SPARKMAN. And would be accepting payments from itself.

Mr. TOWER. That is right.

Mr. SPARKMAN. May I suggest, if this is acceptable to the Senator from Texas, that we agree to take this amendment to conference.

Mr. TOWER. I would be willing to do so.

Mr. SPARKMAN. Not promising anything beyond that point.

Mr. TAFT. I would be glad to have that done. I will take it up with the House committee in the meantime. This question has not been resolved, I feel.

Mr. SPARKMAN. It is something I think we can thresh out in the conference meeting.

Mr. TAFT. I thank the Senator. I yield back my time.

Mr. SPARKMAN. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MOSS. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read, as follows:

On page 206, delete lines 12 through 18, ending with period on line 18.

Mr. MOSS. Mr. President, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. MOSS. Mr. President, this is a very simple amendment. I think it can be readily disposed of.

This amendment would delete the earmarking of funds for comprehensive planning in metropolitan areas. It would allow appropriate regional, State, and local authorities to have the necessary flexibility to determine the best use of comprehensive planning moneys.

There has been no earmarking for funds in this area previously and funds are not earmarked in other areas, so why just metropolitan areas?

Local elected officials should make policy as to where the funds received for comprehensive planning are most needed. No percentage of one specific area should be mandatory.

The National Governors Conference supported the proposed deletion. The Utah State Planning Agency supports the deletion. The Governor of my State has indicated that he supports the deletion. The National Legislative Conference indicates that it supports this deletion.

The amendment has just the simple function of taking out the earmarking of a certain percentage of the funds for comprehensive planning in metropolitan areas. I think it would improve the bill if it were taken out. It certainly would accord with the views of the Governors and many others in this field if that were done.

I have had only a brief opportunity to discuss the amendment with members of the committee and the staff, and so I do not suppose they have had a great deal of time to consider it; but I do not know of any great opposition to it, and I would hope that it could be accepted.

I reserve the remainder of my time.

Mr. TOWER. Mr. President, I might say to the Senator from Utah that he does accurately reflect the views of the Governors in this matter. On the other hand, county and local units of government want this subsidy. So we have a conflict of action developing between the Governors and county and local officials as to whether or not there should be a set-aside of funds.

I have been advised by those who have been monitoring the actions of the House that the probability is that this provision will not occur in the House bill. Therefore, it would be discussed in conference. It might be a good idea for us to take this provision to conference, in the absence of a similar provision in the House bill, and see if there cannot be a reconciliation between the differences in this particular instance.

I have no strong views about it one way or another. It is just a situation where some people want it and some do not.

Mr. MOSS. Of course, it could be debated in conference. The point was brought to my attention by the National Legislative Conference, which is made up of State legislatures, or at least their executive directors, who indicated they were for it. The Governors were for the amendment, and the planning agencies are for it. It seemed to me that constituted sufficient weight that perhaps the provision relating to earmarking could be taken out, because it applies only to metropolitan areas. Comprehensive planning money does not apply elsewhere. So we have selected certain areas for earmarking, and I am not aware of the need to do so. I am a great believer in flexibility and local responsibility wherever it can be utilized.

Mr. SPARKMAN. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SPARKMAN. The Senator from Texas stated this proposition. It is something that some officials want and some do not want. So we have two great divisions.

I have had regional councils in my State objecting very strongly to the idea of having the money go to the Governor. That is what it amounts to. They think that we ought to establish some kind of formula that would assure that they all get their share. Of course, if all the States were as fairminded as mine is, this provision would operate all right, but a lot of them are afraid they are not going to get the money unless there is a formula for allocating it.

We tried to write a provision that

would give assurance to local regional bodies that they would get part of this money and have it come to them in a determined formula. That is what we have been trying to do.

I think it is fair. I think it is right. Do I understand that the Senator from Texas (Mr. TOWER) is suggesting that we take it to conference?

Mr. TOWER. I was suggesting that we leave it in the bill, because the prospect is very strong that it will be in conference. If we take it out of the bill and there is no similar provision in the House bill when we go to conference, there will be nothing in conference. So we ought to leave it as it is and go to conference with it.

Mr. PASTORE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. Yes, I yield to a former Governor.

Mr. PASTORE. Mr. President, this matter is an old chestnut. It all depends on whether one is a mayor of a large city or happens to be the Governor of a State. It also depends on the kind of State one comes from. I assume that when one does not come from a large city—of course, the Senator from Utah has Salt Lake City in his State—he has a different viewpoint. This has been a perennial problem between the State capital and city hall. Many metropolitan areas have felt that that is where the basic problem actually is. Yet they have been shortchanged only because Governors took it upon themselves to look at the political future and distribute the money in such a way as to make everybody happy; but most of the money goes where it is not needed.

This is not a new problem we have met from mayors and from housing officials. Conferences meet it in one way; Governors meet it in other ways. But I think there is a very, very splendid argument on either side.

I think that because, in all probability, the House will delete it, it might be well that the matter be taken to conference, to work it out there.

I tell Senators frankly that where I come from many of the largest cities have difficulty, and the rural areas do not. If we begin to spread the money out, we do not get as effective a product as if we did it this way. That is my judgment. But it does not necessarily make the Senator from Utah wrong or all the Governors wrong. If I were the Governor of my State today, it would not make any difference, one way or the other; but it does make a difference in the State of New York, where large cities feel they are not being treated properly at the State capitol.

The question is, Who is responsible for earmarking? But there, again, I think the matter ought to be kept open. I think it ought to go to conference. I think the conferees ought to thresh it out, and if they do not want it in the bill, they ought to knock it out.

Mr. MOSS. Mr. President, I yield myself an additional 2 or 3 minutes.

What occurs to me is that every State, I suppose, by now has a State planning agency. I know that Utah does. That is where the money would go—to the State planning agency, for a determination of where the money was needed. Presumably the State planning agency, being a professional organization, would have no political bias as to where the money was placed. The agency would try to place it in areas of need. Second, earmarking might constrain their judgment if they felt that they needed to allot it. That is the reason I was willing to bring the matter up. It seemed to me that we should keep the program as flexible as we could in providing planning money.

I am, however, willing to submit it. If the Senator wants to have a voice vote, I would be willing to do that. I do not care about pressing the matter for a rollcall vote.

Mr. SPARKMAN. Mr. President, I yield back my time.

Mr. MOSS. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Utah (putting the question).

The amendment was rejected.

Mr. TOWER. Mr. President, on my own time, I would like to remind the Senate that, under the unanimous-consent agreement, we are required to vote on final passage no later than 5 o'clock or on any amendment pending at that moment. So, I would like to serve notice that there is very limited time remaining.

I would suggest that both amendments are subject to a restriction of time. There obviously is not enough time left.

Mr. TAFT. 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. TAFT. 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 45, line 25, strike "$5,000,000" and insert in lieu thereof "$50,000,000"

At the appropriate place in the bill add the following new section:

"SEC. . Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following new section:

"DEMONSTRATION ASSISTANCE FOR HOME IMPROVEMENT LOANS

"SEC. 510. (a) In carrying out activities under Section 501, the Secretary may undertake on an experimental basis a program to demonstrate the feasibility of making grants or advances in connection with property improvement loans under title III of the Revised National Housing Act in order to enable homeowners to carry out home improvements with private capital to the extent feasible and without paying an excessive percentage of their monthly incomes for housing expenses, as determined by the Secretary. For this purpose, the Secretary is authorized to make grants or advances in connection with such property improvement loans upon such terms and conditions as he may prescribe, subject to the limitations of this section.

"(b) The combined amount of a home improvement loan under such title and any grant or advance made under this section may not exceed the applicable dollar limitation contained in section 302 of such title.

"(c) To the maximum extent practicable, the Secretary shall carry out the provisions of this section through the financial institution which makes the loan in connection with which the grant or advance is made. The Secretary is authorized to utilize local public and private agencies where feasible to assist in the administration of this section.

"(d) Grants or advances under this section may not be made after July 1, 1976. The aggregate amount of such grants may not exceed $20,000,000."

Mr. TAFT. Mr. President, my amendment would provide a method of exploring additional means of increasing our effort to preserve and improve the existing housing stock, and thus fulfilling a goal which the committee wisely has adopted in section 801 of the proposed bill. I am quite pleased that the committee already has taken so many constructive steps in this direction and my amendment is designed to improve upon the committee's fine work.

The first change would increase from $5 million to $50 million the aggregate amount of rehabilitation loans that could be outstanding in State and local rehabilitation loan funds which would be provided Federal portfolio coinsurance under section 309 of chapter I. I believe that the Federal portfolio coinsurance proposed could be a valuable incentive for encouraging State and local governments to enter into the housing rehabilitation field. However if each rehabilitation loan averages $5,000, which is lower than the average rehabilitation loan for single-family housing under the present section 312, 3-percent loan program, the total number of loans outstanding under the committee bill could not exceed 1,000 nationwide. This number is insufficient even for demonstration purposes. My amendment would raise the possible number of loans to 10,000.

Let me emphasize that this amendment would cost only the tiny fraction of the $50 million annually which actually results in loan losses insured by the Government. If the loss ratio is the same as under the section 312 program, the change would cost considerably less than $2 million annually, depending upon the level of insurance premiums and the coinsurance arrangements negotiated. Conceivably the change may not cost the taxpayers any money. It could result however, in an additional $45 million annually invested in housing rehabilitation.

The second change would provide up to $20 million in demonstration funds for the subsidization of FHA-insured home improvement loans, so that beneficiaries could undertake repairs without paying an excessive percentage of their monthly incomes for housing.

This type of program is an essential component of S. 971, the Home Preservation Act of 1973, introduced by Senator CRANSTON and myself over a year ago. Several witnesses during the committee's housing hearings testified favorably on this legislation and the provisions similar to this amendment specifically, while the only negative comments were from those who felt that our proposal merited more

Federal resources than we suggested. Furthermore, the FHA has already designed a research proposal along these lines, but that proposal has never been implemented.

Instead of adopting this approach to encourage housing rehabilitation, the committee adopted a Taft-Cranston amendment which retains and broadens the section 312, 3-percent Federal rehabilitation loan program, of course, I continue to support those provisions. However, because the section 312 program is Treasury-financed and therefore requires Government outlays for the entire loan interest and principal amount, adequate appropriations have never been obtained and unfortunately, may continue to be difficult to obtain. I believe it worth experimenting to determine whether a program which utilizes as much private capital as possible for moderate cost rehabilitation loans to citizens with low and moderate incomes is feasible.

One of the possible stumbling blocks to this approach is unquestionably the high interest rate charged for the FHA-insured home improvement loans which we would be subsidizing. However, the demonstration subsidies need not be interest subsidies. Front-end grants or advances with deferred repayment would be more cost-effective. The amendment is drawn up in a manner which will allow HUD to explore such possibilities fully.

Mr. President, I reserve the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield myself such time as I may require.

I should like to ask the Senator from Ohio—who, by the way, is one of the finest housing workers we ever had serve on our committee, and it was a great loss to us when he changed committees—if it is not a fact that the Senator from Ohio actually offered the amendment containing the $5 million that he is now seeking to enlarge by 1,000 percent? Is that not the amount the Senator wrote into the bill himself in the committee?

Mr. TAFT. I do not recall whether that is correct.

Mr. SPARKMAN. Mr. President, I believe that if the Senator from Ohio will review the matter, he will find that he is the one who advanced the whole idea of rehabilitation. My recollection is that we accepted the figure that the Senator offered to us. It was $5 million. It seems to me that the $50 million is entirely too much. If the Senator would be willing to modify his amendment so as to double what he originally planned and make it $10 million, I would be willing to go along with that.

Mr. TAFT. Mr. President, I appreciate the chairman's feeling on this point. This would, of course, mean that insurance would probably be limited to about 2,000 loans nationwide, which would be a better demonstration.

Mr. SPARKMAN. It is a pretty good demonstration. It is a new program which is being started. It would show us over the ensuing year what could be done. Then, next year if it is felt that the field is so great as to need $50 million, we could increase it. However, I do not see any need of our jumping into it so deeply in the beginning.

Mr. TAFT. The Senator does understand that this is a coinsurance program.

Mr. SPARKMAN. Yes.

Mr. TAFT. While the total amount of loans which could be insured is a higher amount, it is not the amount of the Federal layout that would be involved.

Mr. SPARKMAN. I understand.

Mr. TAFT. I will defer to the Senator's desire. If he thinks he can take the amendment, we can continue to review it if the House takes it and perhaps next year raise the $10 million.

Mr. SPARKMAN. For my part, having discussed this with the Senator from Texas, I will gladly go along with the figure of $10 million for the first year.

Mr. TAFT. I would be glad to modify my amendment to that effect.

Mr. TOWER. Mr. President, I would prefer the modification.

Mr. TAFT. I modify my amendment to change the figure from $50 million to $10 million.

The PRESIDING OFFICER. The amendment is accordingly modified.

Mr. SPARKMAN. Mr. President, I am willing to accept the amendment as modified.

I yield back the remainder of my time.

Mr. TAFT. 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 as modified.

The amendment, as modified, was agreed to.

The text of the amendment, as modified, is as follows:

On page 45, line 25, insert the following: strike "$5,000,000" and insert in lieu thereof "$10,000,000."

At the appropriate place in the bill add the following new section:

"SEC. . Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following new section:

"DEMONSTRATION ASSISTANCE FOR HOME IMPROVEMENT LOANS

"SEC. 510. (a) In carrying out activities under section 501, the Secretary may undertake on an experimental basis a program to demonstrate the feasibility of making grants or advances in connection with property improvement loans under title III of the Revised National Housing Act in order to enable homeowners to carry out home improvements with private capital to the extent feasible and without paying an excessive percentage of their monthly incomes for housing expenses, as determined by the Secretary. For this purpose, the Secretary is authorized to make grants or advances in connection with such property improvement loans upon such terms and conditions as he may prescribe, subject to the limitations of this section.

"(b) The combined amount of a home improvement loan under such title and any grant or advance made under this section may not exceed the applicable dollar limitation contained in section 302 of such title.

"(c) To the maximum extent practicable, the Secretary shall carry out the provisions of this section through the financial institution which makes the loan in connection with which the grant or advance is made. The Secretary is authorized to utilize local public and private agencies where feasible to assist in the administration of this section.

"(d) Grants or advances under this section may not be made after July 1, 1976. The aggregate amount of such grants may not exceed $20,000,000."

Mr. TAFT. Mr. President, I have one other amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk proceeded to state the amendment.

Mr. TAFT. 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 28, between lines 8 and 9, insert the following:

HOUSING ASSISTANCE PROGRAM CONDITIONS

SEC. 114. The Secretary may provide periodic assistance payments under sections 402 and 502 in connection with construction or substantial rehabilitation of housing for lower income families or tenants in housing areas with respect to which he has determined, taking into account any appropriate information submitted by community development agencies pursuant to the Community Development Assistance Act of 1974, (1) that there is not likely soon to be an adequate supply of decent, safe, and sanitary existing housing for such families or tenants of various household sizes, (2) that such construction or rehabilitation is necessary to expand housing opportunities for such families or tenants within reasonable proximity to places of employment, or (3) that such new construction is an essential component of a community development program. The Secretary may also designate housing areas in which it is permissible to provide such payments in such other circumstances as he deems necessary.

On page 134, strike out line 5 and insert in lieu thereof the following:

"(2) each public housing agency shall be authorized to provide assistance payments to assist in the construction or substantial rehabilitation of housing for low-income families in housing areas with respect to which a public housing agency has demonstrated to the satisfaction of the Secretary (1) that there is not likely soon to be an adequate supply of decent, safe, and sanitary existing housing for low-income families of various household sizes, (2) that such construction or rehabilitation is necessary to expand housing opportunities for low-income citizens within reasonable proximity to places of employment, or (3) that such new construction is an essential component of a community development porgram: *Provided*, That the Secretary may also designate housing areas in which it is permissible to locate newly constructed or substantially rehabilitated housing for low-income families as authorized by this Act in such other circumstances as he deems necessary; and",

On page 134, line 6, strike "(2)" and insert in lieu thereof "(3)".

On page 151, strike out lines 3 through 23 and insert in lieu thereof the following:

"(g) (1) Each public housing agency is authorized to provide assistance payments to assist in the construction or substantial rehabilitation of housing for low-income families. Assistance shall be provided pursuant to this subsection through contracts with owners or".

On page 178, line 4, after "needs" insert the following: "(taking into account situations in which the agency's basic grant entitlement does not accurately reflect recent levels of funding for the programs listed in subsection (d))".

At the appropriate place in the bill, insert the following:

STATISTICS

SEC. . The Secretary of Housing and Urban Development shall develop and maintain complete and current statistics and other information with respect to each housing mortgage insurance and housing assistance program under this Act, including but not limited to statistics and information relating to—

(1) financial market conditions, including the interest rates, payback periods, and other terms and conditions affecting such housing;

(2) the character, extent, and actual costs of construction or rehabilitation undertaken under each program;

(3) factors affecting and statistics showing the extent of utilization of each such program;

(4) factors affecting the processing time of applications and statistics showing processing times actually experienced for each program;

(5) mortgage arrearages, defaults, and foreclosures on insured mortgage loans and expenses incurred as a result of such arrearages, defaults, and foreclosures;

(6) abuses of the programs and actions taken in connection therewith;

(7) the income expenditure for housing, age, sex, other relevant characteristics as determined by the Secretary of those served by the programs; and

(8) the costs of administering the programs;

and shall submit to the Congress not later than February 15 of each year an annual report summarizing such information.

Mr. TAFT. Mr. President, this amendment would make several alterations in the bill which, I believe, are clearly consistent with the intent of the bill's present provisions.

The first change would apply substantially the same limitations on subsidized new construction and substantial rehabilitation contained in the proposed leased new housing subsection, which are designed to insure that such subsidies are used only where truly needed, to the spectrum of FHA subsidized and public housing programs. The limitations are more clearly worded to indicate that HUD would administer them, with due recognition and attention paid to information submitted by local public housing and community development agencies.

Such limitations make little sense when accompanying in legislation only one of several programs. Such an arrangement, therefore, may even give the impression that Congress expects leased new construction to be the major or only subsidized new construction program. The administration proposed that it be the only program but the committee very clearly disagreed.

The next change would direct HUD, when determining whether to increase a community's initial community development grant over its entitlement amount to meet urgent community needs, to consider situations in which the entitlement inaccurately reflects recent levels of program funding. The entitlement amount is presently based upon the funding which communities received for the various programs during the fiscal years 1968 through fiscal 1972. This base period is necessarily arbitrary and in some cases it not only fails to reflect community needs, but also recent past levels of funding. For example, fiscal 1973 rightly was not included in the base period because the moratorium resulted in such widespread and varied program cuts during that time. However, those few communities which received substantial funding during fiscal 1973 will not find that funding reflected in their entitlement, even though they were provided the funding more recently than the funding on which the entitlement is based. In my own State, the city of Cleveland, which has undisputedly an urgent need for community development funds, would find itself in this situation. Cities with extremely high funding levels in fiscal 1967 relative to fiscal 1968–72 would find themselves in similar situations.

My amendment would not change the base period or otherwise guarantee these communities relief. However, by directing HUD to consider such distortions in the composition of the entitlement amount, it should promote more rational determinations of the need to make exceptions and grant communities additional program funds.

The last change would direct HUD to keep various specific types of statistics for each housing program. Secretary Lynn pointed out in testimony that the Department did not have the data he felt was necessary in some cases for an adequate evaluation of the programs. This became painfully evident during the markups, particularly when the committee was grappling with the issue of public housing rent requirements.

I hope that these alterations will further the effort the committee has made to make our housing and community development laws more rational, more equitable, easier to understand and easier to evaluate.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. SPARKMAN. Mr. President, I yield myself 5 minutes.

First, I would like to ask a question of the Senator from Ohio. A few minutes ago we agreed on the $10 million for the home rehabilitation program.

Mr. TAFT. Yes.

Mr. SPARKMAN. My attention has been called to the fact that there is another part, I think perhaps two other parts, that were not mentioned in the discussion at all, that I must say I was completely unaware of.

Mr. TAFT. Mr. President, my staff had told me that this matter has been raised. I did talk for 3 or 4 minutes, I thought, on the second portion, and I did not know that there was any question with regard to it.

I would be delighted to take whatever action the chairman would like to take to rescind on the second portion of the amendment that we just passed, if the chairman wishes to do that.

Mr. SPARKMAN. Frankly, I am somewhat uneasy about permitting grants and loans with respect to the old title I home improvement program. That is what that proposal amounts to, is it not?

Mr. TAFT. Yes; that is right.

Mr. SPARKMAN. Title I was a good program when it was first started, but it got to the point where we had to ride herd on it in order to keep it in line, and I would regret to see that program changed so drastically, particularly when we do have an alternative for rehabilitation.

Mr. TAFT. Of course, the coinsurance provision which was added years ago made the program work, I think, a lot better.

But by way of suggestion, if the Senator is agreeable, I would be very happy, as I say, to dispose of the current amendment before us, and then move to reconsider the other. We did not lay a motion to reconsider that on the table, so we could reconsider the other amendment if the Senator wishes.

Mr. SPARKMAN. What procedure does the Senator suggest?

Mr. TAFT. I was suggesting that we dispose of the current amendment that is before us, and then move to reconsider the amendment just passed, if the Senator would like to have that done.

The PRESIDING OFFICER. Is time yielded back on the pending amendment?

Mr. SPARKMAN. Just a moment.

I would suggest, with reference to the pending amendment, if it is agreeable to the Senator from Texas, that we take it to conference. It is rather complex, and I think we need to do some work on it. If the Senator from Texas will agree, I would say let us take it to conference.

Mr. TOWER. I am agreeable to that.

Mr. TAFT. I appreciate very much the Chairman's attitude. The community developer portion of the amendment does deal with a very serious problem in one particular case, and there may be others around the country with which I am not familiar that present the same problem.

I think the key to the community development amendment is to keep a degree of flexibility in there, so that if they encounter a problem because of the base period, they will be able to move from that.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time on the pending amendment.

Mr. TAFT. 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 Ohio.

The amendment was agreed to.

Mr. SPARKMAN. Now, Mr. President, I yield myself 5 minutes on the bill. If I may have the attention of the Senator from Ohio, we agreed a few minutes ago to an amendment pertaining to rehabilitation, and in that amendment we agreed to increase the sum of $5 million to $10 million.

I must say that at the time I was under the impression that that was really the substance of the whole amendment. I had not read it carefully. Therefore, Mr. President, I move to reconsider the vote by which that amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to.

Mr. TAFT. Mr. President, would the distinguished chairman like me to explain it again, with the same statement I

made with regard to the controversial portion?

Mr. SPARKMAN. I thought the Senator said he would be willing to lay on the table the rest of the amendment.

Mr. TAFT. I would be perfectly willing to do so. As I understand it, the first portion of the amendment, with the $10 million figure, is agreeable to the chairman?

Mr. SPARKMAN. Yes.

Mr. TAFT. I think the best way to proceed is for me to modify my amendment by withdrawing the second portion.

Mr. SPARKMAN. Yes.

Mr. TAFT. Mr. President, I ask unanimous consent to modify my amendment, to delete the second portion of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered; and the modification is so made.

Mr. SPARKMAN. That leaves only the question of rehabilitation.

Mr. TAFT. The Senator is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Ohio.

The amendment, as modified, was agreed to as follows:

On page 45, line 25, insert the following: strike "$5,000,000" and insert in lieu thereof "$10,000,000."

Mr. WILLIAMS. Mr. President, I would like to commend Chairman SPARKMAN for the direction and leadership he has given on this very comprehensive housing bill. S. 3066, the Housing and Community Development Act of 1974, is the product of many months of labor by the entire Committee on Banking, Housing, and Urban Affairs. In light of the history of housing legislation in this country, it is most fitting that significant contributions to this package have been made by members of both parties.

The need to provide adequate shelter has been one of our principal national priorities for most of the 20th century. Six Presidents and 19 Congresses have forged our Nation's response to the problems of housing and community development.

In 1937, President Franklin Roosevelt saw one-third of the Nation ill fed, ill clothed, and ill housed. He and the 75th Congress recognized that poor families could not, with their own resources, afford homes on the private market, and the result was the historic legislation which launched the public housing program.

Twelve years later, another bipartisan effort provided the Housing Act of 1949. Senator Robert Taft reversed his opposition to Federal assistance for housing, and he explained:

That is the only way in which we can insure some equality of opportunity for all children born in the United States. As I see it, this is no departure in the principles of Americanism.

Senator Taft, the embodiment of conservative Republicanism, joined with Democrats Wagner, Ellender, and SPARKMAN to enact the legislation that pledged "a decent home and suitable living environment for every American family."

In 1968, President Johnson proposed a most ambitious housing package, and, again, a bipartisan effort in Congress resulted in enactment.

We established a goal of the construction of 26 million new homes and apartments over the next 10 years. Of that total, 6 million were intended to replace the shamefully substandard units where more than 20 million Americans still lived.

The Housing and Community Development Act of 1974 is a worthy step in this progression. The bill authorizes $9.048 billion for a broad range of housing and community development activities over the next 2 years.

I am particularly pleased that included in this omnibus bill is a measure which I introduced to expand the very successful section 202 program under which the Federal Government makes low-interest loans to sponsors of construction of housing for the elderly. This provision would also create a new funding mechanism under which the funds for these loans would be channeled through a special revolving fund, rather than through the annual Federal budget.

A severe shortage of housing specially designed for the elderly exists today, and I am encouraged that the bill we have before us makes a significant effort to meet that need.

The 1971 White House Conference on Aging called for an annual minimum of 120,000 units of new construction for low-income elderly. The bill we are now considering calls for 117,550 units for the elderly and comes very close to meeting that important recommendation.

The need for new construction is the No. 1 issue in the field of housing the aged, and this bill provides four major programs that would make new construction possible. The following is an outline of these programs and their benefits for the elderly for fiscal year 1975, but I should emphasize that these figures are only estimates based on the best available information.

First. Traditional public housing.—The bill calls for authorizations that would provide approximately 92,000 units of new construction through traditional public housing. In recent years, about 40 percent of all new public housing units have been occupied by the elderly. At that percentage, 36,800 units of new public housing would be available.

Second. Section 502 multifamily housing.—This new section revises the old section 236 housing and authorizes funds for approximately 150,000 new units. The bill specifically earmarks not less than 15 percent nor more than 25 percent of section 502 funding for the elderly. At 25 percent, 37,500 units would be available.

Third. The revised section 23 leased housing program.—The bill authorizes funding for 200,000 units of section 23, however not all these units will be new construction. It is not yet certain what percentage will be for new construction, but an stimate of two-thirds—or 133,000 units—is possible. Secretary Lynn has indicated that he will reserve 25 percent of section 23 funds for the elderly which, by this estimate, would provide 33,250 units.

Fourth. Section 202 as revised.—In addition to renewing and revising the successful section 202 program, the bill provides $100 million in authorization which would produce approximately 5,000 units. The old 202 revolving fund currently has another $100 million in its coffers which would produce another 5,000 units for a total of 10,000.

Here is a breakdown of the four programs in outline form:

UNITS OF NEW CONSTRUCTION FOR THE ELDERLY AS CONTAINED IN THE HOUSING AND URBAN DEVELOPMENT ACT OF 1974 (FISCAL YEAR 1975)

Program	Total units authorized	Units for the elderly
1. Traditional public housing	92,000	[1] 36,800
2. Sec. 502 multifamily	[2] 150,000	[3] 37,500
3. Revised sec. 23 leased housing	133,000	[4] 33,250
4. Sec. 202 (as revised)	5,000	5,000
Plus revolving fund		5,000
Total	380,000	117,550

[1] 40 percent of total units authorized.
[2] Includes carryover.
[3] 25 percent of total units authorized.
[4] 24 percent of total units authorized.

The Banking, Housing and Urban Affairs Committee has also approved my proposal to improve the conditions of security from crime and vandalism in HUD-assisted housing. While this provision does not limit its application to elderly persons, it would be a tremendous assist in providing improved security to the many elderly persons who are the frequent and easy victims of criminal attack.

This provision would establish an Office of Security at HUD, and would authorize $10 million for fiscal year 1975 to subsidize security programs, including the payment of salaries to tenant patrols and other security personnel. As chairman of the Subcommittee on Housing for the Elderly of the Special Committee on Aging. I have explored this issue in depth over the last 3 years. I am very pleased that the committee has approved by proposal.

As I have indicated the Housing and Community Development Act of 1974 covers a wide variety of housing and community development programs, and the following is a summary of some of its major provisions:

MORTGAGE CREDIT ASSISTANCE

First. A provision for flexible FHA mortgage ceilings based upon area prototype costs. The ceiling for assisted housing mortgages would be 120 percent of the prototype costs and for unassisted mortgages it would be 200 percent of prototype cost.

Second. A provision for an experimental dual interest rate system allowing HUD to insure mortgages at a higher rate of interest provided that no charges such as discount points are made in connection with the transaction.

Third. A provision establishing a lower down payment schedule for FHA insured housing.

Fourth. New homeownership assistance and rental assistance programs to replace the existing section 235 and 236

programs to provide housing for lower ited to families with income less than 80 income families. Eligibility would be limpercent of median to insure more coverage for lower income families, and counseling would be mandatory for families participating in the homeownership program. Consumer protection would be increased by a warranty requirement and by provision for reimbursement for defective workmanship.

Fifth. A new demonstration program authorizing the Secretary to insure mortgage loans at less than their full value.

PUBLIC HOUSING ASSISTANCE PROGRAM

Important changes in existing law are:

First. The income requirement for continued occupancy, would be deleted.

Second. A new program of Federal contributions to finance certain deficiencies in operating costs would be authorized.

Third. A substantially revised and expanded leasing program for low-income housing in private accommodations would be authorized. With the exception of structures of fifty or fewer units, or units to be leased to the elderly, assistance payments could not be paid with respect to more than 75 percent of the units in a newly constructed or rehabilitated structure unless the requirement is waived by the Secretary.

COMMUNITY DEVELOPMENT

The bill would create a new community development program consolidating urban renewal, open space, and other community development programs into a single program. As a prerequisite for assistance, a locality would outline its plan to meet community housing needs, to prevent and eliminate slums and blight, and to upgrade community services. Federal contract authority at a level of $2.8 billion for the first year and $3.3 billion for the second year is included in the bill. Funds would be distributed basically at the discretion of the Secretary under a limitation that 75 percent of the funds are for SMSA's and 25 percent for communities outside SMSA's.

MOBILE HOME CONSTRUCTION AND SAFETY STANDARDS

The Secretary of HUD would be required to establish Federal mobile home construction and safety standards and he would be authorized to conduct inspections necessary to enforce the Federal standards. Manufactures of mobile homes would be required to issue warranties and to notify purchasers of construction or safety defects.

MISCELLANEOUS

First. The bill rewrites section 701 of the Housing Act of 1954—comprehensive planning assistance program—and in general only areawide agencies would be eligible for grants.

Second. The bill authorizes the establishment of a special financing association to provide financing for consumer-oriented housing cooperatives.

Third. The Secretaries of HUD and Treasury would be authorized to study the feasibility of various methods of financing multifamily housing, including the proper use of the newly established Federal Financing Bank.

Fourth. Authority would be given HUD to expand the experimental housing allowance program.

Fifth. The bill authorizes a program of rural housing assistance which would broaden the subsidy provisions for low-income families in rental housing built with the assistance of the Farmers Home Administration.

Mr. President, this bill represents another milestone in our national commitment to better housing for all Americans. It utilizes our three decades of experience in Federal involvement with housing by building upon the programs that have gone before. It preserves the best of what has been developed, while making needed improvements and inaugurating new initiatives. I certainly urge all of my colleagues to give it their wholehearted support.

Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). The amendment will be stated.

The second assistant legislative clerk read as follows:

Strike lines 15 through 22 on page 155 and substitute the following:

"(E) Any project for which assistance payments are contracted to be made under this section shall be eligible for insurance under title 501 of the Revised National Housing Act."

Mr. WILLIAMS. Mr. President, I offer an amendment which would permit the use of FHA project mortgage insurance in the construction or substantial rehabilitation of housing for low-income families under the revised public housing leasing program where more than 20 percent of the units would be receiving rental assistance payments.

The purpose of the leased housing program is to provide housing for those who could not otherwise afford it.

To achieve this end, the program is designed in large part to stimulate the construction of new housing.

Unfortunately, we have seen too often the unwillingness of lenders to make conventional loans without Federal insurance where low-income families are involved.

While this attitude is unjustified, it seems to be a fact of life.

HUD mortgage insurance has always been permitted in the past for the development of privately owned projects which receive assistance.

This should be continued.

My amendment would encourage developers and lenders to increase efforts toward construction of housing for low-income families.

This amendment realines the bill to conform to our existing policies in the section 23 program as well as other HUD efforts, and I urge my colleagues to support it.

I strongly feel that this will be needed and is essential if the purposes of the program, the encouragement of housing for lower income families, are going to be realized.

Mr. President, I have discussed this amendment at length with the distinguished chairman of the committee and the ranking minority member. The final version of the amendment reflects some of the judgments made in those discussions. We did not conclude our discussions to the point where I can say that this has been without any reservation satisfactory to the managers of the bill.

Mr. TOWER. Mr. President, when HUD proposed the section 8 program, it provided that not more than 20 percent of the units in any project would receive direct cash assistance payments. HUD thought that by having 80 percent or more of the tenants paying the market rent, the financial feasibility of the project would be enhanced and thereby greatly reduce the probability of future foreclosures. HUD also thought that these projects should be funded by conventional means and no FHA insurance should be allowed.

Because of builder and lender objections, the committee did not adopt the HUD proposal as presented. The committee thought that assistance payments could be made for up to 75 percent of the units in a project. Additionally, in elderly projects, or where there are 50 units or less, assistance payments could be made for up to 100 percent of the units.

The committee also thought that the availability of FHA insurance, in certain cases, would foster production. Therefore, the bill provides that FHA insurance could be available where up to 20 percent of the units in a project would receive section 8 assistance payments. This means that at least 80 percent of the units would be rented to market rate tenants. This would assure economic stability and protect against future foreclosures. The Secretary has discretion to allow FHA insurance, even if 75 percent of the tenants are receiving section 8 assistance, if he determines that the insurance is necessary to provide housing for lower income families. This discretion would be used when no lender would finance the project without backing from the FHA.

This whole area of whether or not to provide FHA insurance and how many units should receive section 8 cash assistance payments—whether or not there is FHA insurance—should not be disturbed. It was discussed at length by the committee in the committee makeup sessions and, therefore, in my view, should be left as is.

There are important reasons for retaining paragraph E.

While this paragraph states that there is to be no FHA insurance for a project, where more than 20 percent of the units receive section 8 assistance, it does give the Secretary the authority to insure any project if this is what is necessary to get housing built for low- and moderate-income families.

Additionally, the 20-percent limit is written into law, because it is the intent of Congress to avoid concentration of lower income families in a particular project or area. To allow FHA insurance for greater concentrations would be to authorize the Federal Government to encourage such concentrations.

The idea of avoiding a concentration of lower income families in a particular project would result, in effect, in having more balanced communities from the

standpoint of their socioeconomic representation.

So I would regretfully urge that the amendment offered by my distinguished friend from New Jersey, who has been very supportive of housing legislation, be rejected.

Mr. WILLIAMS. Mr. President, I just want to say that the bill now provides FHA support for this kind of housing. There is a percentage cutoff and my amendment would remove that. It is not a matter of great principle. It is a matter of degree. The way it is done in the bill, without this amendment, runs against the objective of support for some lower income families in leased housing.

Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

Mr. BROCK. Mr. President, I am not unsympathetic to the objectives of the Senator from New Jersey. I do have a concern with the effect of the amendment, because if we have identified a problem in Federal housing in the past several years, it is that there has been more than a tendency for that housing to concentrate low-income families in one project in one area where they simply do not have the management, or the support, or the community facilities to offer them an alternative to poverty and to disadvantaged circumstances.

The purpose of the committee's language, as presented to the Senate, is to place a 20-percent ceiling on participation in the FHA-supported housing, unless the Secretary makes a finding that it cannot be built without increasing that percentage. We do give the Secretary the option of increasing the percentage to 75 percent.

I think it should be very much the purpose of this body to encourage, in whatever fashion we can, a breaking up of these poverty cores and a dispersal of people who are in disadvantaged circumstance throughout the community, so that they can have the facilities, community and personal, that are available to those of more fortunate circumstance.

It seems to me that while the Senator's desire is to provide more housing for low-income people, the effect of his amendment may be to place that housing in such a concentrated, dense fashion that it will be available only to those people of very modest or inadequate means. This action would prove to be as counterproductive as some of the other measures which simply have not made a mark in providing shelter for the people who desperately need it.

It is imperative that the committee version, with all its flexibility, be kept, in order to encourage more people of moderate means to live in those communities where people of inadequate means are, because we simply have to provide these people with an alternative to captured poverty, with all the impediments that brings to the family in terms of getting out of the poverty circumstance.

The PRESIDING OFFICER. Does the Senator from Alabama yield back the remainder of his time?

Mr. SPARKMAN. If the Senator from New Jersey is ready to yield back his time.

Mr. WILLIAMS. I yielded back my time earlier.

The PRESIDING OFFICER. The Senator from New Jersey has yielded back his time.

Mr. WILLIAMS. Mr. President, will the Senator yield me 30 seconds on the bill?

Mr. SPARKMAN. I yield.

Mr. WILLIAMS. In response to the Senator from Tennessee, I appreciate the diffusion idea that is expressed; but the practical fact is that I am led to believe that this program will not work unless the FHA support is there. I have been told that the Tennessee Housing Authority requires FHA support; and if that is true, that supports what I am saying. Practically, if we are going to get the housing, we need the FHA support.

Mr. SPARKMAN. Mr. President, 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 New Jersey.

All those in favor will signify by saying "aye." All those opposed will signify by saying "no."

The Chair is in doubt.

Mr. TOWER. Mr. President, I ask for a division.

Mr. WILLIAMS. I ask for a division.

On a division, the amendment was agreed to.

URBAN HOUSING NEEDS

Mr. WEICKER. Mr. President, despite claims that the urban crisis has passed, America's cities continue to struggle for survival. The need for decent housing lies at the heart of the crisis. An analysis of housing needs by the Joint Center for Urban Studies of MIT and Harvard University indicates that 13.1 million households are deprived of decent or affordable housing. Of that total, 5.5 million face a serious financial burden by paying more than 25 percent of their income for shelter. In the Northeast, the inadequate supply of housing has driven costs to such a level that many families must pay 40 to 50 percent of their income for housing. The poor and elderly find it impossible to find suitable shelter within such a market.

Second, an estimated 7.6 million families are living in substandard housing and overcrowded conditions. According to a Task Force on Housing, commissioned by the Governor of Connecticut, over 60,000 families, of all income levels, are living in substandard units or in overcrowded conditions in Connecticut. Given this level of financial and physical housing need, it is estimated by both the joint center and the President in his third annual message, that over 23 million housing units must be constructed in the next decade.

In 1949, the Congress set forth a national housing goal of a decent home and a suitable living environment for every American. With the Nation's housing supply not increasing rapidly enough to meet this stated objective, in 1968, the Congress laid down a 10-year goal for the construction of 26 million units—6 million of those for low and moderate incomes. In the light of that congressional commitment, housing production for the poor is not making it.

To meet these housing goals will require a strong and active commitment by both the Federal and State government, as well as the private sector. The costs are considerable, the sacrifice will be great. America must rise and meet this challenge with a vigorous and innovative attack. The States can and must play a major role in providing a suitable living environment for all Americans.

In January 1973, the administration froze all subsidized housing programs, labeling them wasteful and inefficient. Since that time housing problems have increased, the backlog of need continues to grow, and the capability for producing housing diminishes. Housing starts in the later part of 1973 began to taper off. We are just beginning to feel the effects of the slowdown. I do not believe that the Nation can afford to wait until 1975, when the administration's promise of better programs is to commence.

I agree that certain deficiencies in the present programs are evident and demand reform. However, the programs did produce housing. Since 1969, of the 11.9 million units constructed, 1.7 million were specifically subsidized housing for low and moderate incomes. To eliminate these programs by executive fiat without replacing them with any constructive alternatives will prove to be a personal and social disaster.

After a 6-month study by the Department of Housing and Urban Development, the administration presented to the Congress, as a replacement to the present programs, a promise for a housing allowance program, to be implemented at the earliest in early 1975. The Secretary stated that housing for low-income families is not really a housing problem, rather an income problem. Wait long enough and the normal rise in living standards will take care of the problems. By supplementing their income, he assumes the housing market will respond with increased production.

In most metropolitan areas of the country, the housing supply is extremely limited. Therefore, increasing the purchasing power of the tenants or buyers will simply drive up rents and market prices. In Connecticut, with its extremely high land costs and low vacancy rates, there is a definite need for new construction and the continuation of production incentives.

Both housing allowance and section 23 leasing programs as revised by the committee can provide valuable tools to be used to meet the financial needs of low-income families. However, they will not stimulate the level of production required to meet our physical housing needs. Both approaches have their place in a national housing program by combating the problem of inadequate income and poverty. Perhaps a more consistent approach to this problem rests in a reform of the entire welfare system, with

an income maintenance approach so as to insure that every American family has the financial resources to attain the basic necessities of life—food, clothing, and shelter. Though the President suggested such an approach in the State of the Union message, it is nowhere near reality in either the executive or legislative branches. It is important to note that in response to HUD's extensive experimental housing allowance programs, the committee's bill authorizes the Secretary to make contracts for housing assistance payments of up to $43 million per year for a 10-year period.

Thus, while I am sympathetic with certain aspects of the administration's approach and while I recognize certain weaknesses in the present programs. I am not convinced we will be able to meet our housing needs without some form of production incentives. The Housing and Community Development Act of 1974 represents a concerted effort by the committee to formulate effective housing policy and develop a constructive approach to meeting the housing problem in the United States. Though the committee reauthorized the existing subsidy programs, new and significant shifts in housing policy are incorporated in the omnibus housing bill. One new endeavor adopted by the committee was a program which I introduced designed to strengthen the activities of the State housing finance agencies. This proposal, which is title VI of the bill, would authorize Federal guarantees and interest subsidies on taxable bonds issued by approved State housing finance agencies. I commend the distinguished chairman of the committee for initially offering this financing approach in the original Housing bill, S. 2182.

At the present time, State agencies raise their money by floating these tax-exempt bonds and use the proceeds of these bond issues to make mortgage loans at below market interest rates. With the adoption of my amendment, State housing finance agencies will have additional financial muscle to stimulate housing production.

My principle concern was to carve a middle ground between construction oriented programs and the income maintenance approach. Title VI would provide some form of production subsidy, though a shallow one, while allowing the States flexibility to coordinate this form of assistance with other approaches, such as a housing allowance program.

The program would stimulate the housing industry with the potential infusion of $2 billion in "front-end" construction money. This would mean the development of approximately 100,000 housing units. With the unemployment figures constantly rising, the provision will mean the creation of roughly 100,000 jobs to the beleagured home building industry.

I might note that, unlike the present Federal Housing program characterized by complicated and burdensome requirements and lengthy processing procedures, the program now contained in the Senate bill would be direct and straightforward. Federal assistance would be available to "approved" State housing finance agencies. HUD would make an initial finding—or approval—that the operations of State housing finance agency are consistent with stated national objectives: that it operates in a State where there is a need for housing; that it has a housing program emphasizing the needs of low and moderate income and of displaced families; that it has established priorities for housing assistance consistent with State and local plans and programs for community renewal; and that it has adequate administrative capabilities to use the federally guaranteed funds effectively.

Provided that a State housing finance agency continues to meet these national objectives, it would be eligible for Federal assistance. The decisions about specific loans and individual projects, the processing of applications, and all the other questions and approvals would be made at the State level. HUD's only role would be to assure that funds raised on the basis of Federal guarantees and bond interest subsidies were used consistent with these national objectives.

In conducting the annual audit and review procedures as outlined in section 601(d), the Secretary is free to perform his own financial audit of these agencies. However, for example, as in my own State of Connecticut, the State agency presently commissions an independent firm to conduct thorough independent audit with the findings presented to the Governor and legislature. If deemed appropriate, the Secretary could review the financial analysis already available from other independent sources in his determination of whether a State agency still complies with the requirements of subsection (d). Obviously, if the Secretary is not satisfied with the existing audit, he is empowered by this provision to conduct his own analysis of the financial condition of the agency.

I think that this approach, this emphasis on the State role and State decision and State administration of housing programs, will lead to the production of more housing, faster. Moreover, I believe that this approach is consistent with more responsive government, closer to the people.

This approach envisions a new partnership between the Federal and State governments—a partnership which gives the States the power to select the ways within broad categories that Federal resources will be effectively allocated in order to best meet the housing needs unique to their particular area. By entrusting this greater assistance and less interference—and by eliminating unnecessary redtape, more housing will be built with our limited funds.

While the adoption of this program of providing, for the first time the direct Federal assistance to State housing finance agencies represents a significant first step toward developing an effective Federal-State partnership in the housing field, there is much more to be done. I intend to continue to develop additional forms of Federal assistance to State housing agencies.

The present stalemate in housing has brought us to a point where a fundamental decision must be made concerning Government's future role and commitment to meeting the housing problem. The continuing need for housing production requires a continuing role for Government. Certainly, there is a need for reform in that role and for improvement in our housing programs. But, we cannot leave to the private sector alone the achievement of the national commitment that we made 25 years ago, to provide every American with a decent home and suitable living environment. Public leadership must work for a balanced national housing strategy, combining adequate income with appropriate production incentives.

Mr. TOWER. Mr. President, I yield myself such time as I may require.

I am wondering whether there are any other amendments. I assume that there are not. I have one final amendment that I have already discussed with the person most interested, and I think it will not take much time.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

Mr. TOWER. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time be charged equally to both sides.

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. BROCK. 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. BROCK. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 96, line 11, insert the following:

Insert between the words "thereon of" the words "by private and nonprofit developers unless the Secretary determines that such developers are not available".

Mr. BROCK. Mr. President, I would like to bring up a concern I have with title VI of the Revised National Housing Act in chapter 1 of the bill. This title would institute a new program to provide State housing finance agencies with an alternative means of acquiring funds through the issuance of taxable bonds guaranteed by the Federal Government. To encourage these agencies to use this route, grants to cover up to one-third of the interest cost also would be authorized. The function of making funds available through State housing finance agencies to encourage the development of housing has great potential benefit in helping this Nation meet its housing needs and is in line with the move to place greater reliance on the States.

My concern is not with the financing activities of the State housing finance agencies. However, I am concerned with something that is not clearly addressed

in this bill and deals with those State agencies that have or may expand their powers to include the actual development of housing. The reason often given for this expansion has been that there are no nonprofit, cooperative, or private developers in certain market areas that can provide for the construction or rehabilitation of housing. Upon closer analysis, however, one sees that the reason there are no developers is simply because there are no funds available in that market for the housing sought. This, of course, is exactly the role that State housing finance agencies have been designed to fill. If funds are made available, the private market will be able to supply the residential construction and rehabilitation to meet that area's housing needs.

If, in a specific market situation, where the existing supply of housing is inadequate, a State agency decides to go beyond its financing role and utilize its funds for the actual development of housing, this could have some very serious effects on that housing market. I believe there are several principles not spelled out in the legislation which should have been made clear when our committee discussed the concept of State housing finance agencies and adopted this proposal.

First, there is a great deal of complexity involved in both the financing and development of housing and in the proper handling and utilization of public funds. This complexity requires a great deal of management talent. To create a bureaucracy at the State level, not just involved in the financing of housing but also in its actual development, may inhibit the effectiveness of any State agency. It is hard to believe that State agencies could match the expertise and cost efficiency of private developers.

Second, the resultant long-term effect of having a State agency with its competitive advantages, compete with private developers, may cause the private sector to abandon that market, thus making the State agency the sole developer in that area and inhibiting the reentry of private developers. I am confident that, in the formulation of this legislation, it was never intended that State housing finance agencies should be in direct competition with private developers, or private lenders for that matter. It is a basic goal of the Housing and Community Development Act of 1974 to encourage rather than discourage participation of the private sector in the implementation of our housing programs.

Therefore, I offer a very short amendment that will in no way decrease the new authority in this bill allowing State housing finance agencies to issue taxable bonds with Federal backing and contract to make grants and loans for the purposes of financing the development of housing for low and moderate and some middle-income families. My amendment simply makes it clear that, in the development of this housing, the responsibility for its construction should lie as much as possible with the nonprofit, cooperative, and private developers.

I believe the manager of the bill and the ranking minority members have found the amendment acceptable.

The PRESIDING OFFICER. Who yields time?

Mr. SPARKMAN. Mr. President, I have read the amendment, and I am willing to accept it, if the Senator from Texas is willing to do so.

Mr. TOWER. I am prepared to accept the amendment.

Mr. SPARKMAN. I yield back the remainder of my time.

Mr. BROCK. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I have two technical amendments which I send to the desk.

The PRESIDING OFFICER. The amendments will be stated.

The second assistant legislative clerk read as follows:

On page 69, lines 12 and 15, insert before the period on each the following "or such lower per centum as may be established pursuant to the provisions of paragraph (1) (ii)".

On page 71, line 5, add at the end thereof the following: ", or such lower per centum not less than 25 per centum as shall reflect the reduction permitted in paragraph (1) (ii),".

The PRESIDING OFFICER. Without objection, the question is on agreeing en bloc to the technical amendments.

The amendments were agreed to en bloc.

Mr. TOWER. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time be charged equally to both sides.

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. TOWER. Mr. President, I call up my amendment which is at the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, 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 the rights of an owner under a lease entered into under a project which is subject to a contract for annual contributions under the provisions of the United States Housing Act of 1937 if such lease was entered into prior to the effective date of such policy or procedure.

Mr. TOWER. Mr. President, in the explanation by Senator CRANSTON of his amendment which inserted section 209(a) into the bill he stated that he wished to dispel "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." The Senator stated that he had received information from the Office of General Counsel indicating that HUD could not waive the rights between owners and local housing authorities where the terms of their agreements have not been breached and where the owner has exercised his option to renew.

The General Counsel of HUD informs me that he has no objection to the clarification desired by the Senator but that the provisions of section 209(a) are ambiguous and will lead to confusion rather than clarification since they refer to annual contributions contracts and projects generally and do not refer to the appropriate document involved which is the lease between the owner and the housing authority. I therefore propose that section 209(a) be amended by inserting after the words "with respect to", the words, "the rights of an owner under a lease entered into under", and by deleting the words "if such contract" and inserting in lieu thereof the words "if such lease".

Therefore, I believe on the basis of my discussions with the distinguished Senator from California that he is amenable to this amendment.

Mr. CRANSTON. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. CRANSTON. Mr. President, I understand and appreciate what the Senator is doing. I think it is perfectly satisfactory. I want to clarify two points.

Is it the understanding of the distinguished ranking minority member that HUD could entertain the reapplication of leased housing contract funds to a new lease under the same terms and conditions as the old lease in order to preserve program continuity?

Mr. TOWER. Yes; as long as it was requested by the owner and not mandatory on HUD's part.

Mr. CRANSTON. I appreciate the Senator's clarification of the intent of my amendment to preserve the integrity of leases under the section 23 program. I also appreciate the Senator's assurance that it is his understanding that during the term of the annual contributions contract, local housing authorities could negotiate for leases that continue the same terms and conditions as the old leases, although there is nothing in this bill to mandate that HUD approve such reapplication of contract funds. I am encouraged by the understanding, however, that HUD is willing to entertain such requests.

Mr. TOWER. I cannot speak for HUD, but that is my understanding. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, the Senator from Alaska (Mr. GRAVEL) has a proposed amendment which I think we can dispose of with a dialog.

Mr. President, I suggest the absence of a quorum and I ask unanimous consent that the time be charged equally.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceed 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. SPARKMAN. Mr. President, I yield myself 10 minutes on the bill.

The PRESIDING OFFICER. The Senator is recognized.

Mr. SPARKMAN. Mr. President, the Senator from Alaska has drafted a proposed amendment that I think is not necessary to write into law, but I think we can clarify the situation with a dialog on the floor of the Senate. May I say to the Senator from Alaska that this relates to high cost areas and would make a differential provision as far as Alaska is concerned.

May I say to him that, historically, we have provided a higher figure for Alaska, Hawaii, and Guam. There are in addition, some other high-cost areas, so if we just use the term "high-cost area," it becomes involved.

We discussed this matter quite at length in committee, and it was difficult to arrive at a formula or fixed figure to take account of higher costs, but I will say to the Senator that the law now provides for differentials in those areas, and we have always observed them, since the earliest days of housing legislation.

I do not believe any legislation is now necessary. I believe I can assure the Senator from Alaska of the fact that these high-cost areas will continue to be observed as they have been in the past.

Mr. GRAVEL. Mr. President, I wish to commend the chairman and the full committee for their awareness of these cost differentials. I appreciate the thrust of this new legislation, which allows cost determinations on a regional basis, so that Hawaii, Alaska, and other areas are given the special consideration they require. That covers 90 percent of the problem.

The bill contains certain specifics dealing with costs which were fixed at basic amounts, so that there has been a recognition that more money is required. What we intended to do in our proposal was to allow an increment to these specific dollar amounts—to permit the Secretary to have authority to increase this amount by some sum that he might judge necessary.

However, I can appreciate the committee's reluctance at this point, and I would certainly be satisfied if, in the language of the report, we could ask HUD, based on its experience in these specific areas, to report back its findings. Then the committee could be privy to this knowledge and could continue to exercise the good judgment it has in the past. It would be very beneficial to Alaska and other high-cost areas.

This is not the only major problem area. There are areas, like trailers—which is a common method of housing people in Alaska—other than conventional methods. If we could get something in the report in that respect, too, I would be satisfied.

Mr. SPARKMAN. Mr. President, I will say, for my part, to the Senator from Alaska that I think it would be a very fine thing to ask HUD to make a study of the high cost areas. I am sure we can have that made. I know that the Alaska-Hawaii-Guam areas will show up. There will be other areas. There are areas on the mainland. As the Senator has suggested, we have adopted a prototype system that will pretty well take care of the situation here, but there are these recognized high-cost areas, and I think it would be well to have HUD make a study of the differentials in those areas.

Mr. TOWER. Mr. President, I would certainly concur with the Senator from Alabama, because this is what we have done traditionally in the past. I have spent a great deal of time in the State of the distinguished Senator, and I have seen firsthand the cost problem that is involved there.

Mr. GRAVEL. Mr. President, I thank my colleagues from Texas and Alabama for agreeing to put this language in the report. We will watch to see it in the report, and I am sure it will be taken up at the proper time.

Mr. SPARKMAN. I thank the Senator.

Mr. BUCKLEY. Mr. President, I have long been profoundly skeptical about the merits and benefits of Federal housing legislation. In far too many well-documented cases, the net effect of Federal attempts to improve housing, especially for the poor in our central cities, has been to make a bad situation worse. You will recall, Mr. President, that shortly before he resigned as Secretary of Housing and Urban Development, Mr. Romney stated that after having reviewed Federal efforts to improve the conditions of our cities at a cost of more than $100 billion, he could find little if anything that had actually been accomplished despite the huge expenditures.

It is natural, therefore, that I should have approached the Housing and Community Development Act of 1974 with a large degree of caution. To my pleasant surprise, I find in it a number of innovations that I believe represent a substantial redirection of our traditional Federal attitudes in the housing field; and accordingly, in order to record my support for these new approaches and encourage their adoption in conference, I will be voting for the bill even though it also contains sins of omission and commission that are in themselves unacceptable.

One of the significant pluses in this legislation is its adoption of greater flexibility in the limitations placed on who may live in low-income housing. In the past, the rigid limitation of public housing units to families in the lowest income brackets has had the effect of isolating poor families from the rest of the community both geographically and sociologically. Social incentives are created when upward mobility can be observed within a community, as some families can be seen moving to better standards of living as a result of their own efforts.

This isolation has also deprived poor communities of the natural leadership that could help them cope with their own problems. S. 3066 overcomes these past difficulties by providing that as a family improves its income, that family can remain in the public housing unit thereby enabling them to offer encouragement and leadership to their neighbors.

One innovation that particularly pleases me is the provision for "urban homesteading." Pilot programs in Wilmington and other cities have demonstrated that in appropriate circumstances, the deterioration of neighborhoods can be halted by offering abandoned though structurally sound housing units at a nominal cost to individuals or families who are prepared to live on the properties for a minimum period of time while rehabilitating them. The individuals taking title to these abandoned houses have every incentive to restore and modernize them. Given the large and growing inventory of small homes now owned by HUD, this approach to Federal participation in the rehabilitation of derelict communities is not only a constructive one, but one that will cost the taxpayer relatively little.

I am naturally pleased that my own amendment to the urban homesteading provisions was adopted. This amendment, which was cosponsored by the Senator from Massachusetts, Mr. BROOKE, broadened the legislation to include two-, three-, and four-unit dwellings as well as single-family dwellings. Thus about 60 percent of the housing units in New York State will be eligible for deeding to an individual or family that will undertake to live in and restore one of the units while rehabilitating the balance for rental purposes. The net effect of this should be not only to save the building and provide a decent home for the owner-landlord, but to encourage him to provide low-cost housing for anywhere up to three additional families.

On the minus side, is the very large amount of spending that is mandated by this legislation over the next 2-year period. High levels of funding for programs that are anything but proven successes will add to the inflationary pressures already savaging the poor without any insurance that offsetting benefits will be proposed for poor in terms of better housing.

Another serious deficiency is the failure of the formula devised for the allocation of community development funds to treat equitably those living in urbanized counties. We in New York State have seven of these. The population of Erie County is 1,113,491; Monroe County, 711,917; Nassau County, 1,428,838; Onon-

daga, 472,835; Rockland County, 229,-903; Suffolk County, 127,030; and Westchester County, 894,406, according to the 1970 census figures. These counties have been expanding rapidly in population, and they are experiencing many of the serious problems associated with our great cities. Any formula based on actual need and distributive justice would have to take into account the problems faced by New York's seven urban counties and their counterparts elsewhere in the country.

I also have serious reservations about the expanded role of FHA under the act and the hundreds of millions of dollars estimated by HUD that will be drained from FHA insurance reserves in order to sustain the new role, especially in light of the retroactive features. Having the FHA assume responsibility not only for an estimate of value but also requiring it to warrant its condition and to reimburse purchasers for any mistakes will not only prove costly, but is yet another example of the Federal paternalism we should be moving away from rather than encouraging.

Mr. President, although I will be voting for the bill for the reasons I cited earlier in my remarks, my final vote will depend on whether or not the conference retains and strengthens the positive features of the bill while eliminating or trimming the objectionable ones.

HOPE REKINDLED FOR AMERICAN COMMUNITIES

Mr. HUMPHREY. Mr. President, it is with a renewed sense of hope that our Nation shall improve the quality of life for all of its citizens—urban, rural, and suburban—that I applaud the comprehensive and far-reaching Housing and Community Development Act of 1974, reported by the Committee on Banking, Housing and Urban Affairs. I shall vote for it.

This bill represents the culmination of years of labor and the wisdom of people and organizations who have remained steadfast in their commitment to the well-being of our citizens in spite of official apathy and neglect. These people know that the basic programs of this Government to aid community development, urban renewal, and low- and moderate-income housing, while not perfect, are also not deserving of the failure tag with which this administration has attempted increasingly to label them.

The committee has done an excellent job translating the comments and suggestions of these citizens into legislation that will result in an even more effective urban and rural development program for this country. Our adoption of this legislation is particularly necessary in light of the default of leadership in community development and housing on the part of the President.

The Nixon administration has created chaos in renewal and community development. They have been insensitive to the needs and feelings of people who live in neighborhoods that must be rehabilitated.

A good example of what has happened is in my own State in the city of St. Paul. Over a year ago, the urban renewal agency worked extensively in areas designated for rehabilitation, helping hundreds of homeowners with plans for repairing their houses so that they would be safe and adequate. They helped them get bids for the work, and promised them the Federal assistance that was available to do this important job. But when it came time for the Federal Government to deliver, the administration impounded the funds and refused, in my opinion, illegally, to give the money to the city of St. Paul.

After all that work, the program was ruined and the neighborhood demoralized. Morale among the staff of the urban renewal agency was also seriously undermined. Now, the administration says that urban renewal can have some money, but it must be spent by June 30 of this year. How can there by any credibility when the St. Paul agency goes back into these same neighborhoods and asks the residents to start over again, and go through all the trouble of new plans and new bids? But the administration, incredibly, does not stop there. They say that after June 30 there will be no more money spent for any of these programs until the administration's special revenue sharing proposal is enacted.

Thus, at the present time there appears to be no alternative to termination of the St. Paul agency and others like it around the county. But such a drastic step would throw a group of dedicated, hard-working people out of work. The city would lose a group of uniquely trained and experienced people. All the valuable things they have learned, and the awareness that they have developed on crucial urban problems, will be dissipated. And when reason again prevails in community development at the Federal level, this human and institutional resource will have to be recreated.

The bill before us today will, I believe, return our national commitment to a reasonable program to help meet the community development needs of this country.

The principal elements of this new program would be:

Ten existing categorical programs will be consolidated into a single community development program;

Application requirements will be simplified to cut out red tape;

Application will be made on the basis of a 4-year plan;

Funding will be committed for 2-year periods to allow planning and staffing to proceed without disruption;

Funding for the next 2 years will be automatic unless the Government makes specific disapproval;

Decisions on approval or turndowns must be made within 90 days;

There will be $3.3 billion allocated for community development in fiscal year 1976—$2.3 billion will go to cities which have had urban renewal grants in the past; and an extra $1 billion will be allocated to cities which just now are preparing to do community development work;

No more than 30 percent of the funds may be used for items that do not benefit low-income families; and

Money goes to the cities and, while they will likely spend it through the existing agencies, the responsibility will lie with the elected officials.

This new community development program will give cities a new flexibility and responsibility in community development matters, one long overdue. And it will give them assurances of funding so that the disillusioning experience of the citizens and the urban renewal agencies in St. Paul will not be repeated.

However, while the administration has caused chaos in community development, it has produced pandemonium in the housing area. The administration has chosen to criticize and terminate existing programs, rather than propose constructive alternatives. The fault lies not with the programs but with this administration, which with all of its self-proclaimed "management expertise" has, in fact, exercised the worst management of housing programs in the history of public administration. There are many who believe that this has been done by design because the present administration never really believed it should or could do much to help provide low- and middle-income people with decent housing at a price they were able to pay.

This administration has chastised and harrassed the people in the local area offices to the point where the level of fear for their jobs is so bad that they cannot work effectively and confidently. They have talked of lifting the "moratoria" on housing programs.

Yet, the administration's latest sleight of hand is to discourage projects by requiring that a substantial fee be paid simply to get the FHA to take a first look at a project. Who in his right mind would spend several thousand dollars for FHA's first look when it is obvious that the administration does not want these projects at all?

The administration has refused to appoint permanent directors for local area offices. Everyone is "acting." Everyone is temporary. Not only has the administration succeeded in holding down subsidized housing, but it has discouraged all types of housing production. The need for housing is so pressing in our Nation today that we, in Congress, simply cannot tolerate the warped record of indifference and inaction which the administration has compiled in housing.

I believe that the Housing and Community Development Act of 1974 will get us back in the business of promoting the general welfare by encouraging the production of decent and safe housing. The bill is a major updating of housing legislation and demonstrates a thorough understanding of housing efforts over the past three decades.

Relief for the homeowner is provided in the revision of insurable mortgage limits on single family houses. Inflation has pushed the price of even modest homes well beyond the current mortgage limits. The bill provides that FHA can insure mortgages for 70 percent of the value of a house costing over $45,000. The assistance is even better for lower priced houses.

Subsidized housing programs, both rental and home ownership, are continued and significantly improved. Once again the mortgage limits are removed. The mortgage will now be related to value, not to restrictive limits that must

be changed every year to keep pace with inflation.

Funds will be authorized to assist in paying the operating expenses of low income and public housing developments. This will assure that in no event will a low income family have to spend more than 25 percent of its income for renting decent housing.

The confusing income limits of these programs have been changed so that eligibility is decided by reference to the median income of an area. All this is done in a realistic recognition of the true costs of meeting our goal of a decent home for every American family.

This bill also will help solve one major and persistent problem by reserving 15 to 25 percent of the contracts for rental assistance for housing projects for elderly citizens.

I was particularly pleased to see the inclusion of two important amendments which I have cosponsored. The first, which I cosponsored with Senator MONTOYA, will provide $15 million annually to construct about 7,500 houses on Indian reservations each year. The second, which I cosponsored with Senator HATHAWAY, will permit the Secretary of Agriculture to undertake a major new demonstration effort designed to permit poor families in rural areas of our Nation to purchase their own homes. This latter amendment is an important addition to the list of significant rural housing program improvements provided in this legislation.

Mr. President, this Nation can ill afford the irresponsible policy of this administration which is doing nothing to halt the deterioration of our center cities or to promote the development of rural communities. The progress of the Kennedy and Johnson years must be resumed so that all the people in this country will have access to decent housing. Housing must be available that our citizens can afford, in communities which are clean and safe—communities that will provide the amenities of life, the quality of life, our citizens expect and desire. Passing this bill is a major step in that direction. The Housing and Community Development Act of 1974 provides a framework within which we can again move toward these goals.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3066) was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. SPARKMAN. Mr. President, I yield myself such time as I may need on the bill.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SPARKMAN. Mr. President, this is one of the largest, most comprehensive bills that we have ever reported to the Senate floor. In the 2 days that we have been on this bill numerous amendments have been accepted where it was felt that they improved the bill, and I think the bill was improved as it went through the course of debate and consideration here.

I believe it is a good bill. One thing that made it such a big bill was the fact that for 18 months or thereabouts we have had a moratorium on housing, particularly those types that were for the benefit of low-income people. There was a stay in other programs, there was an impoundment of funds, and various movements were made that brought housing and home construction in this country down from 2.4 million, in 1972 to only 2.0 million in 1973. So we had virtually to reconstruct the housing program.

I want to pay compliment to the members of our committee, who worked so long in developing this legislation, and to the staff, headed by Carl Coan who has been staff director for many, many years—I have often said that he probably knows as much about housing as anybody in the country, and more than most people in the country—and to other members of the Housing Subcommittee staff:

Robert Malakoff, Thomas Brooks, Jeremiah Buckley, Randall Higgins, Doris Thomas, Joyce Andrews, and Jacquie Steinbrenner.

I want to pay a compliment to all of those who have helped us work out this bill.

By the way, in that connection, I want to say that during the consideration and during the markup of the bill we received the very finest help and cooperation from HUD. I want to compliment Secretary Lynn and those who work with him for the help they gave us and the cooperation we received from them. That does not mean we agreed on all things. We did not. But at least we worked those matters out in an understanding way.

I simply wanted to say a few words before we went to a vote on the bill.

Of course, I am everlastingly grateful to the Senator from Texas (Mr. TOWER), who has been a bulwark in the arduous task we had in developing this legislation.

Mr. TOWER. Mr. President, I thank my distinguished friend from Alabama. It is always a pleasure to work under his leadership as chairman of the committee.

As far as the bill is concerned, I think it does represent a great deal of work by members of the committeee.

I have already expressed some rather serious reservations about some of the provisions of the bill. I think it could be substantially improved. I know that the administration is not entirely satisfied with the bill in its present form. However, I intend to vote for the bill despite my reservations and the bill will be taken to conference where hopefully whatever we have failed to do, or have not done in a satisfactory way, can perhaps be dealt with in the conference between the House and the Senate.

What is important is that we very much need a bill. Despite the reservations I have regarding many of the provisions in this bill, I intend to vote for the bill. It is my hope to be a participant in the conference after the House acts on a similar proposal.

Mr. HARRY F .BYRD, JR. Mr. President, would the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield.

Mr. HARRY F. BYRD, JR. Mr. President, may I ask the Senator from Alabama on page 305 of the bill, under the caption "Housing Allowance" if the Senator would indicate how these cash payments would work. For instance, in the case of homeownership who would be eligible for the cash payments?

Mr. SPARKMAN. Mr. President, this is an experimental program that the administration has been carrying on now for about 2 years. HUD wants to carry this experiment on.

The Senator is familiar with the fact that last year the President suggested that we seriously examine what he called a direct cash assistance program, under which a housing allowance would be paid by the Government to a low-income person. It would be only for the low-income persons. It would operate under a formula which would determine when a person would need help in order to have safe, decent, and sanitary housing. The Government would set up a program whereby the payment would be made directly to the family.

HUD has already started the experimental program. The President said that it would be at least 1975 before they could start an operating program, based on the experiment.

There was a great deal of opposition to the idea of a housing allowance. However, in our committee, we agreed to HUD's request to provide for continuing the experiment already started. Some are concerned about the period of time involved, that the cash assistance contracts could be made for a period of 10 years. This was done because the officials of HUD testified at the hearing that in order to get people to agree to these contracts, in order to continue the experiment, they would have to make agreements for at least 10 years in order to get people to agree to go along with the experiment.

Over a short period of 2 or 3 or 4 years—we would not get anyone who would be willing to participate. That is the reason for the 10-year period. It is anticipated that the program will run that long as part of the experiment.

Mr. HARRY F. BYRD, JR. What is the criterion for getting cash assistance from the Government to obtain a home? Is it a man earning $10,000 a year? Would he get cash assistance to purchase a home?

Mr. SPARKMAN. I am certain it would not apply to a person earning $10,000 a year. As a matter of fact, it is a low-income person, one who might be at, or below the poverty level.

Mr. HARRY F. BYRD, JR. Does the bill specify what the cut-off point is?

Mr. SPARKMAN. It does not do so in dollars and cents, but I believe we should specify—not that we use the term "poverty level"—we should make certain that it is the low income, and the Secretary of HUD has, of necessity, the power and authority to determine what the poverty level is.

Mr. HARRY F. BYRD. JR. Could he put it at $10,000, or $6,000, or $4,000?

Mr. SPARKMAN. I do not think so; I do not know. I suppose he would take the poverty level as determined by the Department of Labor.

Mr. HARRY F. BYRD, JR. Does the bill specify a poverty level?

Mr. SPARKMAN. I do not think it does, in so many words. Let me see if I can find the language in the report. We have language in the report.

Mr. HARRY F. BYRD, JR. What I am wondering about is the group who are the real backbone of the country. It seems to me they are the middle economic group, individuals earning from $10,000 to $20,000, or from $7,500 to $15,000 or $20,000. This language does not in any way help that group, does it?

Mr. SPARKMAN. No, I do not think it does. We are asking that during the time this experiment, recommended by the administration and originated by the administration, is being carried on, the Secretary shall make studies to show the progress made under the program and to make a determination as to whether it should be instituted as an ongoing program as the President has recommended it. He is required to report to us in 18 months.

Mr. HARRY F. BYRD, JR. If the language applies only to those below the poverty level, what amount does the Government put up for the purchase of the home? Is that in the bill? Fifty percent?

Mr. SPARKMAN. This is primarily a rental program.

Mr. HARRY F. BYRD, JR. It says "homeownership."

Mr. SPARKMAN. It could be homeownership; but again, it depends on what the income of the family is. I am sorry that I cannot give the Senator the figures; but, for example, I assume a schedule would be worked out for persons making, say, $5,250 a year. There will be a certain amount that could be given toward that family's rental. I do not know whether it goes that high or not. But suppose a family is making $3,000 a year. That family would get higher rental payment than one who makes $4,000. The Secretary determines the figures based upon the income levels of the would-be tenants or would-be homeowners.

Mr. HARRY F. BYRD, JR. A great percentage of the poverty level earnings must go for food and clothing.

Mr. SPARKMAN. That is correct.

Mr. HARRY F. BYRD, JR. What I am trying to understand is whether the Federal Government itself is producing homes for those below the poverty level.

That is the purpose of this legislation, as I understand it.

Mr. SPARKMAN. It is possible to purchase, but this is supposed to be rental, leasing of premises for people. It does not exclude homeownership, but its purpose is rental.

Mr. HARRY F. BYRD, JR. Is its purpose to extend the rent supplement legislation that we have had in the past? Is it an extension of rent supplements?

Mr. SPARKMAN. I do not think it has the purpose of extending rent supplements.

Mr. HARRY F. BYRD, JR. This would be in addition to rent supplements?

Mr. SPARKMAN. Well it would be a different group of people who would receive the experimental payments.

Mr. HARRY F. BYRD, JR. How would it differ from the other?

Mr. SPARKMAN. It is experimental.

Mr. HARRY F. BYRD, JR. How would the class differ from those who are eligible for rent supplements?

Mr. SPARKMAN. I can recall that when the President proposed this program and the Secretary testified before our committee, it was pointed out that there were vacant houses in existence, and that if a family of lower income would find one of those homes and rent it, the Government would give assistance according to the income level.

Mr. HARRY F. BYRD, JR. Would that not be covered under the current rent supplement program?

Mr. SPARKMAN. No, no.

Mr. HARRY F. BYRD, JR. How do they differ?

Mr. SPARKMAN. The rent supplement program is an FHA program. The FHA project is built with the idea that the units will be rented with supplementary assistance at a certain figure that would be helpful to lower income people. It is insured like any other FHA program.

Mr. HARRY F. BYRD, JR. Then the Government, under that program, pays the owner of the property direct, does it?

Mr. SPARKMAN. Does the Senator mean pay the rent? Yes, and not to the individual tenants.

Mr. HARRY F. BYRD, JR. Under rent supplements, it pays the rent direct?

Mr. SPARKMAN. Yes.

Mr. HARRY F. BYRD, JR. And under this program the renter and the home purchaser would be given the cash, as I understand it.

Mr. SPARKMAN. A cash payment, supplementing what he can afford to pay on his own toward the rent.

Mr. HARRY F. BYRD, JR. A cash supplement?

Mr. SPARKMAN. Yes. A family allowance, I think they call it. The administration claims that this program will be cheaper than the various FHA programs, regardless of whether it is a rent supplement.

Mr. HARRY F. BYRD, JR. I am trying to visualize how a family below the poverty level will be in a position to purchase a home. The bill states right here on page 305, line 13, that it provides for homeownership.

Mr. SPARKMAN. Yes, it states it, but I am saying that under the prevailing conditions, the matter of homeownership would be very rare. It is possible that the low-income person might find a house that is favorable, that could be bought at a very low figure, and would get help in buying it, but that would be most unusual.

Mr. HARRY F. BYRD, JR. I wonder whether it is wise to keep that language in the legislation when we are not clear as to just how that matter is going to work.

Mr. SPARKMAN. Well, they have the program going now.

Mr. HARRY F. BYRD, JR. They have done it without congressional authority, then?

Mr. SPARKMAN. This is simply to allow the continuance of the program planned for the experiment.

Mr. HARRY F. BYRD, JR. If they have already done it without congressional authority—is that what they have done?

Mr. SPARKMAN. No, I do not say that is what they have done.

Mr. HARRY F. BYRD, JR. Well, they have the authority to do it now, do they?

Mr. SPARKMAN. They did it under existing program authority which they felt they could proceed with. I would not say it was against the law. We think probably the law was stretched somewhat, and so we decided——

Mr. HARRY F. BYRD, JR. Well, have they ever cited to the committee the law under which they are operating, under which they claim to have authority?

Mr. SPARKMAN. Yes. It is under section 23, which is the public housing program.

I had rather not try to construe this thing for them, but we had quite a hassle in the committee on that very point, and I think it was pretty well decided by the committee that they should have proceeded without congressional approval.

Mr. HARRY F. BYRD, JR. Then, if that is the case, I am wondering why we want to give them that authority now.

Mr. SPARKMAN. Well, it is not the authority under section 23. This is authority to carry on an experiment along the lines that the President had said he was going to recommend.

Mr. HARRY F. BYRD, JR. But the legislation does not set guidelines; it does not say what the criteria shall be.

Mr. SPARKMAN. It places that responsibility upon the Secretary.

Mr. HARRY F. BYRD, JR. And gives him a good bit of leeway, then?

Mr. SPARKMAN. He has considerable discretion, yes.

Mr. HARRY F. BYRD, JR. Then let us assume that these payments are made to individuals under this program; what assurance is there that the money will be used for the purpose of purchasing a home, or renting a home?

Mr. SPARKMAN. Let me be sure that I understand the Senator's question. As I gather, the Senator asks, if the money is paid to the tenant, how is there any assurance that the tenant will pay that money to the landlord. Is that correct?

Mr. HARRY F. BYRD, JR. That is right.

Mr. SPARKMAN. We just must assume that he will, knowing that if he does not, he will lose his house. What kind of followup plan HUD has, I do not know.

Mr. HARRY F. BYRD, JR. Where does the title to the home lie? Does it lie with the individual? Does it lie with the government?

Mr. SPARKMAN. Again let me say that it would be most unusual that this would involve the purchase of a home.

Mr. HARRY F. BYRD, JR. I am just following the language in the legislation.

Mr. SPARKMAN. I would guess that in 99 percent of the cases it would be rental, and there, of course, the title would be in the person who owned the property.

Mr. HARRY F. BYRD, JR. But I am speaking now——

Mr. SPARKMAN. If the man bought a house, of course, the title would rest with him, not in HUD. HUD would undoubtedly take a mortgage on it.

Mr. HARRY F. BYRD, JR. HUD, in effect, would guarantee the payments?

Mr. SPARKMAN. No FHA is involved here. Back up on what I said: HUD would not take title. Title would be in the man owning the house; just as if I bought a house from the Senator, title would be in me, and I could continue to live there as long as I paid the Senator the mortgage money.

The income of the family would have to be determined when the occupancy of the house takes place, and it would be subject to review from time to time, just the same.

Mr. HARRY F. BYRD, JR. I thank the Senator from Alabama. I have some difficulty with the bill——

Mr. SPARKMAN. I want to say this to the Senator from Virginia: I have never approved of this program of direct cash assistance.

In fact, I have said that if it went into effect, I think it would take a tremendous bureaucracy to enforce it. I am not satisfied with it, at all, as a going program but I was willing, as was the committee, to let HUD continue the experiment which they had started, under section 23 and would continue under section 23 authority provided by this bill.

Mr. HARRY F. BYRD, JR. Well, I am concerned about the entire bill.

There are desirable aspects to this bill and parts I would like to support. But there are also objectionable features and extremely costly ones.

I am inclined to vote against the proposal at the present time—its cost is huge. But if it comes back to the Senate from conference with the House of Representatives in a more reasonable form, then I probably would support the conference.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). The hour of 5 o'clock having arrived, under the previous order, the question is on final passage of S. 3066.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Montana (Mr. MANSFIELD), the Senator from Wisconsin (Mr. NELSON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I further announce that, if present and voting, the Senator from California (Mr. TUNNEY) would vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from New York (Mr. JAVITS) is absent on official business.

I further announce that the Senator from Tennessee (Mr. BAKER), the Senator from New Hampshire (Mr. COTTON), the Senator from Colorado (Mr. DOMINICK), the Senator from Michigan (Mr. GRIFFIN), and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. JAVITS) and the Senator from Colorado (Mr. DOMINICK) would each vote "yea."

The result was announced—yeas 76, nays 11, as follows:

[No. 64 Leg.]

YEAS—76

Abourezk	Gravel	Muskie
Aiken	Gurney	Nunn
Allen	Hansen	Packwood
Bartlett	Hart	Pastore
Bayh	Hartke	Pearson
Beall	Haskell	Pell
Bellmon	Hatfield	Percy
Bennett	Hathaway	Proxmire
Bible	Hruska	Randolph
Biden	Huddleston	Ribicoff
Brock	Hughes	Roth
Brooke	Humphrey	Schweiker
Buckley	Inouye	Scott, Hugh
Burdick	Jackson	Sparkman
Cannon	Johnston	Stafford
Case	Kennedy	Stevens
Chiles	Long	Stevenson
Church	Magnuson	Symington
Clark	McClure	Taft
Cook	McGovern	Talmadge
Cranston	McIntyre	Tower
Dole	Metcalf	Weicker
Domenici	Metzenbaum	Williams
Eagleton	Mondale	Young
Eastland	Montoya	
Fong	Moss	

NAYS—11

Byrd, Harry F., Jr.	Fannin	Scott, William L.
Byrd, Robert C.	Goldwater	Stennis
Curtis	Helms	Thurmond
Ervin	McClellan	

NOT VOTING—13

Baker	Griffin	McGee
Bentsen	Hollings	Nelson
Cotton	Javits	Tunney
Dominick	Mansfield	
Fulbright	Mathias	

So the bill (S. 3066) was passed, as follows:

S. 3066

An act 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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing and Community Development Act of 1974".

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CHAPTER I—HOUSING LOAN INSURANCE AND MORTGAGE CREDIT ASSISTANCE

CONSOLIDATION AND REVISION OF LAWS RELATING TO HOUSING LOAN INSURANCE AND MORTGAGE CREDIT ASSISTANCE

SEC. 101. The provisions of this section which follow shall be effective as provided in section 102 of this chapter and may be cited as the "Revised National Housing Act".

TITLE I—GENERAL AUTHORITY

DEFINITIONS

SEC. 101. As used in this Act—

(a) The term "first mortgage" means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(b) The term "mortgage" means a first mortgage on real estate in fee simple, or on a leasehold (1) under a lease not less than ninety-nine years which is renewable or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed.

(c) The term "mortgagor" includes the original lender under a mortgage, and its successors or assigns approved by the Secretary.

(d) The term "mortgagor" includes the original borrower under a mortgage, and its successors or assigns.

(e) The term "home mortgage" means a mortgage involving a one- to four-family residence or a one-family unit in a condominium, including a mortgage to cover a dwelling located outside built-up urban areas and a dwelling not designed for year-round occupancy.

(f) The term "project mortgage" means a mortgage involving multifamily housing, a land development project, or a health facility.

(g) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with the payments provided for in the mortgage.

(h) The term "condominium" means a multiunit housing project which is subject to a plan of family unit ownership acceptable to the Secretary under which each dwelling unit is individually owned and each such owner holds an undivided interest in the common areas and facilities which serve the project.

(i) The term "cooperative" means any nonprofit corporation or nonprofit housing trust which has consumer-oriented sponsorship with no identity of interest with the builder, which is organized for the purpose of construction, rehabilitation, or acquisition of housing and related facilities which meet one of the following requirements:

(1) The permanent occupancy of the dwelling units will be restricted to members of the cooperative; or

(2) The individual dwelling units, upon completion of the construction or rehabilitation of the project, are to be sold to purchasers eligible for mortgage insurance or assistance under the provisions of section 401 or 402 of this Act, with the cooperative continuing to provide community facilities for the owners of such dwelling units.

(j) The term "experimental property" means property which involves the utilization and testing of advanced technology in property design, materials, or construction, or experimental property standards for neighborhood design which will provide data or experience which the Secretary deems to be significant in reducing building costs, operating costs, or improving building standards, quality, livability, or durability, or improving neighborhood design.

(k) The term "advances" means mortgage proceeds advanced during construction or rehabilitation or otherwise prior to final endorsement of a mortgage for insurance. In addition to being made for the purpose of financing improvements to the property and the purchase of materials and building components delivered to the property, such proceeds may, with the approval of the Secretary and with such security as the Secretary requires, be advanced for the purpose of providing funds to cover the cost of building components where such components have been assembled and specifically identified for incorporation into the mortgaged property, but which are located at a site other than the mortgaged property.

(l) The term "State" includes the several States and Puerto Rico, the District of Columbia, Guam, and the Virgin Islands. Such term may also include American Samoa, the Canal Zone, Midway Island, and the Trust Territory of the Pacific Islands where the Secretary determines the use of particular mortgage insurance programs is feasible and desirable.

(m) The term "Secretary" means the Secretary of Housing and Urban Development.

GENERAL INSURANCE AUTHORITY

SEC. 102. (a) To be eligible for insurance under this Act a mortgage or loan shall have been made by, and be held by, a mortgagee or lender approved by the Secretary as responsible and able to service the mortgage or loan properly.

(b) The Secretary is authorized, upon application by the mortgagee or lender, to insure mortgages and loans, upon such terms and conditions as he may prescribe, in accordance with the provisions of this Act, and to make commitments for the insuring of such mortgages and loans prior to the date of their execution or disbursement thereon. At any time prior to final endorsement for insurance, the Secretary may amend, extend, or increase the amount of any commitment in accordance with the applicable provisions of this Act.

(c) To be eligible for insurance under this Act, the mortgage transaction shall be determined by the Secretary to be an insurable risk, except that the Secretary may accept for insurance as a special risk a mortgage transaction involving assistance payments, experimental property, property located in an older and declining area where there is a reasonable prospect for revitalization (taking into account a community program of neighborhood preservation or rehabilitation), single-family housing for employees of research and development installations where it is established to the satisfaction of the Secretary that there is a special need for such housing, or a supplemental project loan where the Special Risk Insurance Fund is obligated for insurance of the original mortgage.

(d) No mortgage or loan shall be insured and no bond shall be guaranteed under this Act after June 30, 1977, except pursuant to a commitment to insure or guarantee before that date.

FLEXIBLE MORTGAGE CEILINGS

SEC. 103. (a) The Secretary shall not insure a mortgage covering property in any area which exceeds, for that part of the property attributable to dwelling use, the appropriate prototype cost for the area (1) by more than 20 per centum in the case of a mortgage insured under section 402 or section 502, or (2) by more than 100 per centum, or such lower per centum in any area as the Secretary determines to be appropriate to prevent the diversion of mortgage credit from moderate cost housing, in the case of a mortgage insured under section 401 or section 501.

(b) The Secretary shall determine prototype costs at least annually on the basis of (1) his estimate of the construction costs of new dwelling units (including units designed for elderly and handicapped families) of various types and sizes in the area suitable for occupancy by persons assisted under sections 402 and 502, and (2) his estimate of reasonable allowances for the cost of land and site improvements. In making his determination the Secretary shall take into account (A) the extra durability required for economical maintenance of such housing, (B) the provision of amenities designed to guarantee a safe and healthy family life and neighborhood environment, (C) the application of good design as an essential component of such housing and maintenance of quality in architecture to reflect the standards of the neighborhood and community, (D) the need for maximizing the conservation of energy for heating, lighting, and other purposes, (E) the effectiveness of existing mortgage limits in the area, and (F) the advice and recommendations of local housing producers. The prototype costs for any area shall become effective upon the date of publication in the Federal Register.

(c) As used in this section the term "construction costs" means those cost items which are normally reflected in the amount of a home mortgage or multifamily mortgage insured under section 402 or section 502, except the costs of land and site improvements.

INTEREST RATE CEILINGS

SEC. 104. The Secretary shall from time to time prescribe the maximum interest rates which mortgages or loans eligible for insurance under this Act may bear. The rates prescribed shall be those rates which the Secretary finds necessary to meet the mortgage or loan market.

ENERGY CONSERVATION AND WATER AND SEWER FACILITIES

SEC. 105. No mortgage shall be approved for insurance under this Act if the mortgaged property involves new construction and (1) does not make use, to the maximum extent feasible, of energy conservation techniques, or (2) includes housing which is not served by a public or adequate private community water and sewerage system, unless the property is situated in an area where the establishment of such a system is determined by the Secretary not to be economically feasible and where the Secretary determines that the absence of such a system will not create a significant environmental hazard. The economic feasibility of establishing such public or adequate private community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies.

TECHNICALLY SUITABLE MATERIALS

SEC. 106. The Secretary shall adopt a uniform procedure for the acceptance of materials and products to be used in structures approved for mortgages or loans insured under this Act. Under such procedure any material or product which the Secretary finds is technically suitable for the use proposed shall be accepted. Acceptance of a material or product as technically suitable shall not be deemed to restrict the discretion of the Secretary to determine that a structure, with respect to which a mortgage is executed, is an insurable or special risk. The Secretary shall encourage the use of materials and products which contribute to energy conservation, where appropriate.

COMPENSATION FOR STRUCTURAL DEFECTS IN MORTGAGED HOMES

SEC. 107. (a) The Secretary is authorized with respect to any property improved by one- to four-family dwelling approved for mortgage insurance prior to the beginning of construction, which he finds to have structural defects, to make expenditures for (1) correcting such defects, (2) paying the claims of the owner of the property arising from such defects, (3) acquiring title to the property: *Provided*, That such authority of the Secretary shall exist only (A) if the owner has requested assistance from the Secretary not later than four years (or such shorter time as the Secretary may prescribe) after the initial insurance of the mortgage, and (B) if the property is encumbered by a mortgage which is insured under this Act or under the National Housing Act.

(b) If the owner of any one- to four-family dwelling which is covered by a mortgage insured under section 203, 221, or 235 of the National Housing Act or under section 401 or 402 of this Act, and which is more than one year old on the date of the issuance of the insurance commitment, makes application to the Secretary not more than one year after the insurance of the mortgage (or, in the case of a dwelling covered by a mortgage the insurance commitment for which was issued on or after August 1, 1968, but prior to the effective date of this Act, not more than one year after such effective date) to correct any structural or other defect of the dwelling which seriously affects its use and livability or which constitutes a violation of the general acceptability standards promulgated by the Federal Housing Administration, the Secretary shall, with all reasonable promptness, make expenditures for any of the purposes specified in subsection (a), unless the defect is one that did not exist on the date of the issuance of the insurance commitment or is one that a proper inspection could not reasonably have been expected to disclose. The Secretary may require from the seller of any such dwelling an agreement to reimburse him for any payments made pursuant to this subsection with respect to such dwelling.

(c) The Secretary shall by regulations prescribe the terms and conditions under which expenditures and payments may be made under the provisions of this section.

(d) The Secretary shall take all steps necessary to notify owners of the provisions of this section, section 801 of the Housing Act of 1954, and section 401(g) of this Act, including notification by certified mail in the case of properties which may qualify under subsection (a) or (b) and which are covered by insurance commitments issued prior to the effective date of this Act. If an owner fails to make application for reimbursement within the time set by this section and if his failure is the result of his not having received notification from the Secretary, the deadline for his application shall be extended to include a reasonable period of time after he actually received notification from the Secretary.

PENALTIES

SEC. 108. (a) The Secretary is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor or dealer, or salesman or sales agent for a builder, contractor or dealer) under any of the provisions of this Act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the Secretary has determined that such person or firm—

(1) has knowingly or willfully violated any provision of this Act, of the National Housing Act, or of title III of the Servicemen's Readjustment Act of 1944, or of chapter 37 of title 38, United States Code, or of any regulation issued by the Secretary under this Act or under the National Housing Act, or by the Administrator of Veterans' Affairs under said title III, or chapter 37; or

(2) has, in connection with any construction, alteration, repair or improvement work financed with assistance under this Act or under the National Housing Act, or under said title III, or chapter 37, or in connection

with contracts or financing relating to such work, violated any Federal or State penal statute; or

(3) has failed materially to carry out properly contractual obligations with respect to the completion of construction, alteration, repair, or improvement work financed with assistance under this Act or under the National Housing Act, or under title III of the Servicemen's Readjustment Act of 1944, or chapter 37 of title 38, United States Code.

(b) Before the determination prescribed in subsection (a) is made, any person or firm with respect to which a determination is proposed shall be notified in writing by the Secretary and shall be entitled (upon making a written request to the Secretary) to—

(1) a written notice specifying charges in reasonable detail; and

(2) an opportunity to be heard and to be represented by counsel.

(c) Any person aggrieved by a determination of the Secretary pursuant to this section may, within sixty days after notice of such determination, file a petition of review in the court of appeals for the circuit in which the property involved is located. Judical review shall be confined to the record made in the hearing before the Secretary and the Secretary's findings of fact shall be conclusive if supported by the preponderance of the evidence.

(d) For the purposes of compliance with this section, the Secretary's notice of a proposed determination or a determination under this section shall be considered to have been received by the interested person or firm if the notice is properly mailed to the last known address of such person or firm.

INSURANCE CONTRACT INCONTESTABILITY

SEC. 109. Any contract of insurance executed by the Secretary under the provisions of titles IV and V shall be conclusive evidence of the eligibility of the loan or mortgage for insurance. The validity of any contract of insurance so executed shall be incontestable in the hands of an approved financial institution or approved mortgage from the date of the execution of such contract, except for fraud or misrepresentation on the part of such financial institution or mortgagee.

ADMINISTRATION

SEC. 110. In carrying out the provisions of this Act, the Secretary is authorized to (1) make such expenditures as may be necessary, (2) sue and be sued, (3) make such rules and regulations as may be necessary, and (4) provide or obtain technical assistance in the planning for and construction of projects to be covered by mortgages insured under this Act.

ALLOCATION OF FUNDS

SEC. 111. (a) The aggregate of the sums approved in appropriation Acts under section 402(g)(1) and section 502(h)(1) of this Act, and under the United States Housing Act of 1937, and available for obligation in any fiscal year (other than sums available for operating subsidies) shall be allocated by the Secretary as follows:

(1) 75 per centum of such sums shall be allocated by the Secretary for use in metropolitan areas; and

(2) 25 per centum of such sums shall be allocated by the Secretary for use in nonmetropolitan areas.

(b) (1) The Secretary shall, to the extent feasible, reserve out of sums allocated under subsection (a) sufficient amounts to meet application approved under the Community Development Assistance Act of 1974.

(2) The Secretary shall reserve out of sums allocated under subsection (a) sufficient amounts to meet the housing objectives contained in any project agreement approved by the Secretary 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.

(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.

(c) Any amount allocated by the Secretary under this section shall be available for use by eligible mortgagors or public housing agencies in general conformity with the housing plans of the State and the units of general local government within such area, or in the case where there is no plan of either the State or unit of local government, or where the Secretary determines that neither such plan makes adequate provisions for the needs of low- and moderate-income families, in accordance with such terms and conditions as the Secretary may prescribe. 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

(d) Any portion of an allocation for metropolitan or nonmetropolitan areas which is expected to be unused or uncommitted at the end of the fiscal year for which it was allocated shall be available for reallocation by the Secretary prior to the end of such year in order to meet urgent housing needs in any area.

EXPERIMENTAL AND DEMONSTRATION PROGRAMS

SEC. 112. (a) Notwithstanding the provision of sections 701 and 704, the Secretary is authorized to provide mortgage or loan insurance prior to July 1, 1976, pursuant to a contract or agreement which obligates him to pay losses up to a specified amount or specified percentage of the mortgage or loan amount, or to pay losses in excess of a specified amount or percentage of the mortgage or loan amount, or to share in losses on a specified basis, or which involves a combination of the foregoing types of obligations, as the Secretary determines appropriate in particular programs or with respect to particular classes of risks in order to encourage the provision of needed housing opportunities or needed facilities, to protect his interests as insurer, to promote efficient and economical administration, and otherwise to further the objectives of this Act.

(b) Exercise of authority under subsection (a) to insure mortgages or loans at less than full value shall be accompanied by such transfer (subject to audit) to mortgagees or lenders of appraisal, credit approval, property inspection, commitment, or other mortgage or loan insurance application processing functions as the Secretary deems desirable, except that such authority shall not be exercised in any older or declining area where the Secretary determines that insurance on a full value basis is needed to insure the availability of housing credit consistent with the provisions and purposes of this Act, nor shall processing functions be delegated unless the Secretary is satisfied that there are adequate protection for consumers, including purchasers of older and lower cost housing.

(c) The authority under subsections (a) and (b) to insure mortgages or loans at less than their full value, and to delegate processing functions in conjunction with such coinsurance, shall be exercised only on a demonstration basis and the aggregate number of units insured on such basis during each fiscal year ending prior to July 1, 1976, under either title IV or title V of this Act, shall not exceed 20 per centum of the estimated total number of units processed for insurance under such title IV or V, as the case may be, during each such fiscal year. The demonstration program provided for by the preceding sentence shall be undertaken promptly and shall include arrangements providing for the transfer in appropriate situations of all or substantially all mortgage insurance processing functions and for the accumulation of experience on coinsurance and the delegation of varying processing functions in neighborhoods having different population, economic, and housing characteristics, subject to the provisions of subsection (b) for assuring an adequate supply of mortgage credit and protecting consumers. The Secretary shall also where appropriate encourage participation of State and local governments or agencies in demonstration activities carried on under this subsection. The Secretary shall exercise his authority under subsection (a) and (b) only to the extent that he finds that the continued exercise of such authority will not adversely affect the flow of mortgage credit by unduly discouraging the origination of mortgages to be insured under this Act or the purchase of such mortgages on the secondary market.

(d) (1) The Secretary shall determine the feasibility and desirability of transferring to mortgagees approved by the Secretary all or some of the functions now performed by the Department of Housing and Urban Development which relate to the processing of applications for mortgage insurance, including appraisal, property inspection, credit evaluations, and issuance of commitments. Upon the enactment of this section, the Secretary shall promptly undertake a demonstration program to provide further information with respect to the feasibility and desirability of transferring such functions for the various mortgage insurance programs authorized by this Act taking into account the need to encourage and facilitate the allocation of mortgage loans to persons of modest means in inner city and older neighborhoods and care in mortgagor selection, appraisal, and property inspection. Such demonstration program shall include the transfer of all or substantially all of such functions to a number of mortgagees in a number of areas sufficient for the purpose of the demonstration, coupled with such compensation for additional servicing by mortgagees as the Secretary deems appropriate.

(2) The Secretary shall also determine, using the demonstration program authorized by this subsection wherever practicable, the extent to which participation by State or local governments or agencies thereof with respect to the processing of applications for mortgage insurance should be allowed or encouraged, the form which any such participation should take, and any program changes needed to facilitate such participation. The Secretary shall encourage such participation where he deems appropriate and shall include his findings with respect to such participation in the report required by paragraph (1).

(e) The Secretary shall review operations under this section at least quarterly during fiscal year 1975 and the succeeding fiscal year, in order to make the findings required by the last sentence of subsection (c) and shall submit such findings to the Congress not later than forty-five days after the last day of each quarter. Such reports shall contain data on the number of mortgages insured by program, by type of coinsurance used, and by area office. Such reports shall also set forth a description of the transfer of functions and coinsurance actions taken and proposed to be taken with respect to each of the mortgage insurance programs authorized by this Act, together with estimates of the effects of such proposed actions on the availability of mortgage credit, the utilization of programs under this Act, and the volume and rates of foreclosures under such programs. The reports shall include specific

findings and recommendations on (1) the types and levels of coinsurance authorized and to be authorized; (2) the application processing functions performed and to be performed by mortgagees or lenders or State or local governments or agencies thereof; (3) the need for particular safeguards to protect consumers and prevent mortgagees' or lenders' abuse of their increased responsibility, and the extent to which such safeguards may discourage mortgagees or lenders from participating in programs under this Act; (4) the extent to which variable levels of coinsurance could be used to provide incentives to mortgage lenders to exercise care in mortgagor selection and to channel funds to inner city and older neighborhoods; (5) the extent to which State and local government participation in the processing of applications for mortgage or loan insurance should be allowed or encouraged, and the form of any such participation; and (6) the need, if any, to provide compensation to mortgagees and lenders for performance of functions to be transferred and the estimated cost of and manner of paying such compensation.

(f) (1) Prior to July 1, 1977, the Secretary may also accept and insure as a special risk a transaction involving experimental financing, if such transaction would, except for the financing instrument or method involved and adjustments in loan to value ratios or other matters necessary to accommodate such instrument or method, qualify for insurance under any provision of this Act. The outstanding aggregate principal amount of instruments insured under this subsection may not exceed 1 per centum of the outstanding aggregate principal amount of mortgages and loans estimated to be insured during any fiscal year under titles IV and V of this Act.

(2) As used in this subsection, the term "experimental financing" means financing involving the use, on an experimental basis, of financing instruments which are not otherwise authorized or acceptable under this Act (including mortgages which combine variable interest rates with features designed to reflect the interests of mortgagors as well as those of mortgagees, and mortgages with provisions for varying rates of amortization corresponding to anticipated variations in family income) but which the Secretary determines (A) have promise for expanding housing opportunities or meeting special needs, (B) can be developed to include any safeguards for mortgagors or purchasers that may be necessary to offset special risks of such instruments, and (C) have a potential for acceptance in the private market.

COUNSELING

SEC. 113. The Secretary is authorized to furnish such counseling and advice, to the extent he deems useful and appropriate, to families assisted under any provision of this Act or any provision of the National Housing Act, with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and in meeting the responsibilities of homeownership or tenancy. For these purposes the Secretary is authorized to provide counseling, or to enter into contracts with, to make grants to, and to provide other types of assistance to private or public organizations with special competence and knowledge in counseling low and moderate income families to provide counseling and for such purposes, the Secretary is authorized to make expenditures from the fund obligated for the insurance of the mortgage covering the property.

HOUSING ASSISTANCE PROGRAM CONDITIONS

SEC. 114. The Secretary may provide periodic assistance payments under sections 402 and 502 in connection with construction or substantial rehabilitation of housing for lower income families or tenants in housing areas with respect to which he has determined, taking into account any appropriate information submitted by community development agencies pursuant to the Community Development Assistance Act of 1974, (1) that there is not likely soon to be an adequate supply of decent, safe, and sanitary existing housing for such families or tenants of various household sizes, (2) that such construction or rehabilitation is necessary to expand housing opportunities for such families or tenants within reasonable proximity to places of employment, or (3) that such new construction is an essential component of a community development program. The Secretary may also designate housing areas in which it is permissible to provide such payments in such other circumstances as he deems necessary.

TITLE II—INSURANCE FUNDS, PREMIUMS, AND CHARGES

INSURANCE FUNDS

SEC. 201. (a) The General Insurance Fund, created pursuant to section 519 of the National Housing Act, shall be used by the Secretary as a revolving fund for carrying out his obligations incurred pursuant to the National Housing Act, his obligations incurred pursuant to section 601 with respect to State housing finance agency bonds, and, except as otherwise provided in subsections (b), (c), and (d) of this section, his obligations with respect to mortgages and loans under titles III, IV, and V of this Act.

(b) The Special Risk Insurance Fund, created pursuant to section 238(b) of the National Housing Act, shall be used by the Secretary as a revolving fund for carrying out his obligations pursuant to the National Housing Act, his obligations with respect to mortgages and loans insured as special risks pursuant to section 102(c), and his obligations with respect to rehabilitation loan funds insured under section 309, and for carrying out his functions with respect to counseling under section 402.

(c) The Cooperative Management Housing Insurance Fund, created pursuant to section 213(k) of the National Housing Act, shall be used by the Secretary as a revolving fund for carrying out both his obligations incurred pursuant to the National Housing Act and his obligations with respect to (1) project mortgages insured under section 501 where the mortgagor is a cooperative, and (2) supplemental project loans insured under section 504 where the Cooperative Management Housing Insurance Fund is obligated for the insurance of the original mortgage or where the original project mortgage covering a cooperative housing project is uninsured.

(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.

(e) All premiums, fees, charges, and other income received by the Secretary in connection with the insurance of mortgages or loans shall be credited to the fund obligated for such insurance. All payments made pursuant to claims of mortgagees, cash adjustments, the principal of and interest paid on debentures, expenses incurred in connection with the acquisition and disposal of property, nonadministrative and administrative expenses, and all other authorized expenditures incurred pursuant to this Act and the National Housing Act shall be paid out of the fund obligated for such insurance.

(f) The Secretary is authorized to borrow from the Treasury from time to time such amounts as the Secretary shall determine are necessary to pay insurance claims in cash and in lieu of issuing debentures. Notes or other obligations issued by the Secretary for amounts borrowed 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 comparable to the average maturities of such notes or other obligations.

(g) Moneys in an insurance fund not needed for current operations of the fund shall be deposited with the Treasurer of the United States to the credit of the fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States or any agency of the United States. The Secretary, with the approval of the Secretary of the Treasury, may purchase in the open market debentures which are the obligation of the fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtained from other investments authorized by this subsection. Debentures so purchased shall be canceled and not reissued.

(h) There are authorized to be appropriated such sums as may be needed from time to time to cover losses sustained by the Special Risk Insurance Fund.

INSURANCE PREMIUMS AND CHARGES

SEC. 202. (a) The Secretary is authorized to fix insurance premiums for the insurance of mortgages and loans under this Act. Insurance premiums for the insurance of mortgages under this Act (except under section 505) shall not exceed an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any one time. The Secretary may require the payment of the insurance premium on an advance or a deferred basis, except that with respect to any mortgage or loan insured under title V or with respect to any loan under title III, such insurance premium shall be payable annually in advance by the mortgagee or lender.

(b) In the event that the principal obligation of any mortgage or loan insured under title IV or title V is paid in full prior to the maturity date, the Secretary is authorized in his discretion to require the payment by the mortgagee or the lender of an adjusted premium charge in such amount as the Secretary determines to be equitable. Where such prepayment occurs, the Secretary is authorized to refund to the mortgagee or the lender for the account of the mortgagor or the borrower all, or such portion as he shall determine to be equitable, of the current unearned insurance premium theretofore paid.

(c) The Secretary is authorized to terminate any insurance contract upon request by the mortgagor or borrower and the mortgagee or lender. As a condition to terminating the insurance, the Secretary is authorized in his discretion to require the payment of a termination charge computed in such amount as he deems equitable.

(d) The payments specified in subsections (a), (b), and (c) shall be payable by the mortgagee or the lender either in cash or in debentures issued by the Secretary, except that the insurance premium for loans under title III shall be paid only in cash. The debentures presented for such payment shall represent obligations of the particular insurance fund to which such insurance premium is to be credited.

(e) (1) In the case of a mortgage insured under section 401 covering a single-family dwelling or a one-family unit in a condominium where the mortgagor is a serviceman who at the time of insurance or assumption of the mortgage is the owner of the property and either occupies the property or certifies that his failure to do so is the result of his service assignment, the Secretary of Defense, the Secretary of Transportation, or the Secretary of Commerce, as the case may be, shall, from the respective appropriations available for pay and allowances of service-

men, make such payments to the mortgagor, or (pursuant to an agreement) directly to the Secretary in the amounts required to cover the cost of the mortgage insurance premium fixed by the Secretary.

(2) As used in this subsection—

(A) The term "serviceman" means a person to whom the Secretary of Defense, the Secretary of Transportation, or the Secretary of Commerce, as the case may be, has issued a certificate indicating that such person requires housing, is serving on active duty in the Armed Forces of the United States, in the United States Coast Guard, or in the United States National Oceanic and Atmospheric Administration and has served on active duty for more than two years, but a certificate shall not be issued to any person ordered to active duty for training purposes only. The Secretary of Defense, the Secretary of Transportation, or the Secretary of Commerce, respectively, are authorized to prescibe rules and regulations governing the issuance of such certificate and may withhold issuance of more than one such certificate to a serviceman whenever in his discretion issuance is not justified due to circumstances resulting from his service assignment.

(B) The term "period of ownership" means the period, for which mortgage insurance premiums are fixed, prior to the date that the Secretary of Defense, the Secretary of Transportation, or the Secretary of Commerce, as the case may be, furnishes the Secretary with a certification that such ownership (as defined by the Secretary) has terminated.

(3) Where a serviceman dies while on active duty in the Armed Forces of the United States, in the United States Coast Guard, or in the United States National Oceanic and Atmospheric Administration leaving a surviving widow as owner of the property, the period of ownership shall extend for two years beyond the date of the serviceman's death or until the date the widow disposes of the property, whichever date occurs first. The Secretary of Defense, the Secretary of Transportation, or the Secretary of Commerce, as the case may be, shall notify such widow promptly following the serviceman's death of the additional costs to be borne by the mortgagor following termination of the two-year period.

PROCESSING FEES AND SERVICE CHARGES

SEC. 203. (a) The Secretary is authorized to charge and collect from the mortgagee or lender such amounts as he may deem reasonable for the processing of a mortgage or loan insurance application and for the appraisal and inspection of the property or project to be covered by the mortgage to be insured or for other services preformed by the Secretary, except that charges for appraisal and inspection with respect to multifamily housing shall not aggregate more than 1 per centum of the original principal face amount of the mortgage. All amounts received under this section shall be payable by the mortgagee or lender in cash at such times as the Secretary may require.

(b) The Secretary is authorized to include in any mortgage or loan insured under this Act or in any loan made payable to the Secretary a provision requiring the mortgagor or borrower to pay a service charge to the Secretary in the event the mortgage or loan is held by the Secretary. The service charge shall not exceed the amount prescribed by the Secretary for insurance premiums applicable to such mortgage or loan.

TITLE III—INSURANCE FOR PROPERTY IMPROVEMENT, HISTORIC STRUCTURE PRESERVATION, AND MOBILE HOME LOANS AND FOR REHABILITATION LOAN FUNDS

TYPES OF LOANS

SEC. 301. (a) The Secretary is authorized to insure financial institutions against losses which they may sustain as a result of making, advancing credit in connection with, or purchasing property improvement loans, historic structure preservation loans, mobile home loans, and mobile home lot loans meeting the requirements of this title.

(b) The property improvement loan shall be for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures or mobile homes, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by the lessees of such real property or mobile homes under such conditions regarding length of lease or such other conditions as the Secretary may prescribe in order to protect his interest as an insurer. Alterations, repairs, and improvements upon, or in connection with, existing structures may include the provision of fire safety equipment or energy conserving improvements or the installation of solar energy systems. As used in this title—

(1) the term "fire safety equipment" means any device or facility which is designed to reduce the risk of personal injury or property damage resulting from fire and is in conformity with such criteria and standards as shall be prescribed by the Secretary;

(2) the term "energy conserving improvements" means any addition, alternation, or improvement to an existng or new structure which is designed to reduce the total energy requirements of that structure, and which is in conformity with such criteria and standards as shall be prescribed by the Secretary in consultation with the National Bureau of Standards; and

(3) the term "solar energy system" means any addition, alteration, or improvement to an existing or new structure which is designed to utilize solar energy to reduce the energy requirements of that structure from other energy sources, and which is in conformity with such criteria and standards as shall be prescribed by the Secretary in consultation with the National Bureau of Standards.

(c) The mobile home loan shall be for the purpose of financing the purchase of a mobile home to be used by the owner as his principal residence, and may include an amount to finance the acquisition of a lot on which to place such home and to pay expenses reasonably necessary for the appropriate preparation of such lot, including, but not limited to, the installation of utility connections, sanitary facilities and paving, and the construction of a suitable pad, or for the purpose of financing only the acquisition of such a lot either with or without such preparation by an owner of a mobile home.

(d) The historic structure preservation loan shall be for the purpose of financing the preservation of historic structures. As used in this title, the term "historic structures" means residential structures which are registered in the National Register of Historic Places or which are certified by the Secretary of the Interior to conform to National Register criteria; and the term "preservation" means restoration or rehabilitation undertaken for such purposes as are approved by the Secretary in regulations issued by him, after consulting with the Secretary of the Interior.

LOAN TERMS

SEC. 302. (a) Except as otherwise provided in this subsection, a loan financing property improvements shall—

(1) involve an amount not exceeding $10,000, except that, if the loan is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families, the loan shall not exceed $30,000 nor an average amount of $5,000 per family unit; and

(2) have a maturity not exceeding twelve years and thirty-two days, except that such maturity limitation shall not apply if the loan is for the purpose of financing the construction of a new structure for use in whole or in part for agricultural purposes.

Notwithstanding the foregoing limitations, a loan to finance the provision of fire safety equipment for extended health care facilities, intermediate health care facilities, or other comparable health care facilities may involve such principal amount and have such maturity as the Secretary may prescribe.

(b) (1) A loan financing the purchase of a mobile home only shall—

(A) involve an amount not exceeding (i) $10,000 ($15,000 in the case of a mobile home composed of two or more modules), and (ii) such additional amount as the Secretary shall by regulation prescribe as appropriate to cover the cost of necessary site preparation for the lot on which the home is to be placed; and

(B) have a maturity not exceeding twelve years and thirty-two days (fifteen years and thirty-two days in the case of a mobile home composed of two or more modules).

(2) A loan financing the purchase of a mobile home and an undeveloped lot on which to place the home shall—

(A) involve an amount not exceeding (i) the maximum amount under paragraph (1) (A) of this subsection, and (ii) such amount not to exceed $5,000 as may be necessary to cover the cost of purchasing the lot; and

(B) have a maturity not exceeding fifteen years and thirty-two days (twenty years and thirty-two days in the case of a mobile home composed of two or more modules).

(3) A loan financing the purchase of a mobile home and a suitably developed lot on which to place the home shall—

(A) involve an amount not exceeding (i) the maximum amount under paragraph (1) (A) (i) of this subsection, and (ii) such amount not to exceed $7,500 as may be necessary to cover the cost of purchasing the lot; and

(B) have a maturity not exceeding fifteen years and thirty-two days (twenty years and thirty-two days in the case of a mobile home composed of two or more modules).

(4) A loan financing the purchase, by an owner of a mobil home which is the principal residence of that owner, of only a lot on which to place that mobil home shall—

(A) involve such an amount as may be necessary to cover the cost of purchasing the lot not exceeding (i) $5,000 in the case of an undeveloped lot, or (ii) $7,500 in the case of a developed lot; and

(B) have a maturity not exceeding ten years and thirty-two days.

No loan subject to the provisions of this paragraph may be made unless the owner certifies that he will place his mobile home on the lot acquired with such a loan within six months after the date of such loan.

(c) A loan financing the preservation of a historic structure shall—

(1) involve an amount not exceeding $15,000 per family unit; and

(2) have a maturity not exceeding fifteen years and thirty-two days.

REFINANCING

SEC. 303. Any loan with respect to which insurance is granted under this title may be refinanced and the maturity thereof extended in accordance with such terms and conditions as the Secretary may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in section 302.

PROHIBITIONS

SEC. 304. The Secretary is authorized to prevent the use of any financial assistance under this title—

(1) which would, through multiple loans, result in an outstanding aggregate loan bal-

ance with respect to the same property or mobile home exceeding the dollar amount limitation prescribed in this title for the type of loan involved; or

(2) which involves new residential structures (other than mobile homes) that have not been completed and occupied for at least six months, except where such requirement is waived by the Secretary.

PROPERTY STANDARDS

SEC. 305. (a) The Secretary may from time to time declare ineligible for financing under this title any item, product, alteration, repair, improvement, or class thereof, which he determines would not substantially protect or improve the basic liability or utility of properties which are to be improved by financing provided under this title. He may also declare ineligible for financing under this title any item which he determines is especially subject to selling abuses.

(b) The Secretary shall, with respect to mobile homes to be financed under this title—

(1) prescribe minimum property standards to assure the livability and durability of the mobile home and the suitability of the site on which the mobile home is to be located; and

(2) obtain assurances from the borrower that the mobile home will be placed on a site which complies with the standards prescribed by the Secretary and with local zoning and other applicable local requirements.

CONTRACT PROVISIONS

SEC. 306. (a) The insurance granted by the Secretary to any financial institution on loans, advances of credit, and purchases made by such financial institution shall not exceed either—

(1) 10 per centum of the total amount of such loans, advances of credit, and purchases made under and reported for insurance under this title and under section 2 of the National Housing Act after July 1, 1939; or

(2) 90 per centum of the amount of loss on any individual loan, advance of credit, or purchase.

(b) Any payment for loss made to an approved financial institution under this title shall be final and incontestable after two years from the date the claim was certified for payment by the Secretary, in the absence of fraud or misrepresentation on the part of such institution, unless a demand for repurchase of the obligation shall have been made on behalf of the United States prior to the expiration of such two-year period.

WAIVER OF REQUIREMENTS

SEC. 307. The Secretary is authorized to waive compliance with any regulations issued by him pursuant to this title, if the enforcement of such regulations would impose an injustice upon an insured financial institution that has substantially complied with the requirements of such regulations and has acted in good faith. Such waiver shall only be exercised where it does not involve an increase in the obligation of the Secretary beyond the obligation which would have been involved if the regulation had been fully complied with.

TRANSFER OF INSURANCE

SEC. 308. The Secretary is authorized to transfer to any approved financial institution the insurance in connection with any loan which is sold to it by another approved financial institution.

INSURANCE OF STATE AND LOCAL REHABILITATION LOAN FUNDS

SEC. 309. (a) The Secretary is authorized upon such terms and conditions as he may prescribe to insure any revolving rehabilitation loan fund administered by a State or local government for purposes of this section against part of the losses which such fund may sustain as a result of loans or advances of credit from the fund pursuant to a loan program which meets the requirements of this section.

(b) A loan program which meets the requirements of this section shall—

(1) involve significant financial participation in the rehabilitation program by a State or local government;

(2) involve loans to finance rehabilitation of predominantly residential property which meets the requirements of section 312(a)(1) of the Housing Act of 1964;

(3) provide loans to persons who cannot obtain or afford private financing; and

(4) meet such requirements concerning the nature of the loans involved as the Secretary determines necessary so that a guarantee pursuant to this section will meet special risk criteria.

(c) The Secretary is authorized to establish and collect such insurance premiums or other fees or charges as he determines to be necessary in connection with the administration of this section.

(d) The aggregate amount of outstanding loans in revolving funds partially insured against losses pursuant to the provisions of this section shall not exceed $10,000,000 at the beginning of any fiscal year.

TITLE IV—HOME MORTGAGE CREDIT ASSISTANCE

HOME MORTGAGE INSURANCE

SEC. 401. (a) The Secretary is authorized to insure a home mortgage (including open-end advances) meeting the requirements of this section.

(b) The mortgage shall—

(1) involve a principal obligation not to exceed an amount equal to the sum of (i) 97 per centum of $25,000 of the Secretary's appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of $25,000 but not in excess of $35,000, (iii) 80 per centum of such value in excess of $35,000 but not in excess of $45,000, and (iv) 70 per centum of such value in excess of $45,000; except that in the case of rehabilitation, the foregoing limitations upon the amount of the mortgage shall be based on the Secretary's estimate of the appraised value of the property after rehabilitation (taking into account a community program of neighborhood preservation or rehabilitation), and in the case of refinancing, the amount of the mortgage shall be further limited to the sum of the existing indebtedness on the property plus the Secretary's estimate of the cost of rehabilitation, if any; and

(2) contain complete amortization provisions satisfactory to the Secretary requiring payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Secretary and within such term as the Secretary shall prescribe.

(c) Where th mortgage involves a dwelling unit in a cooperative housing project which is covered by a blanket mortgage insured under this Act—

(1) in the case of a dwelling unit in such a cooperative project where the unit, upon completion of construction or rehabilitation, is to be sold to a purchaser, the percentages specified in subsection (b)(1) shall be applied to the portion attributable to such dwelling unit of the amount which was the basis for computing the blanket mortgage; and

(2) in the case of a project of the type described in subsection (i)(1), the mortgage amount as determined under the other provisions of this section for purposes of subsection (b)(1) shall be reduced by an amount equal to the portion of the unpaid balance of the blanket mortgage covering the project which is attributable (as of the date the mortgage is accepted for insurance) to such unit.

(d) Where the mortgage involves a one-family unit in a condominium, the Secretary shall establish such requirements as he deems appropriate for the protection of the consumer. The mortgage covering the condominium unit shall contain such provisions as the Secretary determines to be necessary for the maintenance of the common areas and facilities and the condominium project. The Secretary may require that the rights and obligations of the mortgagor and the owners of the condominium units in the project shall be subject to such controls as he determines to be necessary and feasible to promote and protect individual owners, the condominium project, and its occupants.

(e) The mortgage shall have a principal obligation not in excess of an amount equal to 85 per centum of the amount computed under the provision of subsection (b)(1) if the mortgage involves—

(1) a newly constructed dwelling which the Secretary determines has been completed within twelve months of the sale being financed with a mortgage insured under this section but which has not been approved by the Secretary for mortgage insurance or approved by the Administrator of Veterans' Affairs for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction; or

(2) a mortgagor (other than a nonprofit mortgagor) who is not the occupant of the property, except that this requirement for a reduction in the principal obligation of the mortgage shall not be applicable where—

(A) the mortgagor is in the military service and his failure to occupy the property is by reason of his service assignment;

(B) the mortgagor and mortgagee assume responsibility, in a manner satisfactory to the Secretary, for the reduction of the outstanding principal amount of the mortgage, in the event the mortgaged property is not (prior to the date of the eighteenth amortization payment of the mortgage) sold to a purchaser acceptable to the Secretary who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; or

(C) the mortgage covers experimental property and the Secretary approves the waiver of such requirement.

(f) The seller, builder, or such other person as the Secretary may designate shall deliver to the mortgagor (prior to the completion of the sale) a written statement setting forth the amount of the appraised value of the property, as determined by the Secretary. Where the property is to be rehabilitated by the owner thereof and the amount of the mortgage is not based on the appraised value of the property, the Secretary shall furnish such owner a statement of the Secretary's estimate of the appraised value of the property after the proposed improvements are completed.

(g)(1) Where the mortgage involves a dwelling which is approved for mortgage insurance prior to the beginning of construction, the seller, or such other person as may be required by the Secretary, shall deliver to the mortgagor a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes or variations therein approved in writing by the Secretary) on which the Secretary based his valuation of the dwelling. This warranty shall apply only with respect to such instances of substantial nonconformity to the plans and specifications approved by the Secretary as to which the mortgagor has given written notice to the warrantor within one year from the date of conveyance of title to, or initial occupancy of, the dwelling, whichever first occurs.

(2) The warranty required by this subsection shall be in addition to, and not in derogation of, all other rights and privileges which the mortgagor may have under any other law or instrument. The Secretary is

directed to permit copies of the plans and specifications (including any amendments or variations approved in writing by the Secretary) for the dwellings covered by warranties under this subsection to be made available in the appropriate local offices for inspection or for copying by any mortgagor or warantor during such periods of time as the Secretary deems reasonable.

(h) (1) The Secretary is authorized to insure under this section a home mortgage which is executed to refinance existing indebtedness and to finance any needed repairs and improvements to the property.

(2) The Secretary shall prescribe such terms and conditions as he deems necessary to assure that—

(A) refinancing pursuant to this subsection results in any moderate or substantial rehabilitation necessary to place the property in a decent, safe, and sanitary condition as required by applicable codes and may enable the mortgagor to pay off a ballon payment provision, if any, in the original mortgage; and

(B) in the case of a mortgage transaction under this subsection which the Secretary designates as a special risk because the property is located in an older and declining area, (i) the refinancing is not used primarily to reduce the monthly debt service payable by the mortgagor except in hardship cases determined by the Secretary, and (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.

(3) A mortgage insured as a special risk under this subsection may include closing costs and such service charges and appraisal, inspection, or other fees as the Secretary may approve.

(4) In any case where a mortgage insured as a special risk under this subsection covers property which is generating rental income, the Secretary may, in his discretion, require the mortgagor to meet the additional requirements of section 501(k)(2).

(i) As used in this section—

(1) The term "home mortgage" and "mortgage" include a first lien given (in accordance with the laws of the State where the property is located and accompanied by such security and other undertakings as may be required under regulations of the Secretary) to secure a loan made to finance the purchase of stock or membership in a nonprofit cooperative ownership housing corporation the permanent occupancy of the members of such corporation, where the purchase of such stock or membership will entitle the purchaser to the permanent occupancy of one of such units.

(2) The terms "appraised value of the property", "value of the property", and "value" include the appraised value of a dwelling unit in a cooperative housing project of the type described in paragraph (1) where the purchase of the stock or membership involved will entitle the purchaser to the permanent occupancy of that unit; and the term "property" includes a dwelling unit in such a cooperative project.

(3) The term "mortgagor" includes a person or persons giving a first lien (of the type described in paragraph (1)) to secure a loan to finance the purchase of stock or membership in a cooperative housing corporation.

HOMEOWNERSHIP ASSISTANCE

SEC. 402. (a) For the purpose of assisting lower income families in acquiring or maintaining howeownership, the Secretary is authorized to make, and to contract to make, periodic assistance payments on behalf of such homeowners. The assistance shall be accomplished through payments to mortgagees holding mortgages which meet the requirements of, and are insured under, this section or which mortgages are assisted under a State or local program providing assistance through loans, loan insurance or tax abatement.

(b) The assistance payments to a mortgagee by the Secretary on behalf of a mortgagor shall be made during such time as the mortgagor shall continue to occupy the property which secures the mortgage. Such payments may also be made on behalf of a homeowner who assumes a mortgage insured under this section with respect to which assistance payments have been made on behalf of the previous owner, if the new homeowner is approved by the Secretary as eligible for receiving such assistance. The Secretary is also authorized to continue making assistance payments where the mortgage has been assigned to the Secretary.

(c) The assistance payment shall be in an amount not exceeding the lesser of—

(1) the balance of the monthly payment for principal, interest, taxes, insurance, and mortgage insurance premium due under the mortgage remaining unpaid after applying 20 per centum of the mortgagor's income; or

(2) the difference between the monthly payment for principal, interest, and mortgage insurance premium which the mortgagor is obligated to pay under the mortgage and the monthly payment for principal and interest which the mortgagor would be obligated to pay if the mortgage were to bear interest at the rate of 1 per centum per annum.

(d) The Secretary may include in the payment to the mortgagee such amount, in addition to the amount computed under subsection (c), as he deems appropriate to reimburse the mortgagee for its additional expenses in handling the mortgage.

(e) Procedures shall be adopted by the Secretary for recertifications of the mortgagor's income at intervals of two years (or at shorter intervals where the Secretary deems it desirable) for the purpose of adjusting the amount of the assistance payments within the limits of the formula described in subsection (c).

(f) The Secretary shall take such steps as he deems necessary to assure that the sales price of, or other consideration paid in connection with, the property with respect to which assistance payments are to be made is not inflated or excessive.

(g) (1) 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 the assistance payments under contracts entered into 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 (and any contracts entered into under section 235 of the National Housing Act) shall not exceed $75,000,000 per annum prior to July 1, 1969, which maximum dollar amount shall be increased by $125,000,000 on July 1, 1969, by $150,000,000 on July 1, 1970, by $200,000,000 on July 1, 1971, by $115,000,000 on July 1, 1972, and by $120,000,000 on July 1, 1975.

(2) Not more than 30 per centum of the total amount of contracts for assistance payments authorized by appropriation Acts may be made with respect to existing dwellings or dwelling units in existing projects, including property described in subsection (h)(1)(B), as defined by the Secretary.

(3) Not less than 20 per centum of the total amount of contracts for assistance payments authorized by appropriation Acts to be made after June 30, 1974, shall be available for use only with respect to dwellings, or dwelling units in projects, which are approved by the Secretary prior to substantial rehabilitation.

(h) The Secretary is authorized to insure a home mortgage (including advances with respect to property constructed or rehabilitated pursuant to a self-help program) which meets the requirements of section 401, except as such requirements are modified by this section. The mortgage shall—

(1) involve (A) a single-family dwelling, or a one-family unit in a condominium, or a one-family unit sold by a cooperative, or (B) a single family dwelling where the mortgage is executed by the owner-occupant to finance the rehabilitation of such dwelling; and

(2) have a principal obligation not to exceed the appraised value of the property as of the date the mortgage is accepted for insurance or, in the case of rehabilitation, the Secretary's estimate of the appraised value of the property after rehabilitation, taking into account a community program of neighborhood preservation or rehabilitation (in the case of rehabilitation by the owner-occupant, the principal obligation shall be further limited to the sum of the estimated cost of rehabilitation and the amount, as determined by the Secretary, required to refinance existing indebtedness secured by the property) plus such amount to cover closing costs and prepaid expenses, as the Secretary shall approve; and

(3) be executed by a mortgagor who shall have paid in cash or its equivalent, on account of the property, in the case of any family whose income is not in excess of 70 per centum of the median income for the area, at least $200, or in the case of any other family, at least an amount equal to 3 per centum of the Secretary's estimate of the cost of acquisition.

(i) No assistance payments shall be made under this section with respect to any mortgage securing a loan to finance the rehabilitation of any owner-occupied property, unless—

(1) the property is located in a neighborhood which is sufficiently stable to support long-term values or in which the community is carrying out or planning to carry out a program for neighborhood preservation, conservation, or rehabilitation;

(2) the property, without rehabilitation, does not conform to public standards for decent, safe, and sanitary housing as required by applicable codes; and

(3) the improvements to be undertaken in connection with such rehabilitation are reasonably required to provide decent, safe, and sanitary housing in accordance with criteria and standards prescribed by the Secretary.

(j) As used in this section the term "lower income families" means those families consisting of two or more persons, the income of which does not exceed 90 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 90 per centum of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction costs, unusually high or low median family incomes, or other factors. As used in the preceding sentence, the term "families" includes elderly families as defined in section 502(j)(3).

(k) In determining the income of any family for the purpose of this section, there shall be deducted an amount equal to $300 for each minor person who is a member of the immediate family and living with such family, and the earnings of any such minor person shall not be included for the purpose of such determination.

(l) The Secretary shall from time to time allocate and transfer to the Secretary of Agriculture, for use (in accordance with the terms and conditions of this section) in rural areas and small towns, a reasonable portion of the total authority to contract to make as-

sistance payments as approved in appropriation Acts under subsection (g).

(m) The Secretary shall furnish to homeowners assisted under this section counseling and advice with respect to household maintenance, financial management, and such other matters as may be appropriate to assist them in meeting the responsibilities of homeownership.

TITLE V—PROJECT MORTGAGE CREDIT ASSISTANCE

MULTIFAMILY MORTGAGE INSURANCE

SEC. 501. (a) For the purposes of this section—

(1) The term "multifamily housing" means (i) housing or a housing project in which the occupancy of the dwelling units is permitted by the owner thereof in consideration of the payment of agreed rental charges; (ii) housing or a housing project which is owned by a cooperative or which is constructed or rehabilitated by an investor-sponsor who meets such requirements as the Secretary may impose to assure that the consumer interest is protected, and who has an agreement for the sale of the project to a cooperative eligible for mortgage insurance under the provisions of this title; (iii) housing or a housing project in which the individual dwelling units are to be sold, on a condominium basis, by a cooperative, or otherwise, to purchasers eligible for mortgage insurance under the provisions of title IV; and (iv) a mobile home park.

(2) The term "replacement cost" means the Secretary's estimate of the value of the land, the cost of the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes and interest during construction, other miscellaneous charges incident to construction and the initial operation or disposition of the project as may be approved by the Secretary, and a builder's and sponsor's profit and risk allowance of 10 per centum of all of the foregoing items except the land, or such lower percentage as the Secretary deems to be reasonable and prescribes by regulation, with respect to all or to particular categories of projects. In the case of a cooperative or nonprofit mortgagor, the foregoing profit and risk allowance shall be paid exclusively to the builder in lieu of any other fee.

(b) The Secretary is authorized to insure a mortgage (including advances) which covers property involving a multifamily housing project. The mortgage shall be executed by a mortgagor approved by the Secretary. The Secretary may require any such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. Such regulation and restriction shall remain in effect until the termination of all obligations of the Secretary under the mortgage insurance and during such further period of time as the Secretary shall be the owner, holder, or reinsurer of the mortgage.

(c) The mortgage may involve the financing of new construction, the rehabilitation of an existing structure or structures, or the purchase or refinancing of an existing project (as defined by the Secetary) which meets such standards as may be prescribed by the Secretary.

(d) If new construction is involved, the mortgage shall have a principal obligation not in excess of 90 per centum (98 per centum in the case of a cooperative mortgagor) of the estimated replacement cost of the property or project when the proposed improvements are completed.

(e) If rehabilitation is involved, the mortgage shall have a principal obligation not in excess of 90 per centum (98 per centum in the case of a cooperative mortgagor) of the Secretary's estimate of the appraised value of the property after rehabilitation (taking into account a community program of neighborhood preservation or rehabilitation), except that in the case of refinancing which involves rehabilitation, the principal obligation shall be further limited to the sum of the existing indebtedness on the property plus the Secretary's estimate of the cost of rehabilitation.

(f) If the purchase or refinancing of an existing property without rehabilitation is involved, the mortgage shall have a principal obligation not in excess of 90 per centum (98 per centum in the case of a cooperative mortgagor and 100 per centum in the case of a mortgage insured under subsection (k) (2) of the purchase price of or the existing indebtedness on the property, whichever is applicable, or the Secretary's estimate of the fair market value as of the date the mortgage is accepted for insurance, whichever is less.

(g) In the case of a cooperative or nonprofit mortgagor, the percentages otherwise applicable under subsection (d), (e), or (f) shall be increased to 100 per centum if the principal obligation of the mortgage does not exceed the amount which could be insured with respect to the project under section 502.

(h) If the dwelling units in a project are to be sold to individual purchasers, the principal obligation of the blanket mortgage shall be further limited to the sum of the individual mortgage amounts which could be insured for owner-occupants of the proposed individual dwellings or condominium units under title IV.

(i) The mortgage shall provide for complete amortization by periodic payments within such term as the Secretary shall prescribe.

(j) The property or project shall include five or more dwelling units (which, with the approval of the Secretary, need not be self-contained living units) or five or more spaces in a mobile home park, and may include such nondwelling facilities as the Secretary deems adequate and appropriate to serve the occupants and the surrounding neighborhood, except that the project shall be predominantly residential. Any nondwelling facility to be included in the project shall be found by the Secretary to contribute to the economic feasibility of the project (and the Secretary shall give due consideration to the possible effect of the nondwelling facilities on other business enterprises in the community). The requirements of the preceding sentence do not apply with respect to cafeterias, dining halls, workshops, infirmaries or other outpatient or inpatient facilities, or other essential service facilities included in a project designed primarily for the elderly or handicapped.

(k) (1) If the refinancing of an existing project is involved, the Secretary shall prescribe such terms and conditions as he deems necessary to assure that—

(A) refinancing results in any moderate or substantial rehabilitation necessary to place the property in a decent, safe, and sanitary condition as required by applicable codes and may enable the mortgagor to pay off a balloon payment provision, if any, in the original mortgage; and

(B) refinancing is used to lower the monthly debt service only to the extent necessary to assure the continued economic viability of the project, taking into account any rent reductions to be implemented by the mortgagor.

(2) In the case of any mortgage transaction under this subsection which the Secretary designates as a special risk because the property is located in an older and declining area, the Secretary shall prescribe such terms and conditions as he deems necessary to assure that—

(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;

(B) the property will be continuously maintained in a decent, safe, and sanitary condition as required by applicable codes for the period of the loan, and the mortgagor shall commit to maintenance expenditures not less than that annual amount which the Secretary deems necessary or appropriate to maintain the property in such condition;

(C) during the mortgage term no rental increases shall be made except those which are necessary to offset actual and reasonable operating expense increases or debt service payment increases due to any loan provided under this subsection or section 504;

(D) before any rental increase takes effect, tenants shall be afforded reasonable notice of the proposed increase and a sufficient opportunity to present written objections to the Secretary and to be heard thereon; and

(E) no excessive rental increase has been made in anticipation of participation in the benefits provided by this subsection.

(3) A mortgage insured as a special risk pursuant to this subsection may include closing costs and such service charges and appraisal, inspection, or other fees as the Secretary shall approve.

MULTIFAMILY HOUSING ASSISTANCE

SEC. 502. (a) For the purpose of reducing rentals for lower income tenants, the Secretary is authorized to make, and to contract to make, periodic assistance payments on behalf of the owner of a multifamily housing project, which shall be accomplished through payments to mortgagees holding mortgages meeting the requirements specified in this section.

(b) Assistance payments with respect to a project shall only be made by the Secretary during such time as the project is operated as a multifamily housing project and (1) is subject to a mortgage which is insured under subsection (i), or in the case of a project for which the Secretary has issued a commitment to insure or guarantee upon completion, payments may be made at the time of endorsement for insurance to cover the period between the time the project was ready for occupancy and the time of such endorsement; (2) is subject to a mortgage which has been assigned to the Secretary; or (3) is owned by a private nonprofit corporation or other private nonprofit entity, a limited distribution corporation or other limited distribution entity, or a cooperative, and is financed under a State or local program providing assistance through loans, loan insurance, or tax abatements, and which prior to the completion of construction or rehabilitation is approved for receiving the benefits of this section with respect to all or a part of the project.

(c) The assistance payment to a mortgagee by the Secretary on behalf of a project owner shall be in an amount not exceeding the difference between the monthly payment for principal, interest, and mortgage insurance premium which the project owner as a mortgagor is obligated to pay under the mortgage and the monthly payment for principal and interest such project owner would be obligated to pay if the mortgage were to bear interest at the rate of 1 per centum per annum.

(d) The Secretary may include in the payment to the mortgagee such amount, in addition to the amount computed under subsection (c), as he deems appropriate to reimburse the mortgagee for its additional expenses in handling the mortgage.

(e) As a condition for receiving the benefits of assistance payments, the project owner shall operate the project in accordance with such requirements with respect to tenant eligibility and rents as the Secretary may prescribe. In prescribing such require-

ments the Secretary shall seek to assure, insofar as is practicable, that in each assisted project there is a reasonable range in the income levels of tenants. Procedures shall be adopted by the Secretary for review of tenant incomes at intervals of two years (or at shorter intervals where the Secretary deems it desirable).

(f) (1) For each dwelling unit there shall be established with the approval of the Secretary (A) a basic rental charge determined on the basis of operating the project with payments of principal and interest due under a mortgage bearing interest at the rate of 1 per centum per annum; and (B) a fair market rental charge determined on the basis of operating the project with payments of principal, interest, and mortgage insurance premium (or other comparable charges approved by the Secretary) which the mortgagor is obligated to pay under the mortgage covering the project. The rental for each dwelling unit shall be at the basic rental charge or such greater amount, not exceeding the fair market rental charge, as represents 25 per centum of the tenant's income. With respect to those projects which the Secretary determines have separate utility metering for some or all dwelling units, the Secretary is authorized—

(i) to permit the basic rental charge and the fair market rental charge to be determined on the basis of operating the projects without the payment of the cost of utility services used by such dwelling units; and

(ii) to permit the charging of a rental for such dwelling units at such an amount less than 25 per centum of a tenant's income as the Secretary determines represents a proportionate decrease for the utility charges to be paid by such tenant, but in no case shall such rental be lower than 20 per centum of a tenant's income.

(2) In the case of any project involving the rehabilitation of an existing structure, families in possession shall have the right to continue in occupancy after completion of the rehabilitation except that—

(A) any family which is not a lower income tenant, as defined in this section, shall pay a rental equal to 25 per centum of its income or the fair market rental charge, whichever is less, but in no case shall such a family pay less than the basic rental charge; and

(B) any other family shall pay a rental determined in accordance with paragraph (1) or (3) of this subsection.

(3) With respect to 20 per centum of the dwelling units in any project, the Secretary shall make, and contract to make, additional assistance payments to the project owner on behalf of tenants whose incomes are too low for them to afford the basic rentals with 25 per centum of their income or such lower per centum as may be established pursuant to the provisions of paragraph (1) (ii). The additional assistance payments authorized by this paragraph with respect to any dwelling unit shall be the amount required to reduce the rental payment by the tenant to 25 per centum of the tenant's income or such lower per centum as may be established pursuant to the provisions of paragraph (1) (ii). In no case shall such rental payment be reduced below an amount equal to utility costs attributable to the unit occupied by the tenant, unless the Secretary determines that the application of this requirement in any area would result in undue hardship because of unusually high utility costs prevailing seasonally or otherwise in such area. Notwithstanding the foregoing provisions of this paragraph, the Secretary may—

(A) reduce such 20 per centum requirement in the case of any project if he determines that such action is necessary to assure the economic viability of the project;

(B) increase such 20 per centum requirement in the case of any project if he determines that such action is necessary and feasible having regard to the objective stated in subsection (e), or that such action is to be taken to meet the housing needs of elderly or handicapped families.

(4) For each project there shall be established an initial operating expense level, which shall be the sum of the cost of utilities, maintenance, and local property taxes payable by the project owner at the time the Secretary determines the property to be fully occupied, taking into account anticipated and customary vacancy rates. At any time subsequent to the establishment of an initial operating expense level, the Secretary is authorized to make, and contract to make, additional assistance payments to the project owner in an amount not to exceed either (A) the amount by which the sum of the cost of utilities, maintenance, and local property taxes exceeds the initial operating expense level, or (B) the amount required to maintain the basic rentals of any unit at levels not in excess of 30 per centum, or such lower per centum not less than 25 per centum as shall reflect the reduction permitted in paragraph (1) (ii), of the income of tenants occupying such units. Any contract to make additional assistance payments may be amended periodically to provide for appropriate adjustments in the amount of the assistance payments. Additional assistance payments shall be made pursuant to this paragraph only if the Secretary finds that the increase in the cost of utilities, maintenance, or local property taxes, is reasonable and is comparable to cost increases affecting other rental projects in the community.

(g) The project owner shall, as required by the Secretary, accumulate, safeguard, and periodically pay to the Secretary all rental charges collected in excess of the basic rental charges. Such excess charges shall be credited to a reserve fund to be used by the Secretary to make additional assistance payments as provided in paragraph (4) of subsection (f) to meet reasonable increased costs above the initial operating expense level which are not offset by the rental increases required under that paragraph. During any period that the Secretary determines that the balance in the reserve fund is adequate to meet the estimated additional assistance payments, such excess shall be credited to the appropriation authorized by subsection (h) and shall be available until the end of the next fiscal year for the purpose of making assistance payments with respect to rental housing projects receiving assistance under this section. This subsection does not apply to the charges in excess of 25 per centum of a tenant's income which are required for the purposes of paragraph (4) of subsection (f). The provisions of this subsection and subsection (f) shall also be applicable to projects assisted under section 236 of the National Housing Act. For the purpose of the preceding sentence, the initial operating expense level for any project assisted under section 236 of the National Housing Act shall be established by the Secretary not later than 180 days after the effective date of this Act.

(h) (1) 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 assistance payments under contracts entered into by the Secretary 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 (and any contracts entered into under section 236 of the National Housing Act) shall not exceed $75,000,000 per annum prior to July 1, 1969, which maximum dollar amount shall be increased by $125,000,000 on July 1, 1969, by $150,000,000 on July 1, 1970, by $200,000,000 on July 1, 1971, by $225,000,000 on July 1, 1972, by $180,000,000 on July 1, 1974, and by $200,000,000 on July 1, 1975.

(2) Net less than 15 per centum nor more than 25 per centum of the total amount of contracts for assistance payments authorized in appropriation Acts to be made after June 30, 1974, shall be available for use only with respect to projects which are planned in whole or in part for occupancy by elderly or handicapped families. Not less than 5 per centum of the amount of contracts available for the use described in the preceding sentence shall be available for use only with respect to integrated projects. As used in this paragraph, the term "integrated projects" means any project in which not less than 10 per centum nor more than 50 per centum of the dwelling units are planned for occupancy by elderly or handicapped families.

(3) Not less than 10 per centum of the total amount of contracts for assistance payments authorized by appropriation Acts to be made after June 30, 1974, shall be available for use only with respect to dwellings, or dwelling units in projects, which are approved by the Secretary prior to rehabilitation.

(i) (1) The Secretary is authorized to insure a mortgage (which meets the requirements of section 501, except as such requirements are modified by this section) upon a multifamily housing project to be occupied primarily by those who are lower income tenants at the time of initial occupancy.

(2) If the mortgage is executed by a mortgagor which is a cooperative, a private nonprofit corporation or association, a builder-seller, or a local public agency, as defined by the Secretary, the principal obligation of the mortgage shall not exceed—

(A) in the case of new construction, the Secretary's estimate of the replacement cost of the property or project when the proposed improvements are completed; or

(B) in the case of rehabilitation, the Secretary's estimate of the appraised value of the property after rehabilitation, taking into account a community program of neighborhood preservation or rehabilitation.

(3) If the mortgage is executed by a limited distribution corporation or other limited distribution entity, as defined by the Secretary, or by an investor-sponsor who agrees to sell the project to a cooperative, and who meets such requirements as the Secretary may prescribe to assure that the consumer interest is protected, the amount of the mortgage shall not exceed 90 per centum of the amount otherwise authorized under this section.

(4) In the case of a project financed with a mortgage insured under this subsection or under section 221(d)(3) of the National Housing Act bearing interest at the below-market interest rate prescribed in the proviso of section 221(d)(5) of the National Housing Act or under section 236 of such Act, which involves a mortgagor other than a cooperative or a private nonprofit corporation or association, and which is sold to a cooperative or a nonprofit corporation or association, the Secretary is further authorized to insure under this subsection a mortgage given by such purchaser in an amount not exceeding the appraised value of the property at the time of purchase, which value shall be based upon a mortgage amount on which the debt service can be met from the income of the property when operated on a nonprofit basis, after payment of all operating expenses, taxes, and required reserves.

(j) As used in this section—

(1) The term "tenant" includes a member of a cooperative and the terms "rental" and "rental charge" mean, with respect to members of a cooperative, the charges under the occupancy agreements between such members and the cooperative.

(2) The term "lower income tenants"

means those tenants whose incomes do not exceed 90 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 90 per centum of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction costs, unusually higher or low family incomes, or other factors.

(3) The term "elderly families" means families which consist of two or more persons the head of which (or his spouse) is sixty-two years of age or over or is handicapped. Such term also means a single person who is sixty-two years of age or over or is handicapped. A person shall be considered handicapped if such person is determined, pursuant to regulations issued by the Secretary, to have an impairment which (A) is expected to be of long continued and indefinite duration, (B) substantially impedes his ability to live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions.

(k) In determining the income of any family for the purpose of this section, there shall be deducted an amount equal to $300 for each minor person who is a member of the immediate family and living with such family, and the earnings of any such minor person shall not be included for the purpose of such determination.

(l) The Secretary is authorized to enter into agreements with any State or agency thereof under which such State or agency thereof contracts to make assistance payments, subject to the terms and conditions specified in this section and in rules, regulations, and procedures adopted by the Secretary under this section, with respect to a project which has been approved by the Secretary prior to the beginning of construction or rehabilitation. Any funds provided by a State or agency thereof for the purpose of making assistance payments shall be administered, disbursed, and accounted for by the Secretary in accordance with the agreements entered into by the Secretary with the State or agency thereof and for such fees as shall be specified therein. Before entering into any agreements pursuant to this subsection the Secretary shall require assurances satisfactory to him that the State or agency thereof is able to provide sufficient funds for the making of assistance payments for the full period specified in the assistance payment contract, and the Secretary shall undertake no obligation to make such assistance payments as surety, guarantor, or in any other similar capacity.

(m) The Secretary is authorized to enter into contracts with State or local agencies approved by him to provide for the monitoring and supervision by such agencies of the management by private sponsors of projects assisted under this section. Such contracts shall require that such agencies promptly report to the Secretary any inefficiencies in the management of such projects in order to enable the Secretary to take corrective action at the earliest practicable time.

MORTGAGE INSURANCE FOR HEALTH FACILITIES

SEC. 503. (a) For the purposes of this section—

(1) The term "hospital" means a proprietary facility, or facility of a private nonprofit corporation or association, which provides community service for inpatient medical care of the sick or injured (including obstetrical care).

(2) The term "nursing home" means a proprietary facility, or facility of a private nonprofit corporation or association, for the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care but who require skilled nursing care and related medical services, in which such nursing care and medical services are prescribed by, or are performed under the general direction of, persons licensed to provide such care or services in accordance with the laws of the State where the facility is located.

(3) The term "intermediate care facility" means a proprietary facility, or facility of a private nonprofit corporation or association, for the accommodation of persons who require minimum but continuous care but are not in need of continuous medical or nursing services.

(4) The term "group practice facility" means a facility of a private nonprofit corporation or association, for the provision of preventive, diagnostic, and treatment services to ambulatory patients in which patient care is under the professional supervision of persons licensed to practice medicine in the State or, in the case of optometric care or treatment, is under the professional supervision of persons licensed to practice optometry in the State or, in the case of dental diagnosis or treatment, is under the professional supervision of persons licensed to practice dentistry in the State or, in the case of podiatric care or treatment, is under the professional supervision of persons licensed to practice podiatry in the State.

(5) The term "medical practice facility" means an adequately equipped facility in which one or more (not to exceed four) persons licensed to practice medicine in the State where the facility is located can provide, as may be appropriate, preventive, diagnostic, and treatment services, and which is situated in a rural area or small town, or in a low-income section of an urban area, in which there exists, as determined by the Secretary, a critical shortage of physicians. As used in this paragraph, the term "small town" means any town, village, or city having a population of not more than 10,000 inhabitants according to the most recent available data compiled by the Bureau of the Census; and the term "low-income section of an urban area" means a section of a larger urban area in which the median family income is substantially lower, as determined by the Secretary, than the median family income for the area as a whole.

(6) The term "replacement cost" means the Secretary's estimate of the value of the land, the cost of the proposed physical improvements, major equipment to be installed and used in the operation of the health facility, utilities within the boundaries of the property, architect's and builder's fees, taxes and interest during construction, and other miscellaneous charges incident to construction and the initial operation of the project which are approved by the Secretary.

(b)(1) The Secretary is authorized to insure a mortgage (including advances) which covers a new or rehabilitated project designed for use as a hospital, nursing home, intermediate care facility, group practice facility, or medical practice facility (or any combination of the foregoing). The mortgage shall be executed by a mortgagor approved by the Secretary. The Secretary may require any such mortgagor to be regulated or restricted as to charges and methods of financing, and in addition thereto, if the mortgagor is a corporate entity, as to capital structure and rate of return.

(2) The mortgage shall involve a principal obligation in an amount not to exceed in the case of new construction, 90 per centum of the estimated replacement cost of the property or project when the proposd improvements are completed and the equipment installed; or, in the case of rehabilitation, 90 per centum of the sum of the estimated cost of rehabilitation (including the cost of any equipment to be installed or rehabilitated) and the Secretary's estimate of the value of the property before rehabilitation.

(3) The mortgage shall provide for complete amortization by periodic payments within such term as the Secretary shall prescribe

(c) The Secretary shall not insure a mortgage under this section unless—

(1) with respect to a hospital, the hospital shall be planned and operated so that not more than 50 per centum of the total patient days during any year shall customarily be assigned to the categories of chronic convalescent and rest, drug and alcoholic, epileptic, mentally deficient, mental, nervous and mental, and tuberculosis; and

(2) with respect to a health facility other than a group practice facility, the Secretary shall have received from the State agency designated in accordance with section 604(a)(1) of the Public Health Service Act for the State in which the facility would be located (A) a certification that there is a need for such facility, and there are in force in such State or the political subdivision of the State in which the facility would be located reasonable minimum standards governing the licensing and for methods of operation of that type of facility and (B) such assurance as he may deem satisfactory from the State agency that such standards will be applied and enforced with respect to any facility located in the State for which mortgage insurance is provided under this section.

(d) The Secretary shall prescribe such regulations as may be necessary to carry out this section, after consulting with the Secretary of Health, Education, and Welfare with respect to any health or medical aspects of the program under this section which may be involved in such regulations.

(e) The activities and functions provided for in this section with respect to the insurance of mortgages covering hospitals shall be carried out by the agencies involved so as to encourage programs that undertake responsibility to provide comprehensive health care, including outpatient and preventive care, as well as hospitalization, to a defined population.

INSURANCE OF SUPPLEMENTAL PROJECT LOANS

SEC. 504. (a) The Secretary is authorized to insure a supplemental project loan (including advances) with respect to a multifamily project or health facility covered by a mortgage insured under this title or under the National Housing Act, or covered by a mortgage held by the Secretary, or with respect to a cooperative housing project purchased from the Federal Government by a nonprofit corporation or trust if the property is covered by an uninsured mortgage representing a part of the purchase price, or with respect to a project or facility which is not covered by an insured mortgage as provided in subsection (e). A supplemental loan may be made—

(1) to cover operating losses, where the Secretary determines that the taxes, interest on the original mortgage debt covering the project, mortgage insurance premiums, and the expense of maintenance and operation of the project during the first two years following completion of the project exceed the income of such project;

(2) to finance repairs, improvements, or additions to such project; and

(3) to finance purchases and resales of cooperative memberships, but such loan shall be made on the condition on and agreement of the mortgagor of the cooperative housing project that on resales of membership, the downpayments by the new members shall not be proportionately less than those on the original sales of such memberships.

(b) A loan covering operating losses shall—

(1) be limited to a term not exceeding the

unexpired term of the original mortgage; and

(2) be in an amount not exceeding the operating loss, as determined by the Secretary.

(c) A loan financing repairs, improvements, or additions shall—

(1) where the project is covered by an insured mortgage, be in an amount which when added to the outstanding balance of the mortgage covering the project, does not exceed the maximum mortgage amount authorized by this Act for the type of project involved; and

(2) have a maturity satisfactory to the Secretary but not exceed the remaining term of the mortgage, except that in the case of a cooperative housing project covered by an uninsured mortgage the loan may, in the discretion of the Secretary, have a maturity date up to ten years in excess of the remaining term of the uninsured mortgage.

(d) A loan to a cooperative to finance the purchase and resale of memberships shall—

(1) be limited to an amount which when added to the outstanding balance of the mortgage covering the project does not exceed the maximum mortgage amount authorized by this Act for the type of project involved; and

(2) have a maturity satisfactory to the Secretary, but not exceed the remaining term of the mortgage.

(e) The Secretary may insure under this section a loan for repairs, improvements, or additions to a multifamily housing project, or a health facility, which is not covered by a mortgage insured under this Act or National Housing Act, if he finds that such a loan would assist in preserving, expanding, or improving housing opportunities, or in providing protection against fire or other hazards. Such loans shall have a maturity satisfactory to the Secretary and shall meet such other conditions as the Secretary may prescribe. In no event shall such a loan be insured if it is for an amount in excess of the maximum amount which could be approved under this subsection if the outstanding indebtedness, if any, covering the property were a mortgage insured under this Act or the National Housing Act.

(f) (1) The Secretary is authorized to insure a supplemental improvement loan (including advances) with respect to any multifamily project which is receiving assistance under section 502 and in which all or substantially all of the dwelling units are occupied by elderly families to finance such additions to or improvements of such project as may be necessary or appropriate to expand the nondwelling or common facilities of the project to enable elderly families which, while not residing in the project, are so situated in relation to its location as to be able to derive substantial benefits from such facilities. The Secretary shall by regulation establish criteria and standards in accordance with which it can be determined for any multifamily project eligible for assistance under this subsection the area (hereinafter referred to as the "outreach area") which can reasonably be served by the expansion of the nondwelling or common facilities of the project.

(2) For any project with respect to which a loan is insured pursuant to this subsection, the Secretary shall determine a subsidy factor for the project. In determining such factor the Secretary shall consider the cost of providing the expanded facilities and the charges which can fairly and equitably be assessed for the use thereof having regard to the incomes of the families in the outreach area which can be expected to use such facilities.

(3) The Secretary is authorized to make, and to contract to make, periodic assistance payments on behalf of the owner of any project assisted under this subsection. Such payments shall be made under such rules and regulations as the Secretary shall prescribe and shall be based on the subsidy factor established for the project under paragraph (2). The aggregate amount of contracts to make such payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed $10,000,000 per annum prior to July 1, 1975, which amount shall be increased by $10,000,000 on July 1, 1975.

(4) Elderly families residing in the outreach area of a project who utilize additional facilities provided in connection with such project shall pay reasonable charges for the use thereof. Such charges shall be fixed with a view to assuring that the income derived therefrom will be sufficient, when added to the assistance payments made pursuant to paragraph (3), to pay interest, principal, and related charges accruing on the loan to provide such facilities.

(5) As used in this subsection, the term "elderly families" has the same meaning as in section 502(j)(3).

MORTGAGE INSURANCE FOR LAND DEVELOPMENT

SEC. 505. (a) For the purposes of this section—

(1) The term "land development" means the process of making, installing, or constructing improvements.

(2) The term "improvements" means waterlines and water supply installations, sewerlines and sewage disposal installations, steam, gas, and electric lines and installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the Secretary deems necessary or desirable to prepare land primarily for residential and related uses or to provide facilities for public or common use. Related uses may include industrial and commercial uses, with sites for such uses to be in proper proportion to the size and scope of the development. The term "improvements" shall not include any building unless it is (i) a building which is needed in connection with a water supply or sewage disposal installation or a steam, gas, or electric line or installation, or (ii) a building, other than a school, which is to be owned and maintained jointly by the property owners.

(b) The Secretary is authorized to insure a mortgage (including advances) which shall—

(1) cover the land to be developed and the improvements to be made, except facilities intended for public use and in public ownership;

(2) be executed by a mortgagor, other than a public body, approved by the Secretary;

(3) contain repayment provisions satisfactory to the Secretary within such term as the Secretary shall prescribe; and

(4) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the Secretary may in his discretion prescribe.

(c) The principal obligation of the mortgage shall not exceed the sum of 80 per centum of the Secretary's estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development.

(d) The land development shall involve improvements that comply with all applicable State and local governmental requirements and with minimum standards approved by the Secretary and shall be undertaken—

(1) pursuant to a schedule, conforming to such requirements and procedures as the Secretary may prescribe, that will assure the use of the land for the purposes for which it is to be developed within the shortest reasonable period consistent with the objectives of sound and economic community growth or urban development; and

(2) in accordance with an overall development plan which (i) has received all governmental approvals required by State or local law or by the Secretary, (ii) is acceptable to the Secretary as providing reasonable assurance that the land development will contribute to good living conditions in the area being developed, and (iii) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated, and which meets criteria established by the Secretary for such plans or planning.

(e) The Secretary shall adopt such requirements as he deems necessary in connection with the land development to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, including small builders, and the inclusion of a proper balance of housing for families of moderate or low income.

(f) After development of the land, it shall be served by public or private systems for water and sewerage which are consistent with other existing or prospective systems within the area and which are approved by the Secretary.

(g) The Secretary may consent to the release or subordination of a part or parts of the mortgaged property from the lien of the mortgage.

(h) The Secretary shall adopt such requirements as he determines to be necessary to assure, at reasonable intervals of time during land development, that the amount of the mortgage loan outstanding at each such interval does not exceed with respect to that portion of the land remaining under the lien of the mortgage (1) 80 per centum of the Secretary's estimate of the value of such remaining land before development, plus (2) 90 per centum of the actual costs of the development allocated by the Secretary to such remaining land. As used in this section, the term "actual costs" means the costs (exclusive of rebates or discounts) to the mortgagor of the improvements involved. These costs include amounts paid for labor, materials, construction contracts, land planning, engineers' and architect's fees, surveys, taxes, and interest during development, organizational, and legal expenses, such allocation of general overhead expenses as are acceptable to the Secretary, and other items of expense incidental to development which may be approved by the Secretary. If the Secretary determines there is an identity of interest between the mortgagor and the contractor, there may be included an allowance for the contractor's profit in an amount deemed reasonable by the Secretary.

COST CERTIFICATION

SEC. 506. (a) The Secretary shall adopt such requirements as he determines necessary to assure that the amount of any mortgage, loan, or mortgage bond finally endorsed for insurance or for a guarantee under this Act which involves multifamily housing or a health facility does not exceed the approved percentage of (1) the Secretary's approved actual cost of such construction or rehabilitation, and (2) the amount of the allowances for the following:

(A) The Secretary's estimate of the value of the land or property prior to the beginning of construction; or in case the land included in the property or project is held by the mortgagor under leasehold or other interest less than a fee, such amount as the mortgagor paid for the acquisition of such leasehold or other interest but in no event in excess of the Secretary's estimate of the fair market value of such leasehold or other interest exclusive of the proposed improvements; or in the case of rehabilitation where the land and improvements are to be acquired by the mortgagor and the purchase price thereof is to be financed with part of the proceeds of the mortgage, the purchase price of such land and improvements prior to such repair or rehabilitation; or in case the land and improvements are owned by the

mortgagor subject to an outstanding indebtedness to be refinanced with part of the proceeds of the mortgage, the amount of such outstanding indebtedness secured by such land and improvements.

(B) An amount for profit and risk as prescribed pursuant to section 501(a)(2), and an amount representing such allocation of general overhead items as are determined by the Secretary to be acceptable and reasonable (except where the amount of profit and risk and general overhead is included in a construction contract with a lump-sum price).

Where a factory manufactured house or major housing components are furnished by a subcontractor or supplier having an identity of interest with the mortgagor or builder, an amount representing the Secretary's estimate of the market value of such factory manufactured house or major housing components shall be included for purposes of clause (1) of this subsection in lieu of the actual cost of such factory manufactured house or major components.

(b) The Secretary shall require that the mortgagor certify as to the actual cost to the mortgagor of construction rehabilitation, and may require such additional certifications of actual cost by such other parties as he may consider necessary to carry out the intent of this section. The Secretary may exempt from the requirements of this section mortgagors under a mortgage on a property or project designed principally for residential use for twelve or fewer families or where the mortgage amount to be insured or guaranteed is less than $500,000. Certifications required pursuant to this section shall be accompanied by such data and records as the Secretary shall prescribe. Upon approval by the Secretary, the certification required by this section shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor.

(c) As used in this section—

(1) The term "approved percentage" means the percentage figure which, under applicable provisions of this Act, the Secretary is authorized to apply to his estimate of value, cost, or replacement cost, as the case may be, of the property or project to determine the maximum insurable or guaranteeable mortgage amount.

(2) The term "actual cost" means the costs (exclusive of rebates or discounts) to the mortgagor of the improvements involved. These costs may include amounts paid for labor, materials, construction contracts, engineer's and architects' fees, offsite public utilities, streets, organizational and legal expenses, taxes and interest during construction, and other items of expense approved by the Secretary.

LABOR STANDARDS

SEC. 507. (a) The Secretary shall not insure any mortgage or loan under this title, except a mortgage or loan covering multifamily housing designed for use by less than twelve families (or if rehabilitation is involved, for use by less than nine families), unless the principal contractor provides adequate assurances to the Secretary that all laborers and mechanics employed by contractors or subcontractors in the construction of the project or facility have been paid wages at not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5) prior to the beginning of construction and after the date of filing of the application for insurance. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267), and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

(b) The Secretary may waive compliance with this section in any case where prospective owners of the dwellings involved, or other persons, voluntarily donate their services without compensation or where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction or rehabilitation, and the Secretary determines that any amounts thereby saved are fully credited to the mortgagor undertaking the construction or rehabilitation.

TITLE VI—GUARANTEE OF STATE HOUSING BONDS

GUARANTEE OF STATE HOUSING BONDS

SEC. 601. (a) The Secretary is authorized to guarantee, and to enter into commitments to guarantee, all or any portion of the payment of principal, interest, and premium, if any, to the holders of any bonds which are issued by or on behalf of State housing finance agencies approved by the Secretary pursuant to subsection (d) the purpose of which bond is to finance the acquisition of land and the construction or rehabilitation thereon by private and nonprofit developers, unless the Secretary determines that such developers are not available, of housing (including related facilities) for occupancy by low-, moderate-, and middle-income persons and families in accordance with applicable eligibility requirements of State law. The Secretary may make such guarantees and enter into such commitments upon such terms and conditions as he deems necessary for purposes of subsection (c), except that no bond shall be guaranteed under this section unless the interest income thereon is subject to Federal taxation as provided in subsection (b), and except that use of guarantees provided for in this subsection shall not be made a condition to nor preclude receipt of any other Federal assistance.

(b) The Secretary is authorized to make, and to contract to make, grants to or on behalf of the issuing State housing finance agency to cover not to exceed 33⅓ per centum of the interest payable on bonds guaranteed under subsection (a). There are authorized to be appropriated such sums as may be necessary to make payments as provided for in contracts entered into by the Secretary under this subsection. The aggregate amount of outstanding contracts to make such payments shall not exceed amounts approved in appropriation Acts; and the aggregate amount of payments committed to be made pursuant to contracts entered into under to this subsection shall not exceed $50,000,000 per annum prior to July 1, 1975, which maximum dollar amount shall be increased $60,000,000 on July 1, 1975.

(c)(1) The full faith and credit of the United States is pledged to the payment of all guarantees made under this section with respect to principal interest, and premium. And such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the bonds for such guarantee and the validity of any guarantee so made shall be incontestable in the hand of a holder of the guaranteed bond.

(2) The Secretary shall take such steps as he considers reasonable to assure that bonds guaranteed under this section will—

(A) be issued to investors approved by, or meeting requirements prescribed by, the Secretary, or, if offering to the public health is contemplated, be underwritten upon terms and conditions approved by, or conforming with requirements prescribed by, the Secretary;

(B) contain or be subject to repayment, maturity, and other provisions satisfactory to, or conforming with requirements prescribed by, the Secretary; and

(C) contain or be subject to provisions with respect to the protection of the security interests of the United States, including any provisions deemed appropriate by, or conforming with requirements prescribed by, the Secretary relating to subrogation, liens and releases of liens, payment of taxes, escrow or trusteeship requirements, or other matters.

(3) The Secretary is authorized to establish and collect fees for guarantees under this section, and may make such charges in connection with guarantees as he considers reasonable for the analysis of applications, appraisals, inspections, and other activities related to such assistance.

(4) The Secretary is authorized to utilize the General Insurance Fund to provide for the timely payment of any liabilities incurred pursuant to any guarantee made under this section and for the payment of any related administrative or nonadministrative expenses. Such fund shall be credited with (A) fees collected under paragraph (3), (B) recoveries under security, subrogation, and other rights, and (C) receipts from any other source in connection with guarantees made under this section.

(d) A State housing finance agency shall be approved for guarantees and grants under this section if such agency—

(1) operates in a State in which the Secretary has determined that the existing supply of housing in one or more market areas within such State is inadequate and the costs of development discourage the necessary housing construction by the private market;

(2) has formulated and is implementing a State housing program which takes into account the housing needs of all persons, particularly those of low and moderate incomes and those displaced by governmental action;

(3) has established priorities in providing housing assistance consistent with State, areawide, and local programs of community development, including programs of slum clearance, urban renewal, social and public services, transportation, and environmental protection;

(4) in providing housing assistance, seeks to avoid undue concentration of low-income families and to promote equal opportunities in housing;

(5) operates in a State in which public and private resources will be available to supplement its activities; and

(6) has the capability to carry out its program and to utilize effectively the proceeds of bonds guaranteed under this section.

(e) If the Secretary finds that any such agency has failed to comply substantially with the requirements of such subsection, the Secretary, until he is satisfied that there is no longer any such failure to comply, shall enter into no new guarantees, or commitments to guarantee, or contracts for grants under subsection (b).

(f) The Secretary shall conduct an annual audit and review of the activities of each State housing finance agency approved under subsection (d).

(g) (1) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting the following before the period at the end of the fourth sentence thereof: "or under section 601 of the Revised National Housing Act".

(2) The twelfth paragraph of section 5(c) of the Homeowners' Loan Act of 1933 is amended by adding in the last sentence immediately after the words "or under part B of the Urban Growth and New Community Development Act of 1070" the following: "or under section 601 of the Revised National Housing Act".

(h) With respect to any bond issued by a State housing finance agency for which the issuer has elected to receive the benefit of a guarantee under this section, the interest paid on such bond and received by the pur-

chaser (or his successor in interest) shall be included in gross income for the purpose of chapter 1 of the Internal Revenue Act of 1954.

TITLE VII—INSURANCE CLAIMS

HOME MORTGAGE INSURANCE CLAIM SETTLEMENT

SEC. 701. (a) To be entitled to receive the benefits of the insurance, where there has been a default in mortgage payments by the mortgagee holding a home mortgage insured under one of the sections of title IV shall either foreclose the mortgage and take possession of the property within a period of time prescribed by the Secretary and in accordance with regulations issued by the Secretary or (with the consent of the Secretary) otherwise acquire title and possession of such property. Upon acquisition of the property, the mortgagee shall (1) promptly convey to the Secretary title to the property which meets the requirements of rules and regulations of the Secretary in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) assign to him all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Secretary. In lieu of obtaining title and conveying title to the Secretary, the mortgagee may (with the approval of the Secretary) tender title and transfer possession directly from the mortgagor or other appropriate grantor. The Secretary shall pay the mortgagee's insurance claim in an amount equal to the value of the mortgage.

(b) For the purposes of this section, the value of the mortgage shall be determined (in acocrdance with rules and regulations prescribed by the Secretary) by adding to and deducting from the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, certain items specified in subsections (c) through (e).

(c) There shall be added to such unpaid principal all payments which have been made by the mortgagee for—

(1) taxes, ground rents, and water rates, which are liens prior to the mortgage;

(2) special assessments which are noted on the application for commitment or which become liens after the insurance of the mortgage;

(3) charges for the administration, operation, maintenance, and repair of community-owned property or the maintenance and repair of the mortgaged property, the obligation for which arises out of a covenant filed for record and approved by the Secretary prior to the insurance of the mortgage;

(4) insurance on the property;

(5) mortgage insurance premium;

(6) foreclosure, acquisition, and conveyance costs to the extent allowed by the Secretary, including payments made by the mortgagee for the cost of acquiring the property and conveying and evidencing title to the property to the Secretary;

(7) the protection, operation, or preservation of the property (and the Secretary has approved such payments); and

(8) any taxes imposed upon any deed or any instrument by which the property was acquired by the mortgagee and transferred or conveyed to the Secretary.

(d) There shall be deducted from such unpaid principal any amounts received by the mortgagee, after the institution of foreclosure (or after the acquisition of the property by means other than foreclosure) which—

(1) were paid on account of the mortgage; or

(2) were collected as rental or other income from the property, less reasonable expenses incurred in handling the property.

(e) With respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940 apply, there shall be included in the insurance settlement an amount which the Secretary finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on acco nt of interest on debentures by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of military service and three months thereafter.

(f) Insurance claims shall be paid by the Secretary, in his discretion, with cash or debentures or by a combination of cash and debentures.

(g) Where the claim is paid in cash, it shall be in an amount equivalent to the face value of the debentures that would otherwise be issued plus an amount equivalent to the interest which the debentures would have earned, computed to the date to be established pursuant to regulations issued by the Secretary.

FOREBEARANCE OF PAYMENTS

SEC. 702. With respect to a home mortgage, if the Secretary finds, after notice of default, that the default was due to circumstances beyond the control of the mortgagor, he may—

(1) approve the request of the mortgagee for an extension of the time for the curing of the default and of the time for commencing foreclosure proceedings or for otherwise acquiring title to the mortgaged property to such time as the Secretary may determine is necessary and desirable to enable the mortgagor to complete the mortgage payments. Such extension of time may be beyond the stated maturity of the mortgage. Where there has been an extension of time and there is a subsequent foreclosure (or acquisition of the property by other means), the Secretary is authorized to include in the insurance settlement an amount equal to any unpaid mortgage interest; or

(2) approve a modification of the terms of the mortgage for the purpose of changing the amortization provisions by recasting, over the remaining term of the mortgage or over such longer period as may be approved by the Secretary, the total unpaid amount then due, as determined by the Secretary. Such modification may become effective currently or become effective upon the termination of an agreed-upon extension of the period for curing the default. The principal amount of the mortgage, as modified, shall be considered to be the "original principal obligation of the mortgage" as that term is used in section 701 for the purpose of computing the total face value of the debentures to be issued or the cash payment to be made by the Secretary to a mortgagee.

ACQUISITION OF HOME MORTGAGES TO AVOID FORECLOSURE

SEC. 703. (a) Upon receiving notice of the default of a home mortgage, the Secretary (in his discretion and for the purpose of avoiding foreclosure of the mortgage) may consent to or require the assignment of the defaulted mortgage. Where such an assignment occurs, the mortgagee shall be entitled to receive (in lieu of the insurance benefits prescribed in section 701) an insurance payment in an amount equal to the unpaid principal balance of the mortgage plus—

(1) any unpaid mortgage interest;

(2) reimbursement for such costs and attorney's fees as the Secretary finds were properly incurred in connection with the defaulted mortgage and its assignment to the Secretary; and

(3) any proper advances of funds made by the mortgagee under the provisions of the mortgage.

After acquisition of the mortgage by the Secretary, the mortgagee shall have no further rights, liabilities, or obligations with respect to the mortgage. Where the Secretary has acquired a mortgage, he may, to the extent he deems appropriate, extend the time for the curing of default and for commencing foreclosure proceedings or modify the terms of the mortgage to recast the unpaid amount over the remaining terms of the mortgage or such longer period as he may approve.

PROJECT MORTGAGE INSURANCE CLAIM SETTLEMENT

SEC. 704. (a) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a project mortgage or loan insured under any section of title V shall be considered a default under such mortgage and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided upon assignment, transfer, and delivery to the Secretary within a period and in accordance with rules and regulations to be prescribed by the Secretary of—

(1) all rights and interests arising under the mortgage so in default;

(2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction;

(3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder;

(4) any balance of the mortgage loan not advanced to or for the account of the mortgagor;

(5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and

(6) all records, documents, books, papers, and accounts relating to the mortgage transaction.

(b) Insurance claims shall be settled by the Secretary (1) by a payment to the mortgagee which, at the option of the Secretary, shall be in cash or debentures or a combination of cash and debentures having a total face value equal to the value of the mortgage and (2) by the issuance to the mortgagee of a certificate of claim as provided in subsection (e). Where the claim is paid in cash, it shall be in an amount equivalent to the face value of the debentures that would otherwise be issued plus an amount equivalent to the interest which the debenture would have earned, computed to a date to be established pursuant to regulations issued by the Secretary. For the purposes of this section, the value of the mortgage shall be determined by adding and deducting the items specified herein from the original principal face amount of the mortgage as follows:

(A) Items to be deducted from the original principal face amount of the mortgage shall be the sum of—

(i) that part of the original principal obligation that has been repaid;

(ii) 1 per centum of the unpaid balance of the original principal obligation, except that the Secretary may waive all or a part of the 1 per centum deduction, where the assignment is made at his request in lieu of foreclosure of the mortgage;

(iii) net income received by the mortgagee from the property; and

(iv) any balance of the mortgage loan not advanced to or for the account of the mortgagor and which is not delivered to the Secretary.

(B) Items to be added to the original principal face amount of the mortgage shall be the sum of such amounts as the mortgagee may have paid for—

(i) taxes, special assessments, and water rates, which are liens prior to the mortgage;

(ii) insurance on the property;

(iii) reasonable expenses for the completion and preservation of the property; and

(iv) mortgage insurance premium.

(c) At the option of the mortgagee, in the event of a default under the mortgage, and in a period to be established by regulations of the Secretary, the mortgagee may foreclose on and obtain possession of or otherwise acquire the mortgaged property and convey title to the property to the Secretary. The mortgagee shall also assign to him all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceeding, except such claims that may have been released with the consent of the Secretary. Upon such conveyance and assignment, the mortgagee shall be entitled to receive the benefits of the insurance as provided in subsection (b), except that the 1 per centum deduction, set out in subsection (b)(A)(ii), shall not apply.

(d) In lieu of the amount of insurance benefits computed pursuant to subsection (b), the Secretary, in his discretion, may (with respect to a mortgage loan acquired by him) compute and pay insurance benefits to the mortgagee in a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Secretary and made previously by the mortgagee under the provisions of the mortgage.

(e) The certificate of claim issued under this section shall be for an amount which the Secretary determines to be sufficient, when added to the face value of the debentures issued and the cash paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the Secretary provided for in subsection (a), or conveyance as provided for in subsection (c), the mortgagor had extinguished the mortgage indebtedness by payment in full or all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings (or the acquisition of the mortgaged property otherwise) and the conveyance thereof to the Secretary or incurred by the mortgagee in connection with the assignment of the mortgage to the Secretary. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. If the net amount realized from the final liquidation of the mortgage, and all claims in connection therewith, so assigned, transferred, and delivered, and from the property covered by such mortgage and all claims in connection with such property and from any mortgage taken in the sale of such property (after deducting all expenses incurred by the Secretary in handling, dealing with, acquiring title to, and disposing of such mortgage and property and in collecting such claims) exceeds the face value of the debentures issued and the cash adjustment paid to the mortgagee plus all interest paid on such debentures, such excess shall be divided as follows:

(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Secretary shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be retained by the Secretary and credited to the appropriate insurance fund.

(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Secretary shall pay to the holder of such certificate the full amount of such excess.

MODIFICATIONS IN TERMS OF PROJECT MORTGAGES

SEC. 705. (a) The Secretary shall not consent to any request for an extension of the time for curing a default under any insured project mortgage or project mortgage held by him or for a modification of the terms of such mortgage, except in conformity with regulations prescribed by the Secretary in accordance with the provisions of this section. Such regulations shall require, as a condition to the granting of any such request, that, during the period of such extension or modification, any part of the rents or other funds derived by the mortgagor from the property covered by the mortgage which is not required to meet actual and necessary expenses arising in connection with the operation of such property, including amortization charges under the mortgage, be held in trust by the mortgagor and distributed only with the consent of the Secretary; except that the Secretary may provide for the granting of consent to any request for an extension of the time for curing a default under any project mortgage or for a modification of the terms of such mortgage, without regard to the foregoing requirement, where an exemption from such requirement does not (as determined by the Secretary) jeopardize the interests of the United States.

(b) Whoever, as an owner of a property which is security for a mortgage described in subsection (a), or as a stockholder of a corporation owning such property, or as a beneficial owner under any business organization owning such property, or as an officer, director, or agent of any such owner, (1) willfully uses or authorizes the use of any part of the rents or other funds derived from property covered by such mortgage in violation of a regulation prescribed by the Secretary under subsection (a), or (2) if such mortgage is determined, as provided in subsection (a), to be exempt from the requirements of any such regulation or is not otherwise covered by such regulation, willfully uses or authorizes the use, while such mortgage is in default, of any part of the rents or other funds derived from the property covered by such mortgage for any purpose other than to meet actual and necessary expenses arising in connection with such property (including amortization charges under the mortgage), shall be fined not more than $5,000 or imprisoned not more than three years, or both.

SETTLEMENT OE INSURANCE CLAIMS WITH DEBENTURES

SEC. 706. (a) The debentures issued by the Secretary in settlement of insurance claims shall be in registered form and in denominations which are multiples of $50, shall be subject to such terms and conditions, and shall include such provisions for redemption, as may be prescribed by the Secretary with the approval of the Secretary of the Treasury.

(b) The debentures shall be issued in the name of the applicable insurance fund carrying the insurance obligations with respect to the mortgage or loan. They shall be signed by the Secretary using either his written or engraved signature, and shall be negotiable.

(c) The debentures shall be dated as of the date of default or as of such later date as the Secretary, in his discretion, may establish by regulation.

(d) Debentures shall bear interest at the rate in effect on the date the commitment to insure the mortgage or loan was issued, or the date the mortgage or loan was endorsed for insurance, or (when there are two or more insurance endorsements) the date the mortgage or loan was initially endorsed for insurance, whichever rate is the highest.

(e) The interest rate to be used in debentures shall be established by the Secretary, from time to time, in an amount not in excess of an annual 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 comparable to the average maturities of such debentures.

(f) The interest on debentures shall be payable semiannually on the 1st day of January and the 1st day of July of each year. They shall mature twenty years after the issuance date, except that debentures issued to pay claims under section 505 may, in the discretion of the Secretary, mature ten years after the issuance date.

(g) The principal and interest of the debentures shall be exempt from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any territory, dependency, or possession of the United States, or local taxing authority.

(h) The debentures shall be reedeemed and paid out of the insurance fund under which they are issued and such fund shall be primarily liable for such payment. They shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event payment of principal or interest due on any debenture is not made, upon demand, from the obligated insurance fund, the Secretary of the Treasury shall pay the holders the amount thereof. Such amount is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed all the rights of the holders of such debentures.

TITLE VIII—MISCELLANEOUS

HOLDING AND DISPOSING OF ACQUIRED PROPERTY

SEC. 801. (a) The Secretary shall have the power, under regulations to be prescribed by him and approved by the Secretary of the Treasury—

(1) to assign or sell at public or private sale, or otherwise dispose of, any evidence of debt, contract, claim, personal property, or security held by him pursuant to the provisions of this Act; and

(2) to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him pursuant to the provisions of this Act until such time as such obligations may be referred to the Attorney General for suit or collection.

(b) The Secretary shall have the power to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, any properties conveyed to him under the provisions of this Act. Section 3709 of the Revised Statutes shall not be construed to apply to any contact for hazard insurance, or to any purchase or contract for property if the amount thereof does not exceed $2,500.

(c) The power to convey and to execute in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act, may be exercised by an officer appointed by the Secretary, without the execution of any express delegation of power or power of attorney. The Secretary may delegate such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint. A conveyance or transfer of title to real or personal property or an interest therein to the Secretary, his successors and assigns (without identifying the Secretary therein) shall be deemed a proper conveyance or transfer to the same extent and of like effect as if the Secretary were personally named in such conveyance or transfer.

(d) Nothing contained in this Act shall be construed to exempt any real property acquired and held by the Secretary under this Act from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

ACQUISITION AND DISPOSITION OF TITLE

SEC. 802. (a) The Secretary is authorized, with respect to any property covered by a mortgage held by him or security for a loan held by him, either (1) to acquire possession and title by voluntary conveyance in extinguishment of loan indebtedness, or (2) to institute proceedings for foreclosure and prosecute such proceedings to conclusion. The Secretary at any sale under foreclosure may, in his discretion for the protection of the appropriate insurance fund, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage or security, plus taxes, insurance, foreclosure costs, fees, and other expenses, and may become the purchaser of the property at such sale. Pending such acquisition by voluntary conveyance or by foreclosure, the Secretary is authorized, with respect to any mortgage or security assigned to him to exercise all the rights of a mortgagee or lender under such mortgage or security, including the right to sell such mortgage or security, and to take such action and advance such sums as may be necessary to preserve or protect the lien of such mortgage or security.

(b) In the case of the sale of a housing project by the Secretary to a cooperative which will operate it on a nonprofit basis and restrict permanent occupancy of its dwellings to members, the purchase money mortgage accepted by the Secretary may be in a principal amount equal to the sum of (1) the appraised value of the property at the time of purchase, which value shall be based upon a mortgage amount on which the debt service can be met from the income of the property when operated on a nonprofit basis after payment of all operating expenses, taxes, and required reserves, and (2) the amount of prepaid expenses and costs involved in achieving cooperative ownership. Prior to such disposition of a project, funds may be expended by the Secretary for necessary repairs and improvements to make the housing suitable for cooperative ownership.

MORTGAGE INSURANCE FOR DISPOSED PROPERTY

SEC. 803. The Secretary is authorized to insure under any section of this Act any mortgage assigned to him in connection with payment under a contract of insurance which he subsequently sells or any mortgage executed in connection with the sale by him of any property acquired under any section of this Act or under any section or title of the National Housing Act. This authority may be exercised without regard to any limitations or requirements contained in this Act upon the eligibility of the mortgage for insurance, upon the payment of insurance premiums, or upon the terms and conditions of insurance settlement and the benefits of the insurance to be included in such settlement.

TRANSITION BETWEEN THE NATIONAL HOUSING ACT AND THE REVISED NATIONAL HOUSING ACT

SEC. 102. The provisions of this chapter shall be effective, in whole or in part, at such date or dates as the Secretary of Housing and Urban Development shall prescribe, but not later than one year after the date of enactment of this Act, and the Secretary shall establish procedures for the orderly transfer of mortgage insurance operations from the authority of the National Housing Act to the authority of the Revised National Housing Act in order to assure continuity of efficient program activity and to provide adequate opportunity for necessary administrative and legislative revisions.

EXPERIMENTAL DUAL INTEREST RATE SYSTEM

SEC. 103. (a) Notwithstanding any maximum interest rate established by the Secretary of Housing and Urban Development pursuant to section 104 of the Revised National Housing Act, the Secretary is authorized, pursuant to commitments issued prior to July 1, 1977, to insure mortgages, under any provisions of such Act he deems appropriate, at whatever interest rate may be agreed upon by the mortgagor and mortgagee if the mortgagee establishes to the satisfaction of the Secretary that it has made no charges, either directly or indirectly, in the nature of discounts or points in connection with the mortgage transaction.

(b) The Secretary shall take appropriate steps to assure that prospective mortgagors have adequate information as to the alternative methods for establishing interest rates pursuant to this section and section 104 of the Revised National Housing Act.

CONFORMING AND TECHNICAL AMENDMENTS

SEC. 104. (a) Any reference in any Federal, State, or local law to the National Housing Act shall be construed to refer also to the Revised National Housing Act and any reference in such Federal, State, or local law to a particular provision of the National Housing Act shall be construed to refer also to the provision of the Revised National Housing Act which corresponds in purpose and function to such provision of the National Housing Act.

(b) Section 2(a) of the National Housing Act is amended by inserting "or under title III of the Revised National Housing Act" immediately after "under this section" in the second sentence of the first paragraph.

(c) Section 213(1) of the National Housing Act is amended by inserting "or under section 501 of the Revised National Housing Act where the mortgagor is a cooperative" immediately after "under this section" in the third sentence thereof.

CHAPTER II—LOW-INCOME HOUSING ASSISTANCE

AMENDMENT TO THE UNITED STATES HOUSING ACT OF 1937

SEC. 201. The United States Housing Act of 1937 is amended to read as follows:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'United States Housing Act of 1937'.

"DECLARATION OF POLICY

"SEC. 2. It is the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this Act, to assist the several States and their political subdivisions to remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income and, consistent with the objectives of this Act, to vest in local public housing agencies the maximum amount of responsibility in the administration of their housing programs. No person should be barred from serving on the board of directors or similar governing body of a local public housing agency because of his tenancy in a low-income housing project.

"DEFINITIONS

"SEC. 3. When used in this Act—

"(1) The term 'low-income housing' means decent, safe, and sanitary dwellings within the financial reach of families of low income, and embraces all necessary appurtenances thereto. Except as otherwise provided in this section and section 8 of this Act, income limits for occupancy and rents shall be fixed by the public housing agency and approved by the Secretary. The rental for any dwelling unit shall not exceed one-fourth of the family's income as defined by the Secretary. At least 20 per centum of the dwelling units in any project placed under annual contributions contracts in any fiscal year after the effective date of this section (other than dwelling units subject to section 8) shall be occupied by very low-income families. In defining the income of any family for the purpose of this Act, the Secretary shall consider income from all sources of each member of the family residing in the household, except that there shall be excluded—

"(A) the income of any family member (other than the head of the household or his spouse) who is under eighteen years of age or is a full-time student;

"(B) the first $300 of the income of a secondary wage earner who is the spouse of the head of the household;

"(C) an amount equal to $300 for each member of the family residing in the household (other than the head of the household or his spouse) who is under eighteen years of age or who is eighteen years of age or older and is disabled or handicapped or a full-time student;

"(D) nonrecurring income, as determined by the Secretary;

"(E) 5 per centum of the family's gross income (10 per centum in the case of elderly families);

"(F) extraordinary medical or other expenses as the Secretary approves for exclusion; and

"(G) an amount equal to the sums received by the head of the household or his spouse from, or under the direction of, any public or private nonprofit child placing agency for the care and maintenance of one or more persons who are under eighteen years of age and were placed in the household by such agency.

Notwithstanding any other provision of Federal law or regulations thereunder, a public agency shall not reduce welfare assistance payments to any tenant or group of tenants in low-income housing as a result of any reduction in rent resulting from the application of the rent limitation set forth in this paragraph (1) and required by such limitation.

"(2) The term 'low-income families' means families of low income who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term 'very low-income families' means families whose income do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families. The term 'families' includes families consisting of a single person in the case of a person who is at least fifty years of age and displaced persons and includes the remaining member of a tenant family. The term 'elderly families' means families whose heads (or their spouses), or whose sole members, are at least sixty-two years of age, or are under a disability as defined in section 223 of the Social Security Act, or are handicappd. A person shall be considered handicapped if such person is determined, pursuant to regulations issued by the Secretary, to have an impairment which (A) is expected to be of long-continued and indefinite duration, (B) substantially impedes his ability to live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions. The term 'displaced families' means families displaced by governmental action, or families whose dwellings have been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

"(3) The term 'development' means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment, in connection with a low-income housing project. The term 'development cost' shall comprise the cost incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges), and in otherwise carrying out the development of such project. Construction activity in connection with a low-income housing project may be confined to the reconstruction, remodeling, or repair of existing buildings.

"(4) The term 'operation' means any or all undertakings appropriate for manage-

ment, operation, services, maintenance, security, or financing in connection with a low-income housing project. The term also means the financing of tenant programs and services for families residing in low-income housing projects, particularly where there is maximum feasible participation of the tenants in the development and operation of such tenant programs and services. As used in this paragraph, the term 'tenant programs and services' includes the development and maintenance of tenant organizations which participate in the management of low-income housing projects; the training of tenants to manage and operate such projects and the utilization of their services in project management and operation; counseling on household management, housekeeping, budgeting, money management, child care, and similar matters; advice as to resources for job training and placement, education, welfare, health, and other community services; services which are directly related to meeting tenant needs and providing a wholesome living environment; and referral to appropriate agencies when necessary for the provision of such services. To the maximum extent available and appropriate, existing public and private agencies in the community shall be used for the provision of such services.

"(5) The term 'acquisition cost' means the amount prudently required to be expended by a public housing agency in acquiring a low-income housing project.

"(6) The term 'public housing agency' means any State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of low-income housing.

"(7) The term 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the territories and possessions of the United States, the Trust Territory of the Pacific Islands, and Indian tribes, bands, groups, and Nations, including Alaska Indians, Aleuts, and Eskimos, of the United States.

"(8) The term 'Secretary' means the Secretary of Housing and Urban Development.

"(9) The term 'low-income housing project' or 'project' mean (A) any low-income housing developed, acquired, or assisted by a public housing agency under this Act, and (B) the improvement of any such housing.

"LOANS FOR LOW-INCOME HOUSING PROJECTS

"SEC. 4. (a) The Secretary may make loans or commitments to make loans to public housing agencies to help finance or refinance the development, acquisition, or operation of low-income housing projects by such agencies. Any contract for such loans and any amendment to a contract for such loans shall provide that such loans shall bear interest at a rate specified by the Secretary which shall not be less than 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 comparable to the average maturities of such loans, plus one-eighth of 1 per centum. Such loans shall be secured in such manner and shall be repaid within such period not exceeding forty years or not exceeding forty years from the date of the bonds evidencing the loan, as the Secretary may determine. The Secretary may require loans or commitments to make loans under this section to be pledged as security for obligations issued by a public housing agency in connection with a low-income housing project.

"(b) The Secretary may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount which will not, unless authorized by the President, exceed $1,500,000,000. For the purpose of determining obligations incurred to make loans pursuant to this Act against any limitation otherwise applicable with respect to such loans, the Secretary shall estimate the maximum amount to be loaned at any one time pursuant to loan agreements, then outstanding with public housing agencies. Such notes or other obligations shall be in such forms and denominations and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. The notes or other obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Secretary issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. 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.

"ANNUAL CONTRIBUTIONS FOR LOW-INCOME HOUSING PROJECTS

"SEC. 5. (a) The Secretary may make annual contributions to public housing agencies to assist in achieving and maintaining the low-income character of their projects. The Secretary shall embody the provisions for such annual contributions in a contract guaranteeing their payment. The contribution payable annually under this section shall in no case exceed a sum equal to the annual amount of principal and interest payable on obligations issued by the public housing agency to finance the development or acquisition cost of the low-income project involved. The amount of annual contributions which would be established for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established under this section for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition and rehabilitation, or use under lease of structures which are suitable for low-income housing use and obtained in the local market. Annual contributions payable under this section shall be pledged, if the Secretary so requires, as security for obligations issued by a public housing agency to assist the development or acquisition of the project to which annual contributions relate and shall be paid over a period not to exceed forty years.

"(b) The Secretary may prescribe regulations fixing the maximum contributions available under different circumstances, giving consideration to cost, location, size, rent-paying ability of prospective tenants, or other factors bearing upon the amounts and periods of assistance needed to achieve and maintain low rentals. Such regulations may provide for rates of contribution based upon development, acquisition, or operation costs, number of dwelling units, number of persons housed, interest charges, or other appropriate factors.

"(c) The Secretary is authorized to enter into contracts for annual contributions aggregating not more than $1,199,250,000 per annum, which limit shall be increased by $225,000,000 on July 1, 1971, by $150,000,000 on July 1, 1972, by $312,000,000 on July 1, 1973, by $795,000,000 on July 1, 1974, and by $720,000,000 on July 1, 1975. 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, or who are wards of any State government, except that none of the funds made available under this sentence shall be available for housing in private accommodations under section 8. For the purpose of the preceding sentence, the initial annual contribution for a project shall, notwithstanding any other provision of this Act, be equal to the difference between the sum of the total debt service payment plus operating costs, and the rental payments that tenants are required to make under section 3(1) of this Act. At least 30 per centum of the dwelling units placed under annual contributions contracts in any fiscal year after the effective date of this section shall be units of low-income housing in private accommodations provided under setcion 8 of this Act. Of the aggregate amount of contracts for annual contributions authorized under this section to be entered into on or after July 1, 1974, the Secretary is authorized to enter into contracts for low-income housing in private accommodations aggregating not to exceed $440,000,000 per annum on and after July 1, 1974, which limit shall be increased by $440,000,000 on July 1, 1975. At least 20 per centum of the dwelling unit placed under annual contributions contracts in any fiscal year after the effective date of this section shall have at least three bedrooms, and the Secretary shall include in his annual report on the operations of the Department of Housing and Urban Development a statement of (1) the number of such units having three or more bedrooms which were placed under contracts during the year covered by the report, and (2) the ratio of such units to the total number of units placed under contracts during that year. Of the aggregate amount of contracts for annual contributions authorized in this subsection to be entered into on or after July 1, 1974, the Secretary is authorized to enter into contracts for annual contributions with respect to the modernization of low-income housing projects in an amount aggregating not more than $30,000,000 per annum on and after July 1, 1974, which limit shall be increased by $30,000,000 on July 1, 1975. The Secretary shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into. The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to this section, and there are hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments. All payments of annual contributions pursuant to this section shall be made out of any funds available for purposes of this Act when such payments are due, except that funds obtained through the issuance of obligations pursuant to section 4(b) (including repayments or other realizations of the principal of loans made out of such funds) shall not be available for the payment of such annual contributions.

"(d) Any contract for loans or annual contributions, or both, entered into by the Secretary with a public housing agency, may cover one or more than one low-income housing project owned by said public housing agency; in the event such contract covers two or more projects, such projects may, for

any of the purposes of this Act and of such contract (including, but not limit to, the determination of the amount of the loan, annual contributions, or payments in lieu of taxes, specified in such contract), be treated collectively as one project.

"(e) In recognition that there should be local determination of the need for low-income housing to meet needs not being adequately met by private enterprise—

"(1) the Secretary shall not make any contract with a public housing agency for preliminary loans (all of which shall be repaid out of any moneys which become available to such agency for the development of the projects involved) for surveys and planning in respect to any low-income housing projects (i) unless the governing body of the locality involved has by resolution approved the application of the public housing agency for such preliminary loan; and (ii) unless the public housing agency has demonstrated to the satisfaction of the Secretary that there is need for such low-income housing which is not being met by private enterprise;

"(2) each public housing agency shall be authorized to provide assistance payments to assist in the construction or substantial rehabilitation of housing for low-income families in housing areas with respect to which a public housing agency has demonstrated to the satisfaction of the Secretary (1) that there is not likely soon to be an adequate supply of decent, safe, and sanitary existing housing for low-income families of various household sizes, (2) that such construction or rehabilitation is necessary to expand housing opportunities for low-income citizens within reasonable proximity to places of employment, or (3) that such new construction is an essential component of a community development program: *Provided*, That the Secretary may also designate housing areas in which it is permissible to locate newly constructed or substantially rehabilitated housing for low-income families as authorized by this Act in such other circumstances as he deems necessary; and

"(3) the Secretary shall not make any contract for loans (other than preliminary loans) or for annual contributions pursuant to this Act unless the governing body of the locality involved has entered into an agreement with the public housing agency providing for the local cooperation required by the Secretary pursuant to this Act.

"(f) Subject to the specific limitations or standards in this Act governing the terms of sales, rentals, leases, loans, contracts for annual contributions, or other agreements, the Secretary may, whenever he deems it necessary or desirable in the fulfillment of the purposes of this Act, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of annual contribution, or any other term, of any contract or agreement of any kind to which the Secretary is a party. When the Secretary finds that it would promote economy or be in the financial interest of the Federal Government or is necessary to assure or maintain the low-income character of the project or projects involved, any contract heretofore or hereafter made for annual contributions, loans, or both, may be amended or superseded by a contract entered into by mutual agreement between the public housing agency and the Secretary. Contracts may not be amended or superseded in a manner which would impair the rights of the holders of any outstanding obligations of the public housing agency involved for which annual contributions have been pledged. Any rule of law contrary to this provision shall be deemed inapplicable.

"(g) In addition to the authority of the Secretary under subsection (a) to pledge annual contributions as security for obligations issued by a public housing agency, the Secretary is authorized to pledge annual contributions as a guarantee of payment by a public housing agency of all principal and interest on obligations issued by it to assist the development or acquisition of the project to which annual contributions relate, except that no obligation shall be guaranteed under this subsection if the income thereon is exempt from Federal taxation.

"(h) Notwithstanding any other provision of law, a public housing agency may sell a low-income housing project to its low-income tenants, on such terms and conditions as the agency may determine, without affecting the Secretary's commitment to pay annual contributions with respect to that project, but such contributions shall not exceed the maximum contributions authorized under subsection (a) of this section.

"CONTRACT PROVISIONS AND REQUIREMENTS

"SEC. 6. (a) The Secretary may include in any contract for loans, annual contributions, sale, lease, mortgage, or any other agreement or instrument made pursuant to this Act, such covenants, conditions, or provisions as he may deem necessary in order to insure the low-income character of the project involved. Any such contract may contain a condition requiring the maintenance of an open space or playground in connection with the housing project if deemed necessary by the Secretary for the safety or health of children. Any such contract shall require that, except in the case of housing predominantly for the elderly, high-rise elevator projects shall not be provided for families with children unless the Secretary makes a determination that there is no practical alternative.

"(b) Every contract made pursuant to this Act for loans (other than preliminary loans) and annual contributions shall provide that the cost of construction and equipment of the project (excluding land, demolition, and non-dwelling facilities) on which the computation of any annual contributions under this Act may be based shall not exceed by more than 10 per centum the appropriate prototype cost for the area. The prototype costs shall be determined at least annually by the Secretary on the basis of his estimate of the construction costs of new dwelling units of various types and sizes in the area suitable for occupancy by persons assisted under this Act. In making his determination the Secretary shall take into account (1) the extra durability required for safety and security and economical maintenance of such housing, (2) the provision of amenities designed to guarantee a safe and healthy family life and neighborhood environment, (3) the application of good design as an essential component of such housing for safety and security as well as other purposes, (4) the maintenance of quality in architecture to reflect the standards of the neighborhood and community, (5) the need for maximizing the conservation of energy for heating, lighting, and other purposes, (6) the effectiveness of existing cost limits in the area, and (7) the advice and recommendations of local housing producers. The prototype costs for any area shall become effective upon the date of publication in the Federal Register.

"(c) Every contract for annual contributions shall provide that—

"(1) the Secretary may require the public housing agency to review and revise its maximum income limits if the Secretary determines that changed conditions in the locality make such revision necessary in achieving the purposes of the Act;

"(2) the public housing agency shall determine, and so certify to the Secretary, that each family in the project was admitted in accordance with duly adopted regulations and approved income limits; and that the public housing agency shall review the incomes of families living in the project at intervals of two years (or at shorter intervals where the Secretary deems it desirable); and

"(3) the public housing agency shall promptly notify (i) any applicant determined to be ineligible for admission to the project of the basis for such determination and provide the applicant upon request, within a reasonable time after the determination is made, with an opportunity for an informal hearing on such determination and (ii) any applicant determined to be eligible for admission to the project of the approximate date of occupancy insofar as such date can be reasonably determined.

"(d) Every contract for annual contributions with respect to a low-income housing project shall provide that no annual contributions by the Secretary shall be made available for such project unless such project (exclusive of any portion thereof which is not assisted by annual contributions under this Act) is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, and such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the sum of the annual shelter rents charged in such project, or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under section 5(e)(2) of this Act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement. If any such project is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivision, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Secretary shall be made available for such project unless and until the State, city, county, or other political subdivision in which such project is situated shall contribute, in the form of cash or tax remission, the amount by which the taxes paid with respect to the project exceed 10 per centum of the annual shelter rents charged in such project.

"(e) Every contract for annual contributions shall provide that whenever in any year the receipts of a public housing agency in connection with a low-income project exceed its expenditures (including debt service, operation, maintenance, establishment of reserves, and other costs and charges), an amount equal to such excess shall be applied, or set aside for application, to purposes which, in the determination of the Secretary, will effect a reduction in the amount of subsequent annual contributions.

"(f) Every contract for annual contributions shall provide that when the public housing agency and the Secretary mutually agree that a housing project is obsolete as to physical condition, or location, or other factors, making it unusable for housing purposes, a program of modifications or closeout shall be prepared. If it is mutually determined that such a housing project can be returned to usual life, then the Secretary is authorized to utilize such annual contributions as are necessary to enable the local public housing agency to undertake an agreed-upon program of modifications. If it is mutually determined that no program of modification is feasible or that such a program would not return the housing to a useful life, then the Secretary is authorized to prepare a closeout program, utilizing such annual contributions as are necessary to accommodate the outstanding indebtedness on the project, the cost of demolition (if the physical improvements are not to be sold) and the cost of relocating displaced families into satisfactory replacement housing. The net close-out cost to the Federal Government shall take into consideration any receipts from the sale of physical improvements, land, or other assets, pursuant to the provisions of the annual contributions contract.

"(g) Every contract for annual contributions (including contracts which amend or supersede contracts previously made) may provide that—

"(1) upon the occurrence of a substantial default in respect to the covenants or conditions to which the public housing agency is subject (as such substantial default shall be defined in such contract), the public housing agency shall be obligated at the option of the Secretary, either to convey title in any case where, in the determination of the Secretary (which determination shall be final and conclusive), such conveyance of title is necessary to achieve the purposes of this Act, or to deliver possession to the Secretary of the project, as then constituted, to which such contract relates;

"(2) the Secretary shall be obligated to reconvey or to redeliver possession of the project, as constituted at the time of reconveyance or redelivery, to such public housing agency or to its successor (if such public housing agency or a successor exists) upon such terms as shall be prescribed in such contract and as soon as practicable: (i) after the Secretary shall be satisfied that all defaults with respect to the project have been cured, and that the project will, in order to fulfill the purposes of this Act, thereafter be operated in accordance with the terms of such contract; or (ii) after the termination of the obligation to make annual contributions available unless there are any obligations or covenants of the public housing agency to the Secretary which are then in default. Any prior conveyances and reconveyances, deliveries and redeliveries of possession shall not exhault the right to require a conveyance or delivery of possession of the project to the Secretary pursuant to subparagraph (1), upon the subsequent occurrence of a substantial default.

Whenever such contract for annual contributions shall include provisions which the Secretary in said contract determines are in accordance with this subsection, and the portion of annual contributions payable for debt service requirements, pursuant to such contract, have been pledged by the public housing agency as security for the payment of the principal and interest on any of its obligations, the Secretary (notwithstanding any other provisions of this Act) shall continue to make such annual contributions available for the project so long as any of such obligations remain outstanding, and may covenant in such contract that in any event such annual contributions shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the project for the purpose at the time such annual contribution is made, will suffice for the payment of all installments, falling due within the next succeeding twelve months, of principal and interest on the obligations for which the annual contributions provided for in the contract shall have been pledged as security. In no case shall such annual contributions be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract.

"CONGREGATE HOUSING

"SEC. 7. The Secretary shall encourage public housing agencies, in providing housing predominantly for displaced, elderly, or handicapped families, to design, develop, or otherwise acquire such housing to meet the special needs of the occupants and, wherever practicable, for use in whole or in part as congregate housing: *Provided*, That not more than 10 per centum of the total amount of contracts for annual contributions entered into in any fiscal year pursuant to the new authority granted under section 202 of the Housing and Urban Development Act of 1970 or under any law subsequently enacted shall be entered into with respect to units in congregate housing. As used in this paragraph the term 'congregate housing' means low-income housing (A) in which some or all of the dwelling units do not have kitchen facilities, and (B) connected with which there is a central dining facility to provide wholesome and economical meals for elderly and displaced families under terms and conditions prescribed by the public housing agency to permit a generally self-supporting operation. Expenditures incurred by a public agency in the operation of a central dining facility in connection with congregate housing (other than the cost of providing food and service) shall be considered one of the costs of operation of the project.

"LOW-INCOME HOUSING IN PRIVATE ACCOMMODATIONS

"SEC. 8. (a) (1) For the purpose 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 market, and which will provide economically mixed housing, each public housing agency, or the Secretary (as provided in paragraph (3)), may provide housing for low-income families in the form of low-income housing in private accommodations in accordance with this section.

"(2) The provisions of this section shall not apply to any locality unless the governing body of the locality has by resolution approved the application of such provisions to such locality, except where a public housing agency is empowered by State law to carry out activities permitted under this section without local approval.

"(3) In carrying out this section it is intended to vest in public housing agencies the maximum amount of responsibility in administration of this program, including responsibility for the establishment of rents and eligibility requirements. In areas where no public housing agency exists or where the Secretary determines that a public housing agency is unable to implement the provisions of this section, the Secretary is authorized to assume the responsibilities which would ordinarily be assigned to a public housing agency under this section.

"(4) As used in this section the term 'low-income housing in private accommodations' means dwelling units, leased from an owner (including an owner occupant), which provide decent safe and sanitary dwelling accommodations and which may include related facilities and the term 'owner' means any person or entity, including a public housing agency, having the legal right to lease or sublease property containing one or more dwelling units as described in this section.

"(5) As used in this section, the term 'low-income family' means any family which has been certified to have a gross annual income which is not more than four times the annual fair market rental as established by the Secretary or by a public housing agency for private housing in the housing area for a dwelling unit suitable in size to the housing needs of such family.

"(6) As used in this section, the term 'tenant' includes a member of a cooperative; the term 'owner' includes a cooperative; and, with respect to members of a cooperative, the terms 'rent' or 'rental' means the charge under the occupancy agreement between such members and the cooperative and the term 'lease' means such an occupancy agreement.

"(7) At least 20 per centum of the families assisted under this section in any market area shall be very low-income families.

"(8) The Secretary is authorized, at periodic intervals, to determine in the various housing areas the fair market rental required to obtain adequately maintained and managed private existing and newly constructed rental housing taking into account the need to provide housing with suitable amenities and sound architectural design and, on the basis of such determination, the Secretary or a public housing agency shall establish for each housing area in which the program authorized by the section operates, a fair market rental (including utilities and all maintenance and management services) for units by bedroom size for low-income housing in private accommodations.

"(b) Each public housing agency, by notification to the owners of housing suitable for use as low-income housing in private accommodations, or by publication or advertisement, or otherwise, shall from time to time make known to the public in the community or communities under its jurisdiction the availability of financial assistance to low-income families seeking low-income housing in private accommodations and the anticipated need for dwelling units in such community or communities under this section, inviting the owners of such dwelling units to make available for purposes of this section one or more of such units (not exceeding five units or 25 per centum of the units in any single existing structure, whichever is greater, except that up to 100 per centum of the units in a single structure may be made available to families receiving assistance under this section, in the case of a structure in which all or substantially all of the units are used to house the elderly or in the case of any other structure when so provided by a public housing agency). The public housing agency shall conduct appropriate inspections of the units offered to be made available in any residential structure by the owner thereof in response to such invitation or the solicitation of low-income families, and if (1) it finds that such units are, or may be made, suitable for use as low-income housing in private accommodations within the meaning of subsection (a) (4), and (2) the rentals to be charged for such units, as agreed to by the agency and the owner of the structure in a manner consistent with subsection (c) (2) are within the financial range of families of low income, such agency may approve such units for use in accordance with (and subject to the applicable limitations contained in) this section. Each public housing agency shall maintain and keep current a list of units approved by it under this subsection, including such information with respect to each such unit as it may consider necessary or appropriate.

"(c) To the extent of contracts for annual contributions entered into by the Secretary with a public housing agency under section 5(c) of this Act, each public housing agency in accordance with criteria established by the Secretary may enter into contracts to make assistance payments for the use of dwelling units in accordance with this section. Each such contract shall provide (with respect to any unit) that—

"(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Secretary and the agency;

"(2) the contributions toward the rental and other charges agreed to by the agency and the owner to be made by the tenant shall be determined in accordance with the provisions of section 3(1) of this Act;

"(3) the amount of the monthly assistance payment with respect to any dwelling unit shall not exceed the difference between 25 per centum of one-twelfth of the annual income of the family occupying the dwelling unit and the maximum monthly rent which the contract provides that the owner is to receive for the unit;

"(4) the maximum monthly rent for units in existing housing shall not exceed the fair market rent for existing housing established by the Secretary, or a public housing agency in accordance with criteria established by

the Secretary: *Provided,* That maximum rents not in excess of 10 per centum above the fair market rental may be contracted for when the Secretary, or a public housing agency in accordance with criteria established by the Secretary, determines that such additional amount is required to provide housing for low-income families;

"(5) maintenance and replacement (including redecoration) shall be in accordance with the standard practice for the building concerned as established by the owner and agreed to by the agency; and

"(6) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them. Each contract for an existing structure entered into under this subsection shall be for a term of not less than one month nor more than sixty months, except as otherwise provided by a public housing agency in accordance with criteria established by the Secretary.

"(d) The period over which payments will be made to a public housing agency for a project of low-income housing in private accommodations under this section, and the aggregate amount of such payments, under a contract for annual contributions, shall be determined on the basis of the number of units in the community or communities under the jurisdiction of such agency which are in use (or can reasonably be expected to be placed in use) as low-income housing in private accommodations under this section, taking into account the terms of the leases under which such units are (or will be) so used. In addition, contracts for financial assistance entered into by the Secretary with a public housing agency pursuant to this section shall provide for payments or reimbursement of reasonable and necessary expenses incurred by such agency in carrying out functions under this section.

"(e) To the extent authorized in contracts entered into by the Secretary with a public housing agency, such agency may purchase any structure containing one or more dwelling units leased to provide low-income housing in private accommodations under this section for the purpose of reselling the structure to the tenant or tenants occupying units aggregating in value at least 80 per centum of the structure's total value. Any such resale may be made on the terms and conditions prescribed under section 5(h) and subject to the limitation contained in such section.

"(f) The provisions of the third and fourth sentences of 5(a) and the provisions of section 5(e) and 6(d) of this Act shall not apply to (1) low-income housing in private accommodations provided under this section, or (2) housing purchased (or in the process of purchase) by the public agency for resale to tenants as provided in subsection (e).

"(g)(1) Each public housing agency is authorized to provide assistance payments to assist in the construction or substantial rehabilitation of housing for low-income families. Assistance shall be provided pursuant to this subsection through contracts with owners or prospective owners who agree to construct or substantially rehabilitate housing in which some or all of the units (as agreed to by the owner and a public housing agency) shall be available for occupancy by low-income families.

"(2) The Secretary is authorized to contract for and to enter into annual contributions contracts with public housing agencies pursuant to which public housing agencies may contract for and make assistance payments to owners in such amounts and under such circumstances as are prescribed in this subsection. Such payments shall be based upon applications for contracts for assistance payments submitted by owners to the public housing agencies designated by the Secretary to receive and evaluate such applications. Such public housing agencies shall be reimbursed by the Secretary in the amount of their reasonable administrative expenses incurred pursuant to this subsection.

"(3)(A) The contact between the public housing agency and the owner shall provide that all ownership, management, and maintenance responsibilities and expenses shall be assumed by the owner (except that the owner may subcontract with a public housing agency with respect to such responsibilities and expenses), and such contract shall establish the maximum monthly rent (including utilities and all maintenance and management service charges) which the owner shall receive per dwelling unit with respect to which such assistance payments are to be made pursuant to this subsection, the number and size (by bedrooms) of the dwelling units with respect to which such assistance payments are to be made, and the length of time for which such assistance payments are to be made.

"(B)(i) The maximum monthly rent shall not exceed the market rental for newly constructed rental housing in the housing area established by the Secretary or by a public housing agency pursuant to section 8(a)(7): *Provided,* That maximum rents not in excess of 20 per centum above the fair market rental may be contracted for when the Secretary, or a public housing agency, determines that such additional amount is required to provide housing for low-income families.

"(ii) Assistance payments shall not be made with respect to more than 75 per centum of the dwelling units in any single new or substantially rehabilitated structure. The above per centum limitations may be waived by the Secretary or a public housing agency in the following cases: (I) developments for the elderly, (II) developments of fifty or fewer units, and (III) cases in which the Secretary, or a public housing agency determines that a greater per centum is required in order to provide assistance to families of low income.

"(iii) A public housing agency shall not contract to make assistance payments with respect to a newly constructed or substantially rehabilitated dwelling unit for a term of less than one month or more than two hundred and forty months: *Provided, however,* That in the case of projects assisted or indirectly by loans or loan guarantees of State housing finance agencies, such term shall not exceed four hundred and eighty months.

"(C) The contract between the public housing agency and the owner shall provide that assistance payments may be made only with respect to a dwelling unit under lease for occupancy by a family certified as a low-income family at the time it entered into a dwelling unit and shall be made only as long as the family's annual income, as determined by a review at intervals of two years (or at shorter intervals where the Secretary deems it desirable), is not more than four times the annual rental of the dwelling unit occupied by it: *Provided,* That such payments may be made for a period not exceeding sixty days in the event that a family vacates a dwelling unit before the expiration date of the lease for occupancy or for a priod not exceeding sixty days when a public housing agency fails to certify a family eligible for housing assistance payments and when the owner is making a good faith effort to otherwise fill the vacancy.

"(D) The contract between the public housing agency and the owner shall provide for at least annual adjustment in the maximum monthly rents which the contract provides that the owner is to receive for the unit in amounts not greater than the amount of increases or decreases over the same period of time in the fair market rental established for the housing area for similar sizes and types of dwelling units to the extent such adjustments can be justified on the basis of the actual expense of owning and maintaining the dwelling units covered by the contract. If the Secretary so determines, on the basis of a reasonable formula, the aforesaid adjustments may be calculated, taking into consideration the average expenses of owning and maintaining dwelling units in the area. However, in no case shall the adjusted rents be less than the original rents set forth in the contract.

"(E) Any project for which assistance payments are contracted to be made under this section shall be eligible for insurance under section 501 of the Revised National Housing Act.

"(4) The amount of the monthly assistance payment with respect to any dwelling unit shall not exceed the difference between 25 per centum of one-twelfth of the annual income of the family occupying the dwelling unit and the maximum monthly rent which the contract provides that the owner is to receive for the unit.

"(5) The provisions of section 6 of this Act shall not apply to contracts for assistance entered into under this subsection.

"ANNUAL CONTRIBUTIONS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

"SEC. 9. (a) In addition to the contributions authorized to be made for the purposes specified in section 5 of this Act, the Secretary may make annual contributions to public housing agencies for the operation of low-income housing projects. The contribution payable annually under this section shall not exceed the amounts which the Secretary determines are required (1) to assure the low-income character of the projects involved, and (2) to achieve and maintain adequate operating services and reserve funds. The Secretary shall embody the provisions for such annual contributions in a contract guaranteeing their payment. At the initial stage of development of each new low-income housing project, or in the case of existing projects at the earliest practicable time after the date of enactment of this section, the public housing agency responsible for the project shall determine, with the approval of the Secretary, appropriate and required operating services and reserve funds, including tenant services, based on the character and location of the project and the characteristics of the families to be housed. Services so determined shall constitute the base level of operating services of a public housing agency. If income from a project of a public housing agency will not be sufficient in any year to meet the agency's base level of operating services at projected costs for that year, the Secretary shall make contributions to meet the residual cost. The Federal commitment to maintain a base level of operating services shall be incorporated in an annual contributions contract. A public housing agency shall signify its base level of operating services requirements at the beginning of its operating year at the time of the preparation of its annual budget. A public housing agency shall periodically (at least every two years) reexamine its base level of operating services in order to determine the adequacy of the services provided for in the light of changing conditions and standards, and submit recommendations for changes for the approval of the Secretary.

"(b) Of the aggregate amount of contracts authorized for annual contributions authorized in section 5(c) of this Act to be entered into on after July 1, 1974, the Secretary is authorized to enter into contracts for annual contributions under this section aggregating not more than $500,000,000 per annum on and after July 1, 1974, which amount shall be increased by $60,000,000 on July 1, 1975.

"GENERAL PROVISIONS

"SEC. 10. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the Secre-

tary notwithstanding the provisions of any other law, shall—

"(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

"(2) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required.

"(b) All receipts and assets of the Secretary under this Act shall be available for the purposes of this Act until expended.

"(c) The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Secretary in the general exercise of his power under this Act, and the Secretary may reimburse any such bank for its services in such manner as may be agreed upon.

"FINANCING LOW-INCOME HOUSING PROJECTS

"SEC. 11. (a) Obligations issued by a public housing agency in connection with low-income housing projects which (1) are secured (A) by a pledge of a loan under any agreement between such public housing agency and the Secretary, or (B) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Secretary, or (C) by a pledge of both annual contributions under an annual contributions contract and a loan under an agreement between such public housing agency and the Secretary, and (2) bear, or are accompanied by, a certificate of the Secretary that such obligations are so secured, shall be incontestable in the hands of a bearer and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Secretary as security for such obligations.

"(b) Except as provided in section 5(g), obligations, including interest thereon, issued by public housing agencies in connection with low-income housing projects shall be exempt from all taxation now or hereafter imposed by the United States whether paid by such agencies or by the Secretary. The income derived by such agencies from such projects shall be exempt from all taxation now or hereafter imposed by the United States.

"LABOR STANDARDS

"SEC. 12. Any contract for loans, annual contributions, sale, or lease pursuant to this Act shall contain a provision requiring that not less than the wages prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Secretary, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development and to all maintenance laborers and mechanics employed in the operation of the low-income housing project involved; and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics employed in the development of the project involved (including a project for the use of privately built housing in any case, other than under the authority of section 8 of this Act, where the public housing agency and the builder or sponsor enter into an agreement for such use before construction or rehabilitation is commenced), and the Secrtary shall require certification as to compliance with the provisions of this section prior to making any payment under such contract."

APPLICABILITY OF RENTAL REQUIREMENTS

SEC. 202. If a contract for annual contributions entered into pursuant to this chapter would require the establishment of an increased rental charge for a family which occupies a low-income housing dwelling unit as of the effective date of such contract, the required adjustment in the family's rent will be accomplished as follows:

(1) when the public agency makes the first review of the family's income pursuant to section 6(c)(2) of the United States Housing Act of 1937 which occurs at least one year after the effective date of this chapter, the family's monthly rent will be increased by an amount equal to one-half the additional amount of rent which would then be required pursuant to section 9; and

(2) the family's monthly rental charge will be increased to the full amount of the rental charge required under section 9 when the public housing agency makes its next review of the family's income.

Increases in rentals for such families will be effective the first day of the month immediately following the month in which the public housing agency makes the review of family income.

EXEMPTION OF CERTAIN PROJECTS FROM RENTAL FORMULA

SEC. 203. The rental or income contribution provisions of the United States Housing Act of 1937, as amended by section 201 of this Act, shall not preclude the use of special schedules of required payments as approved by the Secretary for participants in mutual help housing projects who contribute labor, land or materials to the development of such projects.

REPEAL OF SPECIFICATION REQUIREMENTS IN CONSTRUCTION CONTRACTS

SEC. 204. Section 815 of the Housing Act of 1954 is repealed.

RETROACTIVE EFFECT OF REPEAL OF SECTION 10(j)

SEC. 205. Section 206(c) of the Housing Act of 1961 (Public Law 87-70, approved June 30, 1961, 75 Stat. 165) is amended by adding at the end thereof the following sentence: "The Secretary of Housing and Urban Development is authorized to agree with a public housing agency to the amendment of any annual contributions contract containing the provision prescribed in section 10(j), so as to delete such provision and waive any rights of the United States accrued or that may accrue under such provision."

AMENDMENT TO NATIONAL BANK ACT

SEC. 206. The sixth sentence of paragraph "Seventh" of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended—

(1) by striking out wherever it appears therein "1421a(b) of title 42" and inserting in lieu thereof "6(g) of the United States Housing Act of 1937";

(2) by deleting before clause (1) the word "either";

(3) by deleting in clause (1) the parenthetical phrase "(which obligations shall have a maturity of not more than eighteen months)";

(4) by deleting before clause (2) the word "or"; and

(5) by inserting before the colon before the first proviso the following: ", or (3) by a pledge of both annual contributions under an annual contributions contract containing the covenant by the Secretary which is authorized by section 6(g) of the United States Housing Act of 1937, and a loan under an agreement between the local public housing agency and the Secretary in which the public housing agency agrees to borrow from the Secretary, and the Secretary agrees to lend to the public housing agency, prior to the maturity of such obligations, moneys in an amount which (together with any other moneys irrevocably committed under the annual contributions contract to the payment of principal and interest on such obligations) will suffice to provide for the payment when due of all installments of principal and interest on such obligations, which moneys under the terms of said agreement are required to be used for the purpose of paying the principal and interest on such obligations at their maturity".

AMENDMENT TO LANHAM ACT

SEC. 207. (a) Section 606 of the Act of October 14, 1940, as amended (42 U.S.C. 1586), is amended by striking out in subsection (b) that part of the first sentence which follows the parenthetical phrase and *inserting in* lieu thereof a period and by striking out all of the second sentence.

(b) Section 606(c)(1) of such Act is amended by adding before the semicolon at the end thereof the following: ", or, with the Secretary's approval, used to finance the repair or rehabilitation of a project or part thereof conveyed to the public housing agency under this section".

EFFECTIVE DATE OF CHAPTER II

SEC. 208. The provisions of this chapter shall be effective at such date or dates as the Secretary of Housing and Urban Development shall prescribe, but not later than six months after enactment thereof.

LEASED HOUSING

SEC. 209. 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.

CHAPTER III—COMMUNITY DEVELOPMENT

SHORT TITLE

SEC. 301. This chapter may be cited as the "Community Development Assistance Act of 1974".

FINDINGS

SEC. 302. (a) The Congress finds and declares that the Nation's cities, towns, and smaller urban communities face critical social, economic, and environmental problems arising from, in significant measure—

(A) the growth of population in metropolitan and other urban areas, and the concentration of persons of lower income in central cities; and

(B) inadequate public and private investment and reinvestment in housing and other physical facilities, and related public and social services, resulting in the growth and persistence of urban slums and blight, and the marked deterioration of the quality of the urban environment.

(b) The Congress further finds and declares that the future welfare of the Nation and the well-being of its citizens depend on the establishment and maintenance of viable urban communities as social, economic, and political entities, and requires—

(A) systematic and sustained action by Federal, State, and local governments to eliminate blight, to conserve and renew older urban areas, to improve the living environment of low- and moderate-income families, and to develop new centers of population growth and economic activity;

(B) substantial expansion of and greater continuity in the scope and level of Federal assistance, together with increased private investment in support of community development activities; and

(C) continuing effort at all levels of government to streamline programs and improve the functioning of agencies responsible for planning, implementing, and evaluating community development efforts.

OBJECTIVES

SEC. 303 (a) The primary objective of this chapter is the development of viable urban communities, by providing decent

housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, the Federal assistance provided in this chapter is for the support of community development activities which are directed toward the following specific objectives—

(1) the elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities of importance to the welfare of the community, principally to persons of low and moderate income;

(2) the elimination of conditions which are detrimental to health, safety, and public welfare, through code enforcement, demolition, interim rehabilitation assistance, and related activities;

(3) the conservation and expansion of the Nation's housing stock in order to provide a decent home and a suitable living environment for all persons, but principally those of low and moderate income;

(4) the expansion and improvement of the quantity and quality of community services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities;

(5) a more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers;

(6) the reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods to attract persons of higher income; and

(7) the restoration and preservation of properties of special value for historic, architectural, or esthetic reasons.

(b) It is the intent of Congress that the Federal assistance made available under this chapter not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of assistance hereunder.

DEFINITIONS

SEC. 304. As used in this chapter—

(1) The term "Secretary" means the Secretary of Housing and Urban Development.

(2) The term "community development agency" means any State or unit of general local government.

(3) The term "State" means any State of the United States; the Commonwealth of Puerto Rico; the Trust Territory of the Pacific Islands; the territories and possessions of the United States; and Indian tribes, bands, groups, and nations, including Alaska Indians, Aleuts, and Eskimos, of the United States.

(4) The term "unit of general local government" means any city, municipality, county, town, township, parish, village, or other general purpose political subdivision of a State; a consortium of such political subdivisions recognized by the Secretary; and the District of Columbia. Such term also includes a State or a local public body or agency as defined in section 711 of the Housing and Urban Development Act of 1970, a community association or other entity which is approved by the Secretary for the purpose of providing public facilities or services to a new community as part of a program meeting the eligibility standards of section 712 of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968. One or more agencies, including existing local public agencies, may be designated by a State or a unit of general local government to undertake the community development program in whole or in part.

(5) The term "metropolitan areas" means the standard metropolitan statistical areas, as established by the Office of Management and Budget.

(6) The term "population" means the total resident population based on data compiled by the Bureau of the Census and referable to the same point or period in time.

(7) The term "community development program" means the activities outlined in a community development agency's application prepared and submitted in accordance with section 308.

COMMUNITY DEVELOPMENT ACTIVITIES ELIGIBLE FOR ASSISTANCE

SEC. 305. Community development activities assisted under this chapter shall help meet the objectives set forth in section 303 and may include—

(1) acquisition in whole or in part by purchase, lease, donation, or otherwise, of real property (including air rights, and other interests therein) which is necessary to achieve the objectives set forth in the community development program and is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth, (B) determined to be appropriate for rehabilitation or conservation activities, (C) necessary for the preservation of restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources and scenic areas, the provision of recreational opportunities, or the guidance of urban development, (D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this chapter, or (E) to be used for other public purposes, including the conversion of land to other uses where necessary to a community development program;

(2) disposition (through sale, lease, donation, or otherwise) at its fair value for uses in accordance with the community development program of any real property in whole or in part acquired pursuant to this chapter, or its retention for public purposes;

(3) clearance, demolition, and removal of buildings and improvements in whole or in part;

(4) acquisition, construction, reconstruction, or installation of community facilities and site or other improvements necessary to achieve the objectives of the community development program, including water and sewer facilities, neighborhood facilities, fire-protection services and facilities, historic properties and beautification areas, streets, utilities, street lights, foundations and platforms for air right sites, pedestrian malls and walkways, parks, playgrounds and recreation facilities, and other similar and necessary improvements required for the execution of a community development program;

(5) designing and providing interim financing for the construction of public facilities, other than facilities encompassed within the provisions of paragraph (4), which are necessary or appropriate to a community development program;

(6) relocation payments and assistance for individuals, families, business, nonprofit organizations, and farm operations displaced or temporarily dislocated by community development activities;

(7) conservation and rehabilitation of existing properties and facilities through code enforcement, interim assistance, or other programs of rehabilitation, or the elimination of slums and harmful physical conditions which constitute a danger to public health and safety through demolition or other activities;

(8) development or redevelopment of surplus real property within the meaning of the Federal Property and Administrative Services Act of 1949 acquired pursuant to section 414 of the Housing and Urban Development Act of 1969, or otherwise;

(9) payment of administrative costs and carrying charges related to the planning execution, and evaluation of community development programs;

(10) payment of the cost of completing a project funded under title I of the Housing Act of 1949;

(11) provision of technical or financial assistance to other units of general local government within the boundaries of the community development agency or to persons or organizations providing necessary or appropriate services, including advisory services, to the planning and execution of a community development program;

(12) provision, in areas where other activities assisted under this chapter are being carried out in a concentrated manner and where necessary or appropriate to the execution of a community development program, of grants or loans for the rehabilitation and conservation of properties; and

(13) provision of necessary or appropriate additional public services not otherwise available, in areas where other activities assisted under this chapter are being carried out in a concentrated manner, if such services are directed toward (A) improving the community's public services and facilities, including those concerned with the employment, crime prevention, child care, health, drug abuse, education, welfare, or recreation needs of persons residing in such areas, and (B) coordinating public and private development programs, except that not more than 20 per centum of the amount of grants under this chapter to a locality during any contract period shall be available for the provision of such public services.

AUTHORIZATIONS

SEC. 306. (a) To finance grants under this chapter, the Secretary is authorized to incur obligations on behalf of the United States in the form of contracts or otherwise in amounts aggregating such sum not exceeding $6,100,000,000 as is approved in an appropriation Act. The amount so approved shall become available for obligation on July 1, 1974 and shall remain available until obligated. There are authorized to be appropriated for liquidation of the obligations incurred under this section not to exceed $2,800,000,000 prior to July 1, 1975, which amount may be increased to not to exceed an aggregate of $6,100,000,000 prior to July 1, 1976. Subject to the limitations contained in the preceding sentence, appropriations for—

(1) grants under title VII of the Housing Act of 1961;

(2) grants under sections 702 and 703 of the Housing and Urban Development Act of 1965; and

(3) supplemental grants under title I of the Demonstration Cities and Metropolitan Development Act of 1966,

may be used, to the extent not otherwise obligated prior to the expiration of one year following the date of enactment of this chapter, for the liquidation of contracts entered into pursuant to this section. Sums so appropriated shall remain available until expended.

(b) To assure program continuity and orderly planning, the Secretary shall submit to the Congress timely requests for increased authorizations for the fiscal years commencing after June 30, 1976, and concurrently with those authorization requests he shall submit his recommendations for any necessary adjustments in the schedule for liquidation of obligations.

ALLOCATION

SEC. 307. (a) Of the amount approved in an appropriation Act pursuant to section 306 and available for obligation, the Secretary shall allocate—

(1) 75 per centum of such amount for community development activities to be undertaken in metropolitan areas; and

(2) 25 per centum of such amount for community development activities to be undertaken in nonmetropolitan areas.

Amounts so allocated shall be available for use in localities within the respective areas where such use of funds is necessary to comply with the requirements of subsection (c) or (e). Any amounts remaining shall be available for use in localities within the respective areas where the community development agencies—

(A) have no basic grant entitlements; or

(B) have basic grant entitlements which are too low to meet urgent community development needs.

(b) Any amount which is allocated by the Secretary under subsection (a) but rejected by the recipient or disapproval by the Secretary shall be allocated for community development activities to be undertaken—

(1) by community development agencies serving localities outside or inside metropolitan areas which have no basic grant entitlements; or

(2) by community development agencies serving localities outside or inside metropolitan areas whose basic grant entitlements are too low to meet urgent community development needs.

(c) Each community development agency shall have an initial two-year entitlement for a grant in an amount equal to twice its basic grant entitlement determined under subsection (d) if, during any of the five fiscal years ending on June 30, 1972, one or more urban renewal projects or neighborhood development programs assisted under title I of the Housing Act of 1949 (or during the fiscal year ending June 30, 1973, or June 30, 1974, in the case of a community development agency serving a locality in which a neighborhood development program was first carried out in either such fiscal year, or with respect to which commitments for assistance have been made), or one or more federally assisted code enforcement programs, or programs under the Demonstration Cities and Metropolitan Development Act of 1966 were being carried out in the locality served by such agency (or with respect to which commitments for assistance have been made).

(d) The Secretary shall determine the basic grant entitlement for each community development agency eligible for such an entitlement under subsection (c) which shall be an amount equal to the sum of (1) the sum of the average, during the five fiscal years ending on June 30, 1972, or (A) loans pursuant to title II of the Housing Amendments of 1955, (B) grants pursuant to title VII of the Housing Act of 1961, (C) advances pursuant to section 702 of the Housing Act of 1954, (D) grants pursuant to title VII of the Housing and Urban Development Act of 1965; and (E) grants pursuant to part A of title I of the Housing Act of 1949; (2) the average annual grant made pursuant to section 105 of the Demonstration Cities and Metropolitan Development Act of 1966 during the five fiscal years ending on June 30, 1972; and (3) the average annual grant made in accordance with part B of title I of the Housing Act of 1949 during the five fiscal years ending in June 30, 1972, or during the fiscal year ending June 30, 1973, or June 30, 1974, in the case of a community development agency serving a locality which first received such a grant during such fiscal year. In determining the amount of such entitlement, the Secretary shall exclude any part of the amount of any such grant or loan which was made to assist in recovery from natural disasters.

(e) A grant under this chapter shall be made pursuant to a two-year contract entered into on the basis of an application submitted under section 308, except in the case of a locality which applies for assistance under section 308(c). The amount of the grant for a community development agency during the first two-year contract period after the date of enactment of this chapter shall—

(1) be twice the agency's basic grant entitlement if the agency has such an entitlement, unless (A) the agency applies for an amount which is less than its basic grant entitlement, (B) the Secretary disapproves all or any part of the application in accordance with the procedures set forth in section 308(a), or (C) the Secretary increases the amount of the grant to meet the agency's urgent community development needs (taking into account situations in which the agency's basic grant entitlement does not accurately reflect recent levels of funding for the programs listed in subsection (d)); or

(2) be the amount determined by the Secretary on the basis of an application submitted under section 308 for any community development agency which has no basic grant entitlement.

The amount of such grant during any immediately succeeding two-year contract period may not be less than 80 per centum nor more than 120 per centum of the amount of such grant (excluding any part of such grant which was rceived by the community development agency to assist in recovery from a natural disaster or to meet urgent community development needs) during the immediately preceding contract period, unless—

(i) the Secretary disapproves the application or any part thereof in accordance with the procedures set forth in section 308(e);

(ii) the agency applies for a grant which is less than 80 per centum of the grant during the immediately preceding contract period; or

(iii) the agency receives an additional amount to meet urgent community development needs.

In determining the amount of grants for succeeding contract periods, the Secretary shall consider the relationships of the proposed activities to the problems described in section 302 which assistance under this chapter should be directed toward and to the objectives of this chapter under section 303, whether the proposed program involves intergovernmental cooperation, and whether the applicant has demonstrated performance in community development activities.

(f)(1) If at the time the Secretary computes the amount of any allocation or the amount of any grant to which a community development agency is entitled under this chapter, the full amount of funds authorized to be appropriated is not available for obligation as prescribed in section 306(a), the Secretary may (notwithstanding any other provision of this chapter) make such adjustment in that computation as he deems desirable to assure a balance between metropolitan and nonmetropolitan areas in the distribution of funds to communities which have no basic grant entitlements and to communities whose basic grant entitlements are too low to meet their urgent development needs.

(2) If at the time the Secretary computes the amount of any allocation or the amount of any grant to which a community development agency is entitled under this chapter, the aggregate grants required pursuant to subsection (c) or (e) exceed the total amount of funds authorized and appropriated, the Secretary may (notwithstanding any other provision of this chapter) make such adjustment in that computation, including a ratable reduction in such grants, as may be necessary to provide an equitable distribution of funds in a manner consistent with the purposes of this chapter.

(g) The Secretary is authorized, as soon as practicable during any fiscal year, to reallocate amounts which are unobligated or which are expected to be unobligated during that fiscal year in such manner as he deems appropriate to carry out the objectives of this chapter.

(h) The Secretary shall, to the extent he deems feasible, reserve out of sums allocated under this section sufficient amounts to meet the community development objectives contained in any new community development program approved by the Secretary under title VII of the Housing and Urban Development Act of 1970 or to meet community development objectives of a new community development assisted under title IV of the Housing and Urban Development Act of 1968.

(i) The Secretary shall encourage and promote the submission of applications by combinations of two or more units of general local government (one of which is an urban county), which in the aggregate contain a significant portion of the population of the metropolitan area in which they are located. As used in this subsection, the term "urban county" means a county which is within a metropolitan area and which has (1) at least 75 per centum of the population of a multicounty metropolitan area, or (2) a population of two hundred thousand or more.

APPLICATION AND REVIEW

SEC. 308. (a) Financial assistance shall be granted under this chapter only upon the basis of a two-year application by a community development agency. Each application shall contain the following:

(1) SUMMARY PLAN.—A summary of a four-year community development plan which demonstrates a comprehensive strategy for meeting the community's development needs, and which shall include proposed programs—

(A) to meet the housing needs, including replacement and relocation needs (and needs arising from the installation or relocation of Government facilities), of families who may reasonably be expected to seek housing in the community, particularly those families with low or moderate income;

(B) to prevent and eliminate slums and blight, and upgrade deteriorating and deteriorated neighborhoods through renewal, code enforcement, and other community improvement programs; and

(C) to improve and upgrade community services and facilities and to provide increased economic opportunities for residents in areas affected by community development activities, particularly those residents with low or moderate incomes.

(2) ACTIVITIES PROGRAM.—A description of the activities to be undertaken with assistance under this chapter over the next two-year period which are designed to meet community development goals and their estimated costs, the general location of these activities, and any requirements for Federally assisted housing units and rehabilitation loans. Not more than 10 per centum of such estimated costs during any contract period may be designated for unspecified local option activities or to provide a contingency account for otherwise eligible activities.

(3) CERTIFICATIONS.—A certification that the applicant—

(A) has determined that activities to be carried out with assistance under this chapter are consistent with the objectives of this chapter and with local and areawide comprehensive development plans and national growth policies;

(B) has afforded or will afford an adequate opportunity for public hearings prior to any acquisition of private land included in the proposed development activities pursuant to reasonable prior notice;

(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;

(D) has made provisions for the relocation of all families who are displaced as a result of the activities assisted under this chapter, and has provided in the housing market area (by construction or rehabilitation) standard housing units for occupancy for low and moderate income families at least equal in number to the number of units occupied by such families prior to the demolition or removal of any residential structure or structures, except that if the Secretary determines that the percentage of vacancies in existing housing in the area is 5 per centum or more, he may waive the requirement for such certification to the extent he determines there are existing standard housing units in such area which will be available for occupancy by low and moderate income families who are being displaced as a result of such activities; and

(E) has adopted or will adopt and will enforce such housing, building, and related codes as are necessary to assure that housing in the community will meet reasonable standards with respect to safety, sanitation, and habitability.

(4) PERFORMANCE REPORT.—A report concerning the community development activities which were carried out during the immediately preceding contract period, if any, and their costs, including an assessment of such activities in relation to the community's development goals and the objectives of this chapter.

(b)(1) A community development agency may not expend in the aggregate during any contract period more than 20 per centum of grants under this chapter for activities which are not intended to be of direct and significant benefit to families of low or moderate income or to areas which are blighted or deteriorating, except that the Secretary may alter or modify the requirements of this paragraph if he certifies that such alteration or modification is necessary to meet urgent community needs.

(2) Grants provided under this chapter may not be expended for the construction of community facilities which do not provide services principally intended to serve areas within the general location described in the application pursuant to subsection (a)(2), or for the construction of schools, libraries, city halls, civic auditoriums, police stations, hospitals, sports arenas, or parking garages.

(3) Notwithstanding any other provision of law but subject to the other provisions of this chapter, grants provided under this chapter may be used as a non-Federal contribution in connection with other Federal programs.

(c) The Secretary may waive all or part of the requirements contained in subsection (a)(1), if (1) the application for assistance is in behalf of a locality having a population of less than 25,000 according to the most recent data compiled by the Bureau of the Census which is located either (A) outside a standard metropolitan statistical area, or (B) inside such an area but outside an "urbanized area" as defined by the Bureau of the Census (or as such definition is modified by the Secretary for purposes of this chapter), (2) the application relates to the first community development activity to be carried out by such locality with assistance under this chapter, (3) the assistance requested is for a single development activity under this chapter of a type eligible for assistance under the provisions of law referred to in clauses (1) through (4) of section 317 (b), and (4) the Secretary determines that, having regard to the nature of the activity to be carried out, such waiver is not inconsistent with the purposes of this chapter.

(d) Unless a hearing has been held at least 30 days before the submission to the Secretary of an application under this section, the community development agency shall cause the application to be published at least 30 days before such submission, in such a manner as to afford affected citizens a reasonable opportunity to examine and comment upon the proposed application.

(e)(1) The Secretary shall make his determination with respect to any application and give written notice of his approval or disapproval within 90 days after submission of the application. Each application providing for continuation or revision of an ongoing community development program shall be deemed approval by the Secretary within 90 days after submission, unless the Secretary notifies the applicant in writing of his disapproval of the application or any part thereof, setting forth the reasons therefor.

(2) The Secretary may not approve any part of an application for assistance under this chapter for any community development activity if he determines—

(A) that such activity is not eligible for assistance under the provisions of this chapter; or

(B) that the applicant has not furnished adequate information under subsection (a) with respect to such activity.

(3) The Secretary shall disapprove an application (in whole or in part) if he determines that the applicant has not carried out its contractual commitments pursuant to any previous application, or has not carried out other obligations imposed by this chapter, including compliance with representations contained in the certifications required by subsection (a)(3) during the contract period immediately preceding the period for which assistance is being sought. In any case in which the Secretary disapproves all or part of an application under this paragraph, he may subsequently approve that application or part thereof only if the applicant furnishes such assurances and meets such other conditions as the Secretary may require to insure that such commitments and obligations will be carried out by the applicant in its community development activities during the contract period for which assistance is being sought.

(4) Upon approval of any application, the Secretary shall reserve funds, to the extent he deems it to be necessary and feasible, to meet the housing and rehabilitation requirements specified in the application.

GRANTS

SEC. 309. (a) The Secretary is authorized to make grants to assist community development agencies in carrying out community development activities. Such grants shall be made pursuant to contracts providing for payments with respect to activities to be carried out over a period of two years, except in the case of a contract entered into pursuant to an application under section 308(c). Except as otherwise herein provided, the amount of any such grant to any such agency shall not exceed 90 per centum of the total net program cost as determined by the Secretary, except that in cases of extreme hardship as determined by the Secretary such grant may be in an amount equal to the total net program cost. In any case where the execution of a community development program involves the making of rehabilitation grants or relocation payments, any grant made to any such agency may be increased, notwithstanding any other provision of law but subject to the limitations prescribed in section 307, to include the full costs of making such rehabilitation grants and, in the case of relocation payments, the full costs of making such payments but not to exceed $25,000 for any displaced person as such term is defined in section 101(6) of the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970. The Secretary shall require that any part of the total net program cost which is to be provided by local or other non-Federal sources shall consist of cash grants, except that the Secretary shall accept in lieu of any other required local contribution under this chapter, an equivalent amount of local contribution credits which would have been allowable with respect to any project which was proposed for assistance under part B of title I of the Housing Act of 1949, if he finds that—

(1) the proposed project was designed to meet an unusual or exceptional need for housing for low-income families;

(2) an application for such proposed project was under active consideration on December 31, 1972, and such application had adequate prospects for approval under the law and policies applicable on such date; and

(3) the activities that will be carried out under this chapter by the community development agency receiving the benefit of such credits include activities whose purpose is similar to that of the proposed project.

Notwithstanding the provisions of paragraphs (1), (2) and (3), the Secretary shall, during the two year period beginning on the date of enactment of this chapter, accept in lieu of any other required local contribution under this chapter, an equivalent amount of local contribution credits allowable for those facilities which are currently eligible as such under title I of the Housing Act of 1949, where the facilities have been reflected in the financing plans of, and have already been constructed or are under construction in an ongoing urban renewal project or neighborhood development program activity area as of the date of enactment of this chapter.

(b) In determining the total cost of carrying out any community development activity there shall be excluded that part of such cost as is payable under any other Federal grant program.

(c) As used in subsection (a), the term "rehabilitation grant" means a grant not exceeding $4,000 made to a low-income individual or family who owns and occupies real property and only for the purpose of covering the cost of repairs and improvements necessary to make such real property conform to public standards for decent, safe, and sanitary housing as required by applicable codes or requirements of the community development program.

LOANS

SEC. 310. (a) To assist local communities in undertaking community development activities, including the provision of interim financing for activities authorized under section 304 (5), the Secretary may make loans to community development agencies in accordance with the provisions of this Act for the undertaking of community development programs. Such loans outstanding at any one time shall be in such amounts not exceeding the estimated expenditures to be made by the community development agency for such purposes, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner and be repaid within such period (which need not be limited to the two-year period referred to in section 309) as may be deemed advisable by the Secretary. The principal amount of any such loan which is outstanding at any one time shall not exceed the estimated expenditures to be made by the community development agency for its community development program.

(b) The Secretary is authorized to consent to a pledge by any community development agency of a loan contract entered into pursuant to this section, and of any or all of its rights thereunder, as security for the repayment of the principal of and the interest on loan funds obtained from sources other than the Federal Government for the pur-

pose set forth in this subsection. In connection with any such pledge of a loan contract, including community development loan payments thereunder, as security for the repayment of obligations of the agency held by a lender other than the Federal Government, the Secretary is authorized to agree to pay, through operations of a paying agent or agents, and to pay or cause to be paid when due, from funds obtained pursuant to this section, to the holders of such obligations (or to their agents or designees) the principal of and the interest on such obligations, subject to such conditions as the Secretary may determine but without regard to any other condition or requirement. Notwithstanding any other provision of law, any contract or other instrument executed by the Secretary which, by its terms, includes an obligation of the Secretary to make payment pursuant to this subsection shall be construed by all officers of the United States separate and apart from the loan contract and shall be incontestable in the hands of a bearer and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Secretary pursuant to this subsection.

(c) The total amount of loan contracts outstanding at any one time under this chapter shall not exceed the aggregate of the estimated expenditures to be made by community development agencies as part of the cost of the community development activities assisted by such contracts. To obtain funds for loan disbursements under this chapter, the Secretary may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount which shall not, unless authorized by the President exceed $1,500,000,000. For the purpose of establishing unpaid obligations as of a given date against the authorization contained in the preceding sentence, the Secretary shall estimate the maximum amount to be required to be borrowed from the Treasury and outstanding at any one time with respect to loan commitments in effect on such date.

(d) Notes or other obligations issued by the Secretary under this chapter shall be in such forms and denominations, have such maturities, and be 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 rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued under this chapter and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. 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.

(e) Obligations, including interest thereon, issued by community development agencies for projects assisted pursuant to this chapter, and income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

REPORTING REQUIREMENTS

SEC. 311. (a) Not later than 180 days after the close of each fiscal year in which assistance under this chapter is furnished, the Secretary shall submit to the Congress a report which shall contain—

(1) a description of the progress made in accomplishing the objectives of this chapter;

(2) a summary of the use of such funds as approved by the Secretary during the preceding fiscal year; and

(3) a list of the certifications made by the Secretary with respect to alterations or modifications of the requirements of section 308(b)(1).

(b) The Secretary is authorized to require community development agencies assisted under this chapter to submit to him such reports and other information as may be necessary in order for the Secretary to make the report required by subsection (a).

(c) Not later than March 31, 1977, the Secretary shall make a report to the Congress setting forth such recommendations as he deems advisable, in furtherance of the purposes and policy of this chapter, for modifying or expanding the provisions of this chapter relating to the method of funding and the allocation of funds, and the determination of the basic grant entitlement, and for the application of such provisions in the future distribution of funds under this chapter.

CONSULTATION

SEC. 312. In carrying out the provisions of this chapter, including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administered Federal grant-in-aid programs.

TECHNICAL ASSISTANCE

SEC. 313. (a) The Secretary is authorized to undertake such activities as he determines to be desirable to provide technical assistance to smaller communities to assist such communities in planning, developing, and administering community development programs. Such assistance may be furnished either directly or by contracts or other arrangements, including contracts or arrangements with rural development and area planning agencies.

(b) As used in this section, the term "smaller communities" means any municipality or other political subdivision having a population of less than 25,000 according to the most recent census.

LABOR STANDARDS

SEC. 314. All laborers and mechanics employed by contractors or subcontractors in the performance of work on any construction project financed in whole or in part with funds received under this chapter shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5). This section shall apply to the rehabilitation of residential property only if such residential property is designed for residential use for more than eight families, and to the construction of residential property only if such residential property is designed for occupancy by twelve or more families. The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276(c)).

UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970

SEC. 315. Section 217 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 is amended—

(1) by striking out "or" after "Housing Act of 1949, as amended," and

(2) by adding after "Demonstration Cities and Metropolitan Development Act of 1966" the following: ", or as a direct result of any community development activity assisted under the Community Development Assistance Act of 1974".

INTERSTATE AGREEMENTS

SEC. 316. The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative effort and mutual assistance in support of community development planning and programs carried out under this chapter as they pertain to interstate areas and to localities within such States, and to establish such agencies, joint or otherwise, as they may deem desirable for making such agreements and compacts effective.

EFFECTIVE DATE; TRANSITIONAL TERMINATION OF EXISTING PROGRAMS

SEC. 317. (a) This chapter takes effect on the date of its enactment.

(b) Upon the expiration of one year following the date of enactment of this chapter, no new grants or loans shall be made (except with respect to projects or programs for which funds have been committed on or before the expiration of such period) pursuant to—

(1) title II of the Housing Amendments of 1955;

(2) title VII of the Housing Act of 1961;

(3) section 702 of the Housing Act of 1954;

(4) title VII of the Housing and Urban Development Act of 1965;

(5) title I of the Housing Act of 1949; and

(6) title I of the Demonstration Cities and Metropolitan Development Act of 1966.

(c) Section 3689 of the Revised Statutes, as amended (31 U.S.C. 711), is amended by adding at the end thereof a new paragraph as follows:

"(22) For payments required from time to time under contracts entered into pursuant to section 103(b) of the Housing Act of 1949 with respect to projects or programs for which funds have been committed on or before June 30, 1974, and for which funds have not previously been appropriated."

(d) The Secretary is authorized to transfer the assets and liabilities of any superseded or nonactive program of housing or urban development to the revolving fund for liquidating programs established pursuant to title II of the Independent Officers Appropriation Act of 1955 (Public Law 81–428; 68 Stat. 272, 295).

TRANSITIONAL AUTHORIZATION FOR URBAN RENEWAL

SEC. 318. The first sentence of section 103(b) of the Housing Act of 1949 is amended by striking out "and by $664,000,000 on July 1, 1973" and inserting in lieu thereof "by $664,000,000 on July 1, 1973, by $300,000,000 on July 1, 1974, and by not to exceed $600,000,000 on the date of enactment of the Housing and Community Development Act of 1974, but such $600,000,000 shall be available only to the extent necessary for expenses incurred in the completion, during the one-year period commencing on the date of enactment of such Act, of programs and projects assisted under this title".

CHAPTER IV—COMPREHENSIVE PLANNING

COMPREHENSIVE PLANNING

SEC. 401. (a) Section 701(a) of the Housing Act of 1954 is amended—

(1) by striking out the part which precedes paragraph (1) and inserting in lieu thereof the following:

"SEC. 701. (a) In order to assist general purpose units of government and regional combinations thereof at the State and local level in solving planning problems and developing the management capacity to implement plans to solve these problems, including planning and related management problems resulting from an increasing concentration of population in metropolitan and other urban areas and the outmigration from and lack of coordinated development of resources and services in rural areas; to facilitate the comprehensive planning process for urban and rural developments; to encourage the

development by such governments of a more rational process for setting policy objectives, designing, and overseeing programs for meeting these objectives, and evaluating the progress of such programs toward these objectives; and to help such governments to establish and improve the professional capabilities of staffs charged with carrying out activities permitted under this section and to engage private consultants where their professional services are deemed appropriate by the assisted governments, the Secretary, upon application and in accordance with the requirements of this section, is authorized to make grants to—";

(2) by striking out "State planning agencies" in paragraph (1) and inserting in lieu thereof "States", and by inserting after "Indian reservations" the following: "(E) any unit or units of local government or organizations which are eligible recipients under paragraphs (3), (4), and (5) of this subsection if the Secretary finds that the State and the unit or units of local government have mutually agreed to State administration of the program, except that no such unit of local government shall be denied funds because of failure to enter into such an agreement with the State".

(3) by striking out the numbered paragraphs following paragraph (1) and inserting in lieu thereof the following:

"(2) States for State and interstate activities which may be assisted under this section;

"(3) Cities (including the District of Columbia) having populations of at least 50,000 according to the latest decennial census for local activities which may be assisted under this section;

"(4) Counties within metropolitan areas which have a population of at least 50,000;

"(5) The areawide organization in any metropolitan area, or in any region or district, which is formally charged with carrying out the provisions of section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 and section 401 of the Intergovernmental Cooperation Act of 1968, and in the case of any area or district of a State which is not a metropolitan area and does not have an organization which is charged with carrying out the provisions of section 401 of the Intergovernmental Cooperation Act of 1968, that agency authorized by the Governor of the State to carry out comprehensive planning for the area, region, or district: *Provided*, That any such areawide organization, and any such agency to the extent practicable, shall (A) be composed of or responsible to the elected officials of the unit or units of general local government for the jurisdictions of which they are empowered to carry out the provisions of the acts referred to above, or (B) be composed of persons elected by the citizens of such jurisdictions;

"(6) Indian tribal groups or bodies; and

"(7) Other governmental units or agencies having special planning needs related to the purposes of this section, including but not limited to interstate regional planning commissions, and units or agencies for disaster areas, federally impacted areas, and local development districts, to the extent these needs cannot otherwise be adequately met."; and

(4) by striking out the part which follows the numbered paragraphs and inserting in lieu thereof the following:

"Activities assisted under this section shall, to the maximum extent feasible, cover entire areas having common or related development problems. The Secretary shall encourage cooperation in preparing and carrying out plans among all interested municipalities, political subdivisions, public agencies, and other parties in order to achieve coordinated development of entire areas. To the maximum extent feasible, pertinent plans and studies already made for areas shall be utilized so as to avoid unnecessary repetition of effort and expense. Activities assisted under this section shall be subject to the provisions of section 204 of the Demostration Cities and Metropolitan Development Act of 1966 and section 401 of the Intergovernmental Cooperation Act of 1968."

(b) Section 701 of such Act is further amended by striking out all that follows subsection (a) and inserting in lieu thereof the following:

"(b) Activities which may be assisted under this section include those necessary (1) to develop and carry out a comprehensive plan as part of an ongoing planning process, (2) to develop and improve the management capability directly necessary to implement such plan or part thereof, and (3) to develop a policy-planning-evaluation capacity so that the recipient may more rationally (A) determine its needs, (B) set long-term goals and short-term objectives, (C) devise programs and activities to meet these goals and objectives, and (D) evaluate the progress of such programs in accomplishing those goals and objectives. Activities assisted under this section shall be carried out by professionally competent persons. Procedures, guidelines, and regulations to implement this section shall be consistent with provisions of the Intergovernmental Cooperation Act of 1968.

"(c) Each recipient of assistance under this section shall carry out an ongoing comprehensive planning process which shall make provision for public hearings and the active participation of citizen groups. The process shall involve the development and subsequent modifications of a comprehensive plan which shall be reviewed at least biennially for necessary or desirable amendments. The review of any such plan shall include public hearings. Any such plan shall include, as a minimum, each of the following elements:

"(1) A housing element which shall take into account all available evidence of the assumptions and statistical bases upon which the projection of zoning, community facilities, and population growth is based, so that the housing needs of both the region and the local communities studied in the planning will be adequately covered in terms of existing and prospective population growth. The development and formulation of State and local goals pursuant to title XVI of the Housing and Urban Development Act of 1968 shall be a part of such a housing element.

"(2) A five-year-capital-programing element, including the scheduling of public facilities and capital improvements consistent wth other elements of the plan, and based on a determination of relative urgency.

"(3) A land-use element which shall include (A) studies, criteria, standards, and implementing procedures necessary for effectively guiding and controlling major decisions as to where growth shall take place within the recipient's boundaries, and (B) as a guide for governmental policies and activities, general plans with respect to the pattern and intensity of land use for residential, commercial, industrial, and other activities.

Each of the elements set forth above shall specify (i) broad goals and annual objectives (in measurable terms wherever possible), (ii) programs designed to accomplish these objectives, and (iii) procedures, including criteria set forth in advance, for evaluating programs and activities to determine whether they are meeting objectives. Such elements shall be consistent with each other and consistent with stated national growth policy.

"(d) After an initial application for assistance under this section has been approved, the Secretary may make grants on an annual basis, if—

"(1) the applicant submits to the Secretary annually a description of its work program designed to meet objectives for the next succeeding one-year period and setting forth any changes the applicant intends to undertake to achieve better progress; and

"(2) the applicant submits to the Secretary biennially (A) an evaluation of the progress made by it during the previous two years in meeting objectives set forth in its plan, and (B) a description of any changes in the plan's goals or objectives.

The Secretary shall make no grant—

"(i) to any applicant which has not made a good faith effort to implement its goals and objectives as set forth in its comprehensive plan; and

"(ii) after three years from the date of enactment of this provision, to any applicant (other than an applicant described in paragraph (6) or (7) of subsection (a)), unless the Secretary is satisfied that the comprehensive planning being carried out by the applicant includes the elements specified in paragraphs (1)–(3) of subsection (c).

"(e) A grant made under this section shall not exceed 80 per centum of the estimated cost of the work for which the grant is made. There are authorized to be appropriated for the purposes of this section not to exceed $265,000,000 prior to July 1, 1969, not to exceed $470,000,000 prior to July 1, 1972, not to exceed $580,000,000 prior to July 1, 1974, and not to exceed $800,000,000 prior to July 1, 1976. Of the sums appropriated for any fiscal year commencing after June 30, 1974, there shall be available solely for grants to applicants described in paragraph (5) of subsection (a) an amount equal to (1) 30 per centum of any sums so appropriated which do not exceed $125,000,000 in the aggregate, and (2) 25 per centum of any sums so appropriated which are in excess of such $125,000,000. Any amounts appropriated under this section shall remain available until expended and amounts authorized but not appropriated for any fiscal year shall be available for appropriation for any subsequent fiscal year ending on or before June 30, 1976.

"(f) It is the further intent of this section to encourage comprehensive planning on a unified basis for States, cities, counties, metropolitan areas, districts, regions, and Indian reservations and the establishment and development of the organizational units needed therefor. In extending financial assistance under this section, the Secretary may require such assurances as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. The Secretary is authorized by contract, grant, or otherwise to provide technical assistance to State and local governments, and interstate and regional combinations thereof, to Indian tribal bodies, and to governmental units or agencies described in subsection (a)(6), undertaking such planning and, by contract or otherwise, to make studies and publish information on comprehensive planning and related management problems.

"(g) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative effort and mutual assistance in the comprehensive planning for the growth and development of interstate, metropolitan, or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.

"(h) In addition to the planning grants authorized by subsection (a), the Secretary is further authorized to make grants to organizations composed of public officials representative of the political jurisdictions within the metropolitan area, region, or district for the purpose of assisting such organizations to undertake studies, collect data, develop metropolitan, regional, and district plans and programs, and engage in such other activities, including implementation of such plans,

as the Secretary finds necessary or desirable for the solution of the metropolitan, regional, or district problems in such areas, regions, or districts. To the maximum extent feasible, all grants under this subsection shall be for activities relating to all the developmental aspects of the total metropolitan area, region, or district including, but not limited to, land use, transportation, housing, economic development, natural resources development, community facilities, and the general improvement of living environments.

"(i) In addition to the other grants authorized by this section, the Secretary is authorized to make grants to assist any city, other municipality, or county in making a survey of, or in acquiring, the structures and sites in such locality which are determined by its appropriate authorities to be of historic or architectural value. Any such survey shall be designed to identify the historic structures and sites in the locality, determine the cost of their rehabilitation or restoration, and provide such other information as may be necessary or appropriate to serve as a foundation for a balanced and effective program of historic preservation in such locality. The aspects of any such survey which relate to the identification of historic and architectural values shall be conducted in accordance with criteria found by the Secretary to be comparable to those used in establishing the national register maintained by the Secretary of the Interior under other provisions of law; and the results of each such survey shall be made available to the Secretary of the Interior. A grant under this subsection shall be made to the appropriate agency or entity specified in paragraphs (1) through (6) of subsection (a) or, if there is no such agency or entity which is qualified and willing to receive the grant and provide for its utilization in accordance with this subsection, directly to the city, other municipality, or county involved.

"(j) Grants made under this section may be used, subject to regulations and conditions prescribed by the Secretary, for any activities made eligible by the provisions of this section; but such regulations shall provide that grant assistance shall not be used to defray the cost of the acquisition (other than historic structures and sites as provided in subsection (i)), construction, repair, or rehabilitation of, or the preparation of engineering drawings or similar detailed specifications for, specific housing, capital facilities, or public works projects.

"(k) The Secretary shall consult with the heads of other Federal departments and agencies having responsibilities related to the purposes of this section, including responsibilities connected with the economic development of rural and depressed areas, and the protection and enhancement of the Nation's natural environment, with respect to (1) general standards, policies, and procedures to be followed in the administration of this section, and (2) particular grant actions or approvals which the Secretary believes to be of special interest or concern to one or more of such departments and agencies.

"(l) Funds made available under any Federal assistance program for projects or activities, approved as part of or in furtherance of a planning program or related management activities assisted under this section, may be used jointly with funds made available for such projects or activities under any other Federal assistance program, subject to regulations prescribed by the President. Such regulations may include provisions for common technical or administrative requirements where varying or conflicting provisions of law or regulations would otherwise apply, for establishing joint management funds and common non-Federal shares, and for special agreements or delegations of authority, among different Federal agencies in connection with the supervision or administration of assistance. Such regulations shall in any case include appropriate criteria and procedures to assure that any special authorities conferred, which are not otherwise provided for by law, shall be employed only as necessary to promote effective and efficient administration and in a manner consistent with the protection of the Federal interest and program purposes or statutory requirements of a substantive nature. For purposes of this subsection, the term 'Federal assistance program' has the same meaning as in the Intergovernmental Cooperation Act of 1968.

"(m) The Secretary may, as necessary or appropriate and with the approval of the President, delegate any of his powers under this section to the heads of other Federal agencies and authorize the redelegation thereof, subject to such conditions or provisions as may be appropriate to assure effective coordination between the powers so delegated and other powers or functions retained by the Secretary.

"(n) As used in this section—

"(1) The term 'metropolitan area' means a standard metropolitan statistical area, as established by the Office of Management and Budget, subject, however, to such modifications or extensions as the Secretary deems to be appropriate for the purposes of this section.

"(2) The term 'region' includes (A) all or part of the area of jurisdiction of one or more units of general local government, and (B) one or more metropolitan areas.

"(3) The term 'district' includes all or part of the area of jurisdiction of (A) one or more counties, and (B) one or more other units of general local government, but does not include any portion of a metropolitan area.

"(4) The term 'comprehensive planning' includes the following:

"(A) preparation, as a guide for governmental policies and action, of general plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other government services, and (iii) the effective development and utilization of human and natural resources;

"(B) identification and evaluation of area needs (including housing, employment, education, and health) and formulation of specific programs for meeting the needs so identified;

"(C) surveys of structures and sites which are determined by the appropriate authorities to be of historic or architectural value;

"(D) long-range physical and fiscal plans for such action;

"(E) programing of capital improvements and other major expenditures, based on a determination of relative urgency, together with definite financing plans for such expenditures in the earlier years of the program;

"(F) coordination of all related plans and activities of the State and local governments and agencies concerned; and

"(G) preparation of regulatory and administrative measures in support of the foregoing.

Comprehensive planning for the purpose of districts shall not include planning for or assistance to establishments in relocating from one area to another or subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts theretofore customarily performed by them. The limitation set forth in the preceding sentence shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity, if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

"(o) In carrying out the provisions of this section relating to planning for States, regions, or other multijurisdictional areas whose development has significance for purposes of national growth and urban development objectives, the Secretary shall encourage the formulation of plans and programs which will include the studies, criteria, standards, and implementing procedures necessary for effectively guiding and controlling major decisions as to where growth should take place within such States, regions, or areas. Such plans and programs shall take account of the availability of and need for conserving land and other irreplaceable natural resources; of projected changes in size, movement, and composition of population; of the necessity for expanding housing and employment opportunities; of the opportunities, requirements, and possible locations for new communities and large-scale projects for expanding or revitalizing existing communities; and of the need for methods of achieving modernization, simplification, and improvements in government structures, systems, and procedures related to growth objectives. If the Secretary determines that activities otherwise eligible for assistance under this section are necessary to the development or implementation of such plans and programs, he may make grants in support of such activities to any governmental agency or organization of public officials which he determines is capable of carrying out the planning work involved in an effective and efficient manner and may make such grants in an amount equal to not more than 80 per centum of the cost of such activities."

COORDINATION OF FEDERAL AIDS IN METROPOLITAN AREAS

SEC. 402. (a) Section 204(a) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended to read as follows:

"(a) All applications for Federal loans or grants to assist in carrying out open-space land projects or comprehensive planning activities or for the planning and construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, law enforcement facilities, water development and land conservation projects, and other community development activities within any metropolitan area shall be submitted for review—

"(1) to an areawide agency which has prepared or is in the process of preparing a metropolitan or regional plan for the area within which the assistance is to be used and which is (i) predominantly composed of or responsible to the elected officials of a unit of areawide government or of the units of general local government within the jurisdiction of which such agency is authorized to engage in such planning, or (ii) directly responsible to citizens of that area; except that if State laws do not provide for the establishment of agencies of the type described in clause (i) or (ii), the review herein required may be made by an areawide agency or other entity established under applicable State law which is, to the greatest extent practicable, composed of or responsible to the elected officials referred to in clause (i); and

"(2) if made by a special purpose unit of local government, to the unit or units of general local government with authority to operate in the area within which the project is to be located."

(b) Section 204 of such Act is further

amended by adding at the end thereof a new subsection as follows:

"(d) Federal agencies administering programs referred to in subsection (a), or specified in rules and regulations issued under subsection (c) of this section or section 401 of the Intergovernmental Cooperation Act of 1968, shall make a report to the Congress, not later than July 1, 1976, concerning their administration of this section and title IV of the Intergovernmental Cooperation Act. The report of any such agency shall include the agency's procedures for administering its responsibilities under rules and regulations so issued, and for each type of applicant—

"(1) the number of applications received by the agency which are subject to such rules and regulations;

"(2) the number (A) of such applications accompanied by comments from State, areawide, or regional agencies, (B) of such applications accompanied by certification under subsection (b)(2), and (C) of such applications which are not accompanied by either comments or such certifications; and

"(3) the number of applicants referred to in each of the clauses (A), (B), and (C) of paragraph (2) with respect to which (i) generally favorable comments, and (ii) generally adverse comments were received from agencies, and the number of such applications which were (A) approved, (B) disapproved, (C) returned to the applicant for further information or revision, and (D) not acted upon.

The report of any such agency shall also indicate the approximate length of time after the approval or disapproval of an application before the agency gives the required notice to the State, areawide, or regional agency making comments with respect to such application. Such report shall contain an evaluation by the reporting agency with respect to the effect of this section, and of rules and regulations prescribed pursuant to subsection (c), on its operations, together with recommendations for improvement."

TRAINING AND FELLOWSHIP PROGRAMS

SEC. 403. (a) Section 801(b) of the Housing and Urban Development Act of 1964 is amended to read as follows:

"(b) It is the purpose of this title to provide fellowships for the graduate training of professional city and regional planning, and management, and housing specialists, and professionally trained personnel with a general capacity in urban affairs and problems; to make grants to and contracts with institutions of higher education (or combinations of such institutions) to assist them in planning, developing, strengthening, improving, or carying out programs or projects for the preparation of graduate or professional students to enter the public service; and to assist and encourage the States and localities, in cooperation with public and private universities and colleges and urban centers and with business firms and associations, labor unions, and other interested associations and organizations, to (1) organize, initiate, develop, and expand programs which will provide special training in skills needed for economic and efficient community developments to those technical, professional, and other persons with the capacity to master and employ such skills who are, or are training to be, employed by a governmental or public body which has responsibility for community development, or by a private nonprofit organization which is conducting or has responsibility for housing and community development programs, and (2) support State and local research that is needed in connection with housing programs and needs, public improvement programing, code problems, efficient land use, urban transportation, and similar community development problems."

(b) Section 802(a) of such Act is amended to read as follows:

"(a) The Secretary is authorized to provide fellowships for the graduate training of professional city planning, management, and housing specialists, and other persons who wish to develop a general capacity in urban affairs and problems as herein provided. Persons shall be selected for such fellowships solely on the basis of ability and upon the recommendation of the Urban Studies Fellowship Advisory Board established pursuant to subsection (b). Fellowships shall be solely for training in public and private nonprofit institutions of higher education having programs of graduate study in the field of city planning or in related fields (including architecture, civil engineering, economics, municipal finance, public administration, urban affairs, and sociology) which programs are oriented to training for careers in city and regional planning, housing, urban renewal, and community development."

(c) Title VIII of such Act is further amended (1) by redesignating sections 804 through 807 as sections 805 through 808, respectively, and (2) by adding after section 803 a new section as follows:

"PROJECT GRANTS AND CONTRACTS

"SEC. 804. (a) The Secretary is authorized to make grants to or contracts with institutions of higher education, or combinations of such institutions, to assist them in planning, developing, strengthening, improving, or carrying out programs or projects (1) for the preparation of graduate or professional students in the fields of city and regional planning and management, housing, and urban affairs, or (2) for research into, or development or demonstration of, improved methods of education for these professions. Such grants or contracts may include payment of all or part of the cost of programs or projects.

"(b)(1) A grant or contract authorized by this section shall be made only upon application to the Secretary at such time or times and containing such information as he may prescribe, except that no such application shall be approved unless it—

"(A) sets forth programs, activities, research, or development for which a grant is authorized under this section;

"(B) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this subsection; and

"(C) provides for making such reports, in such form and containing such information, as the Secretary may require to carry out his functions under this subsection, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

"(2) Payments under this section may be used, in accordance with regulations of the Secretary, and subject to the terms and conditions set forth in an application approved under paragraph (1), to pay part of the compensation of students employed in professions referred to in subsection (a)(1), except students employed in any branch of the Government of the United States, as part of a program for which a grant has been approved pursuant to this subsection."

(d) Section 807 of such Act as redesignated by subsection (c) of this section, is amended by inserting before the period at the end of the first sentence a comma and the following: "which amount shall be increased by $3,500,000 on July 1, 1974, and by $3,500,000 on July 1, 1975".

CHAPTER V—RURAL HOUSING ASSISTANCE

EXTENSION OF RURAL HOUSING PROGRAM TO GUAM

SEC. 502. Section 501(a)(4) of the Housing Act of 1949 is amended—

(1) by inserting "and" after the comma in clause (A);

(2) by striking out the comma at the end of clause (B) and inserting in lieu thereof the following: "or, if combined with a loan for the improvement, rehabilitation, or repair and not refinanced, is likely to cause a hardship for the applicant."; and

(3) by striking out clauses (C) and (D).

LOANS TO LEASEHOLD OWNERS

SEC. 503. Section 501(b)(2) of the Housing Act of 1949 is amended by striking out "sections 502 and 504" and inserting in lieu thereof "this title".

ESCROW ACCOUNTS FOR TAXES, INSURANCE, AND OTHER EXPENSES

SEC. 504. (a) Section 501 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(e) The Secretary shall establish procedures whereby borrowers under this title may make periodic payments for the purposes of taxes, insurance, and such other necessary expenses as the Secretary may deem appropriate. Such payments shall be held in escrow by the Secretary and paid out by him at the appropriate time or times for the purposes for which such payments were made. The Secretary shall notify a borrower in writing when his loan payments are delinquent.".

(b) The second sentence of section 502(a) of such Act is amended by inserting before the period at the end thereof the following: "and on the borrower prepaying to the Secretary as escrow agent, on terms and conditions prescribed by him, such taxes, insurance, and other expenses as the Secretary may require in accordance with section 501(e)".

(c) Section 517 of such Act is amended—

(1) by striking out "as it becomes due" in the first sentence of subsection (d);

(2) by striking out "prepayment" and "prepayments" each place they appear in subsection (j)(1) and inserting in lieu thereof "payment" and "payments", respectively; and

(3) by inserting before the semicolon at the end of subsection (j)(1) the following: "or until the next agreed annual or semiannual remittance date".

LEASING

SEC. 505. Section 501(a) of the Housing Act of 1949 is amended by adding at the end thereof the following flush sentence:

"The Secretary may provide for the leasing of units financed under this section pursuant to section 8 of the United States Housing Act of 1937, as amended by chapter II of the Housing and Community Development Act of 1974, if he determines that such action would prevent a borrower from losing his home, or that such action would provide assistance necessary for a borrower under this section whose income is insufficient to meet other necessary expenses, as defined by the Secretary."

REHABILITATION LOANS AND GRANTS

SEC. 506. Section 504(a) of the Housing Act of 1949 is amended to read as follows:

"(a) In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 502 and 503 and that repairs or improvements should be made to a rural dwelling occupied by him in order to make such dwelling safe and sanitary and remove hazards to the health of the occupant, his family, or the community, and that repairs should be made to farm buildings in order to remove hazards and make such buildings safe, the Secretary may make a grant or a combined loan and grant to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports, or making similar repairs, additions, or improvements, including all preliminary and installation costs in obtaining central water and sewer service. No assistance shall be extended

to any one individual under this subsection in the form of a loan, grant, or combined loan and grant in excess of $5,000. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable within twenty years in accordance with the principles and conditions set forth in this title, except that a loan for less than $2,500 need be evidenced only by a promissory note. Sums made available by grant may be made subject to the conditions set forth in this title for the protection of the Government with respect to contributions made on loans made by the Secretary.".

RESEARCH AND STUDY PROGRAMS

SEC. 507. (a) Section 506(d) of the Housing Act of 1949 is amended to read as follows:

"(d) The Secretary may carry out the research and study programs authorized by subsections (b) and (c) through grants made by him, on such terms, conditions, and standards as he may prescribe, to land-grant colleges established pursuant to the Act of July 2, 1862 (7 U.S.C. 301–308), or (upon a finding by the Secretary that the research and study involved cannot feasibly be performed through the personnel and facilities of the Department of Agriculture or by land-grant colleges) to such other private or public organizations as he may select.".

(b) Section 506(e) of such Act is amended by striking out "farm housing" each place it appears and inserting in lieu thereof "rural housing".

VETERANS PREFERENCE

SEC. 508. Section 507 of the Housing Act of 1949 is amended—

(1) by inserting after "concurrent resolution of Congress" each place it appears a comma and the following: "or during the period beginning after January 31, 1955, and ending on August 4, 1964, or during the Vietnam era (as defined in section 101(29) of title 38, United States Code),"; and

(2) by inserting "or era" before the period at the end of the third sentence.

UTILIZATION OF COUNTY COMMITTEES

SEC. 509. Section 508(b) of the Housing Act of 1949 is amended to read as follows:

"(b) The committees utilized or appointed pursuant to this section may examine applications of persons desiring to obtain the benefits of section 501(a) (1) and (2) as they relate to the successful operation of a farm, and may submit recommendations to the Secretary with respect to each applicant as to whether the applicant is eligible to receive such benefits, whether by reason of his character, ability, and experience he is likely successfully to carry out undertakings required of him under a loan under such section, and whether the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making of the loan requested will carry out the purposes of this title. The committees may also certify to the Secretary with respect to the amount of any loan."

ASSISTANCE AUTHORIZATION

SEC. 510. Clauses (b), (c), and (d) of section 513 of the Housing Act of 1949 are amended to read as follows: "(b) not to exceed $50,000,000 for loans and grants pursuant to section 504 during the period beginning July 1, 1956, and ending October 1, 1974, which amount shall be increased by $25,000,000 on October 1, 1974, and by $25,000,000 on June 1, 1975; (c) not to exceed $50,000,000 for financial assistance pursuant to section 516 for the period ending October 1, 1974, which amount shall be increased by $25,000,000 on October 1, 1974, and by $25,000,000 on June 1, 1975; (d) not to exceed $250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961, and ending October 1, 1974, and $50,000,000 for the period beginning October 1, 1974, and ending on October 1, 1975;".

MAXIMUM LOAN AMOUNT FOR RENTAL HOUSING

SEC. 511. (a) Section 515(b)(1) of the Housing Act of 1949 is amended—

(1) by striking out "$750,000 or"; and

(2) by striking out "least" and inserting in lieu thereof "less".

(b) Section 515(d)(4) of such Act is amended to read as follows:

"(4) the term 'development cost' means the costs of constructing, purchasing, improving, altering, or repairing new or existing housing and related facilities and purchasing and improving the necessary land, including necessary and appropriate fees and charges, including initial operating expenses up to 2 per centum of the aforementioned costs, approved by the Secretary. Such fees and charges may include payments of qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities."

DEFINITION OF RURAL AREA

SEC. 512. Section 520 of the Housing Act of 1949 is amended by inserting before the period at the end thereof a comma and the following: "or (3) has a population in excess of 10,000 but not in excess of 25,000, and (A) is not contained within a standard metropolitan statistical area, and (B) has a serious lack of mortgage credit, as determined by the Secretary and the Secretary of Housing and Urban Development".

SUBSIDY AND ASSISTANCE PAYMENT FOR LOW-INCOME FAMILIES

SEC. 513. (a) Section 521(a) of the Housing Act of 1949 is amended by inserting "(1)" after "SEC. 521. (a)" and by adding at the end thereof the following new paragraph:

"(2)(A) The Secretary may make and insure loans under this section and sections 514, 515, and 517 to provide rental or cooperative housing and related facilities for person and families of low income in multifamily housing projects, and may make, and contract to make, assistance payments to the owners of such rental housing in order to make available to low-income occupants at rates commensurate to income and not exceeding 25 per centum of income. Such supplemental assistance payments shall be made on a unit basis and shall not be made for more than 20 per centum of the units in any one project, except (i) when the project is financed by a loan under section 515 for elderly housing or by a loan under section 514 and a grant under section 516, such assistance may be made for up to 100 per centum of units, and (ii) when the Secretary determines such action is necessary or feasible, he may make such payments with respect to more than 20 per centum of the units.

"(B) The owner of any project assisted under this paragraph shall be required to provide at least annually a budget of operating expenses and record of tenants' income which shall be used to determine the amount of assistance for each project.

"(C) The project owner shall accumulate, safeguard, and periodically pay to the Secretary any rental charges collected in excess of basic rental charges. These funds may be credited to the appropriation and used by the Secretary for making such assistance payments through the end of the next fiscal year.

"(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, which ever 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 10 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)."

(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."

(c) Section 517(j) of such Act is amended—

(1) by striking out "and" at the end of clause (2);

(2) by striking out the period at the end of clause (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new clause:

"(4) to make assistance payments authorized by section 521(a)(2)."

(d) Section 521(c) of such Act is amended by adding at the end thereof the following new sentence: "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)."

MUTUAL AND SELF-HELP HOUSING

SEC. 514. (a) Section 523(b)(1) of the Housing Act of 1949 is amended by inserting immediately before "; and" at the end thereof a colon and the following: "*Provided*, That the Secretary may advance funds under this paragraph to organizations receiving assistance under clause (A) to enable them to establish contingency land revolving accounts and any such advances shall be noninterest bearing and shall be repaid to the Secretary at the expiration of

the period for which the grant to the organization involved was made".

(b) Section 523(f) of such Act is amended—

(1) by inserting after the first sentence the following new sentence: "In addition, there are authorized to be appropriated to carry out the provisions of this section not to exceed $10,000,000 for each fiscal year commencing after June 30, 1974, and ending prior to July 1, 1976."; and

(2) by striking out "1974" in the last sentence and inserting in lieu there of "1976".

(c) Section 523 of such Act is amended by adding at the end thereof the following new subsection:

"(h) The Secretary shall issue rules and regulations for the orderly processing and review of applications under this section and rules and regulations protecting the rights of grantees under this section in the event he determines to end grant assistance prior to the termination date of any grant agreement."

SITE LOANS

SEC. 515. Section 524(a) of the Housing Act of 1949 is amended to read as follows:

"(a) The Secretary may make loans, on such terms and conditions and in such amounts he deems necessary, to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to families, nonprofit organizations, public agencies, and cooperatives eligible for assistance under any section of this title or any other law which provides for housing financial assistance. Such a loan shall bear interest at a rate not to exceed 5 per centum per annum and shall be repaid within such additional period as may be authorized by the Secretary in any case as being necessary to carry out the purposes of this section."

TECHNICAL AND SUPERVISORY ASSISTANCE

SEC. 516. Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"PROGRAMS OF TECHNICAL AND SUPERVISORY ASSISTANCE FOR LOW-INCOME FAMILIES

"SEC. 525. (a) The Secretary may make grants to or enter into contracts with public or private nonprofit corporations, agencies, institutions, organizations, and other associations approved by him, to pay part or all the cost of developing, conducting, administering, or coordinating effective and comprehensive programs of technical and supervisory assistance which will aid needy low-income individuals and families in benefiting from Federal, State, and local housing programs in rural areas.

"(b) The Secretary is authorized to make loans to public or private nonprofit corporations, agencies, institutions, organizations, and other associations approved by him for the necessary expenses, prior to construction, of planning, and obtaining financing for, the rehabilitation or construction, of housing, the acquisition of land, and land banking for low-income individuals or families under any Federal, State, or local housing program which is or could be used in rural areas. Such loans shall be made without interest and shall be for the reasonable costs expected to be incurred in planning, and in obtaining financing for, such housing prior to the availability of financing, including but not limited to preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, and construction loan fees and discounts. The Secretary shall require repayment of loans made under this subsection, under such terms and conditions as he may require, upon completion of the housing or sooner, and may cancel any part or all of such a loan if he determines that it cannot be recovered from the proceeds of any permanent loan made to finance the rehabilitation or construction of the housing.

"(c) There are authorized to be appropriated for the fiscal years ending June 30, 1975, and June 30, 1976, not to exceed $5,000,000 for the purposes of subsection (a) and not to exceed $5,000,000 for the purposes of subsection (b), Any amounts so appropriated shall remain available until expended, and any amounts authorized for any fiscal year under this subsection but not appropriated may be appropriated for any succeeding fiscal year.

"(d) All funds appropriated for the purpose of subsection (b) shall be deposited in a fund which shall be known as the low-income sponsor fund, and which shall be available without fiscal year limitation and be administered by the Secretary as a revolving fund for carrying out the purposes of that subsection. Sums received in repayment of loans made under subsection (b) shall be deposited in such fund.".

CONDOMINIUM HOUSING

SEC. 517. (a) Title V of the Housing Act of 1949, as amended by section 516 of this chapter, is amended by adding at the end thereof the following new section:

"CONDOMINIUM HOUSING

"SEC. 526. (a) The Secretary is authorized, in his discretion and upon such terms and conditions (substantially identical insofar as may be feasible with those specified in section 502) as he may prescribe, to make loans to persons and families of low or moderate income, and to insure and make commitments to insure loans made to persons and families of low or moderate income, to assist them in purchasing dwelling units in condominiums located in rural areas.

"(b) Any loan made or insured under subsection (a) shall cover a one-family dwelling unit in a condominium, and shall be subject to such provisions as the Secretary determines to be necessary for the maintenance of the common areas and facilities of the condominium project and to such additional requirements as the Secretary deems appropriate for the protection of the consumer.

"(c) In addition to individual loans made or insured under subsection (a) the Secretary is authorized, in his discretion and upon such terms and conditions (substantially identical insofar as may be feasible with those specified in section 515) as he may prescribe, to make or insure blanket loans to a borrower who shall certify to the Secretary, as a condition of obtaining such loan or insurance, that upon completion of the multifamily project the ownership of the project will be committed to a plan of family unit ownership under which (1) each family unit will be eligible for a loan or insurance under subsection (a), and (2) the individual dwelling units in the project will be held only on a condominimum basis and only to purchasers eligible for a loan or insurance under subsection (a). The principal obligation of any blanket loan made or insured under this subsection shall in no case exceed the sum of the individual amounts of the loans which could be made or insured with respect to the individual dwelling units in the project under subsection (a).

"(d) As used in this section, the term 'condominium' means a multiunit housing project which is subject to a plan of family unit ownership acceptable to the Secretary under which each dwelling unit is individually owned and each such owner holds an undivided interest in the common areas and facilities which serve the project."

(b) Section 517(b) of such Act is amended by inserting "526," after "524,".

(c)(1) Section 521(a)(1) of such Act, as amended by section 513 of this chapter, is amended—

(A) by striking out "and loans under section 515" and inserting in lieu thereof "loans under section 515"; and

(B) by inserting after "elderly families," the following: "and loans under section 526 to provide condominium housing for persons and families of low or moderate income,".

(2) Section 521(b) of such Act is amended—

(A) by striking out "or 517(a)(1)" and inserting in lieu thereof ", 517(a)(1), or 526(a)"; and

(B) by inserting "or 526(c)" after "under section 515".

LEGAL SERVICES

SEC. 518. Section 510 of the Housing Act of 1949 is amended—

(1) by inserting "(a)" after SEC. 510.";

(2) by redesignating paragraphs (a) through (g) as paragraphs (1) through (7), respectively;

(3) by redesignating subparagraphs (1) and (2) of paragraph (3) (as redesignated) as subparagraphs (A) and (B), respectively; and

(4) by adding at the end thereof a new subsection as follows:

"(b) The Secretary shall accord to all qualified attorneys an equal opportunity to participate in providing such title, closing, or other legal services as may be required by persons receiving direct or insured loans under this title."

TRANSFER OF LIABILITIES

SEC. 519. Section 517(b) of the Housing Act of 1949 is amended by adding at the end thereof the following: "The notes held in the Agricultural Credit Insurance Fund (7 U.S.C. 1929) which evidence loans made or insured by the Secretary under section 514 or 515(b), the rights and liabilities of said fund under insurance contracts relating to such loans held by insured investors, the mortgages securing the obligations of the borrowers under such loans held in the fund or by insured investors, and all rights to subsequent collections on and proceeds of such notes, contracts, and mortgages, are hereby transferred to the Rural Housing Insurance Fund and for the purposes of this title and any other Act shall be subject to the provisions of this section as if created pursuant thereto. The Rural Housing Insurance Fund shall compensate the Agricultural Credit Insurance Fund for the aggregate unpaid principal balance plus accrued interest of the notes so transferred."

MOBILE HOMES

SEC. 520. Title V of the Housing Act of 1949, as amended by sections 516 and 517 of this chapter, is amended by adding at the end thereof a new section as follows:

"MOBILE HOMES

"SEC. 527. (a) As used in this title, the term 'housing' shall, notwithstanding any other provision of this title and to the extent deemed practicable by the Secretary, include mobile homes with mobile home sites.

"(b) With respect to mobile homes and mobile home sites financed under this title, the Secretary shall—

"(1) prescribe minimum property standards to assure the livability and durability of the mobile home and the suitability of the site on which it is to be located, and

"(2) obtain assurances from the borrower that the mobile home will be placed on a site which complies with standards prescribed by the Secretary and with applicable local requirements.

Loans under this title for the purchase of mobile homes and sites shall be made on the same terms and conditions as are applicable under section 2 of the National Housing Act or under title III of the Revised National Housing Act to obligations financing the purchase of mobile homes and lots on which to place such homes."

TECHNICAL AMENDMENTS

SEC. 521. Section 531(a)(1), section 523(b)(1)(B), and section 524(a) of title V of the Housing Act of 1949 are amended by inserting "or section 402 or 502 of the Revised

National Housing Act" after "the National Housing Act".

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."

CHAPTER VI—MOBILE HOME CONSTRUCTION AND SAFETY STANDARDS

SHORT TITLE

SEC. 601. This chapter may be cited as the "National Mobile Home Construction and Safety Standards Act of 1974".

STATEMENT OF PURPOSE

SEC. 602. The Congress declares that the purposes of this chapter are to reduce the number of personal injuries and deaths and the amount of insurance costs and property damage resulting from mobile home accidents and to improve the quality and durability of mobile homes. Therefore, Congress determines that it is necessary to establish Federal construction and safety standards for mobile homes, to authorize mobile home safety research and development, and to provide that mobile homes will be supplied with a minimum warranty to insure adequate levels of quality and durability in mobile homes.

DEFINITIONS

SEC. 603. As used in this chapter, the term—

(1) "mobile home construction" means all activities relating to the assembly and manufacture of a mobile home including but not limited to those relating to durability, quality, and safety;

(2) "dealer" means any person who is engaged in the sale, leasing, or distribution of new mobile homes primarily to persons who in good faith purchase or lease a mobile home for purposes other than resale;

(3) "defect" includes any defect in the performance, construction, components, or material of a mobile home that renders the home or any part thereof not fit for the ordinary use for which it was intended;

(4) "distributor" means any person who is engaged in the sale and distribution of mobile homes for resale;

(5) "manufacturer" means any person engaged in manufacturing or assembling mobile homes, including any person engaged in importing mobile homes for resale;

(6) "mobile home" means a structure, transportable in one or more sections, which is eight body feet or more in width and is thirty-two body feet or more in length, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, and electrical systems contained therin;

(7) "mobile home construction standard" means a reasonable standard for the construction of a mobile home which meets the needs of the public including the need for quality, durability, and safety;

(8) "mobile home safety" means the performance of a mobile home in such a manner that the public is protected against any unreasonable risk of the occurrence of accidents due to the design or construction of such mobile home, or any unreasonable risk of death or injury to the public if such accidents do occur;

(9) "mobile home safety standard" means a reasonable standard for mobile home performance which meets the need for mobile home safety;

(10) "purchaser" means the first person purchasing a mobile home in good faith for purposes other than resale;

(11) "Secretary" means the Secretary of Housing and Urban Development;

(12) 'State" includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa; and

(13) "United States district courts" means the Federal district courts of the United States and the United States courts of the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa.

FEDERAL MOBILE HOME CONSTRUCTION AND SAFETY STANDARDS

SEC. 604. (a) The Secretary shall establish by order appropriate Federal mobile home construction and safety standards. Each such Federal mobile home standard shall be reasonable, shall meet the need for mobile home safety, durability, and quality, shall be stated in objective terms, and shall meet the highest standards of protection, taking into account existing State and local laws relating to mobile home safety and construction.

(b) All orders issued under this section shall be issued on the record after an opportunity for an agency hearing. The provisions of subchapter II of chapter 5 of title 5, United States Code, shall apply to all orders establishing, amending, or revoking a Federal mobile home construction or safety standard under this chapter, except as otherwise specifically provided herein.

(c) Each order establishing a Federal mobile home construction or safety standard shall specify the date such standard is to take effect, which shall not be sooner than one hundred and eighty days nor later than one year after the date such order is issued, unless the Secretary finds, for good cause shown, that an earlier or later effective date is in the public interest, and publishes his reasons for such finding.

(d) Whenever a Federal mobile home construction or safety standard established under this chapter is in effect, no State or political subdivision of a State shall have any authority either to establish, or to continue in effect, with respect to any mobile home, any construction or safety standard applicable to the same aspect of performance of such mobile home which is identical to the Federal standard.

(e) The Secretary may by order amend or revoke any Federal mobile home construction or safety standard established under this section. Such order shall specify the date on which such amendment or revocation is to take effect, which shall not be sooner than one hundred and eighty days or later than one year from the date the order is issued, unless the Secretary finds, for good cause shown, that an earlier or later date is in the public interest, and publishes his reasons for such finding.

(f) In establishing standards under this section, the Secretary shall—

(1) consider relevant available mobile home construction and safety data, including the results of the research, development, testing, and evaluation activities conducted pursuant to this chapter, and those activities conducted by private organizations and other governmental agencies to determine how to best protect the public;

(2) consult with such State or interstate agencies (including legislative committees) as he deems appropriate;

(3) consider whether any such proposed standard is reasonable for the particular type of mobile home or for the geographic region for which it is prescribed;

(4) consider whether any such standard increases the cost of the mobile home substantially beyond the value of the expected benefits to the public; and

(5) consider the extent to which any such standard will contribute to carrying out the purposes of this chapter.

(g) The Secretary shall issue an order establishing initial Federal mobile home construction and safety standards not later than one year after the date of enactment of this chapter. Additions and revisions of these initial standards as well as new standards may be issued by the Secretary at any time after the expiration of the one-year period beginning on the date of enactment of this chapter.

NATIONAL MOBILE HOME ADVISORY COUNCIL

SEC. 605. (a) The Secretary shall appoint a National Mobile Home Advisory Council with the following composition: eight members selected from among consumer organizations, community organizations, and recognized consumer leaders; eight from the mobile home industry and related groups including at least one representative of small business; and eight members selected from government agencies including Federal, State, and local governments. Appointments under this subsection shall be made without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service, classification, and General Schedule pay rates. The Secretary shall publish the names of the members of the Council annually and shall designate which members represent the general public.

(b) The Secretary shall, to the extent feasible, consult with the Advisory Council prior to establishing, amending, or revoking any mobile home construction or safety standard pursuant to the provisions of this chapter.

(c) Any member of the National Mobile Home Advisory Council who is appointed from outside the Federal Government may be compensated at a rate not to exceed $100 per diem (including traveltime) when engaged in the actual duties of the Advisory Council. Such members, while away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence as authorized by section 5703(b) of title 5, United States Code, for persons in the Government service employed intermittently.

JUDICIAL REVIEW OF ORDER

SEC. 606. (a) (1) In a case of actual controversy as to the validity of any order under section 604, any person who will be adversely affected by such order when it is effective may at any time prior to the sixtieth day after such order is issued file a petition with the United States court of appeals for the circuit wherein such person resides or has his principal place of business, for judicial review of such order. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary or other officer designated by him for that purpose. The Secretary thereupon shall file in the court the record of the proceedings on which the Secretary based his order, as provided in section 2112 of title 28, United States Code.

(2) If the petitioner applies to the court for leave to adduce additional evidence, and shows to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Secretary, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before the Secretary, and to be adduced upon the hearing, in such manner and upon such terms and conditions as to the court may seem proper. The Secretary may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken, and he shall file such modified or new findings, and his recommendation, if any, for the modification or setting aside of his original order, with the return of such additional evidence.

(3) Upon the filing of the petition deferred to in paragraph (1) of this subsection, the court shall have jurisdiction to review the

order in accordance with the provisions of sections 701 through 706 of title 5, United States Code, and to grant appropriate relief.

(4) The judgment of the court affirming or setting aside, in whole or in part, any such order of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(5) Any action instituted under this subsection shall survive, notwithstanding any change in the person occupying the office of Secretary or any vacancy in such office.

(6) The remedies provided for in this subsection shall be in addition to and not in substitution for any other remedies provided by law.

(b) A certified copy of the transcript of the record and proceedings under this section shall be furnished by the Secretary to any interested party at his request and payment of the costs thereof, and shall be admissible in any criminal, exclusion of imports, or other proceeding arising under or in respect of this chapter, irrespective of whether proceedings with respect to the order have previously been initiated or become final under subsection (a).

PUBLIC INFORMATION

SEC. 607. (a) Whenever any manufacturer is opposed to any action of the Secretary under section 604 or under any other provision of this chapter on the grounds of increased cost or for other reasons, the manufacturer shall submit such cost and other information (in such detail as the Secretary may by rule or order prescribe) as may be necessary in order to properly evaluate the manufacturer's statement.

(b) Such information shall be available to the public unless the manufacturer establishes that it contains a trade secret. Notice of the availability of such information shall be published promptly in the Federal Register. If the Secretary determines that any portion of such information contains a trade secret or that the disclosure of any portion of such information would put the manufacturer at a substantial competitive disadvantage, such portion may be disclosed to the public only in such manner as to preserve the confidentiality of such trade secret or in such combined or summary form so as not to disclose the identity of any individual manufacturer, except that any such information may be disclosed to other officers or employees concerned with carrying out this chapter or when relevant in any proceeding under this chapter. Nothing in this subsection shall authorize the withholding of information by the Secretary or any officer or employee under his control from the duly authorized committees of the Congress.

(c) If the Secretary proposes to establish, amend, or revoke a Federal mobile home construction or safety standard under section 604 of this chapter on the basis of information submitted pursuant to subsection (a), he shall publish a notice of such proposed action, together with the reasons therefor, in the Federal Register at least thirty days in advance of making a final determination, in order to allow interested parties an opportunity to comment.

(d) For purposes of this section, "cost information" means information with respect to alleged cost increases resulting from action by the Secretary, in such a form as to permit the public and the Secretary to make an informed judgment on the validity of the manufacturer's statements. Such term includes both the manufacturer's cost and the cost to retail purchasers.

(e) The Secretary is authorized to establish rules and regulations prescribing forms and procedures for the submission of cost data under this section.

(f) Nothing in this section shall be construed to restrict the authority of the Secretary to obtain or require submission of information under any other provision of this chapter.

RESEARCH, TESTING, DEVELOPMENT, AND TRAINING

SEC. 608. (a) The Secretary shall conduct research, testing, development, and training necessary to carry out the purposes of this chapter, including, but not limited to—

(1) collecting data from any source for the purpose of determining the relationship between mobile home performance characteristics and (A) accidents involving mobile homes, and (B) the occurrence of death, personal injury or damage resulting from such accidents;

(2) procuring (by negotiation or otherwise) experimental and other mobile homes for research and testing purposes;

(3) selling or otherwise disposing of test mobile homes and reimbursing the proceeds of such sales or disposal into the current appropriation available for the purpose of carrying out this chapter.

(b) The Secretary is authorized to conduct research, testing, development, and training as authorized to be carried out by subsection (a) of this section by making grants for the conduct of such research, testing, development, and training to States, interstate agencies, and independent institutions.

(c) Whenever the Federal contribution for any research or development activity authorized by this chapter encouraging mobile home safety is more than minimal, the Secretary shall include in any contract, grant, or other arrangement for such research or development activity, provisions effective to insure that all information, uses, processes, patents, and other developments resulting from that activity will be made freely and fully available to the general public. Nothing herein shall be construed to deprive the owner of any background patent or any right which he may have thereunder.

COOPERATION WITH PUBLIC AND PRIVATE AGENCIES

SEC. 609. The Secretary is authorized to advise, assist, and cooperate with other Federal agencies and with State and other interested public and private agencies, in the planning and development of—

(1) mobile home construction and safety standards; and

(2) methods for inspecting and testing to determine compliance with mobile home standards.

PROHIBITED ACTS

SEC. 610. (a) No person shall—

(1) make use of any means of transportation or communication affecting interstate or foreign commerce or the mails to manufacture for sale, lease, sell, offer for sale or lease, or introduce or deliver, or import into the United States, any mobile home which is manufactured on or after the effective date of any applicable Federal mobile home construction and safety standard under this chapter and which does not comply with such standard, except as provided in subsection (b);

(2) fail or refuse access to or copying of records, or fail to make reports or provide information, or fail or refuse to permit entry or inspection, as required under section 614;

(3) fail to furnish notification of any defect as required by section 615;

(4) fail to issue a certification required by section 616, or issue a certification to the effect that a mobile home conforms to all applicable Federal mobile home construction and safety standards, if such person in the exercise of due care has reason to know that such certification is false or misleading in a materia' respect; or

(5) fail to issue a warranty meeting the requirements set forth in section 617 or fail or refuse to perform duties owing under such a warranty, as determined by the Secretary under section 617(d).

(b)(1) Paragraph (1) of subsection (a) shall not apply to the sale, the offer for sale, or the introduction or delivery for introduction in interstate commerce of any mobile home after the first purchase of it in good faith for purposes other than resale.

(2) Paragraph (1) of subsection (a) shall not apply to any person who establishes that he did not have reason to know in the exercise of due care that such mobile home is not in conformity with applicable Federal mobile home construction and safety standards, or to any person who, prior to such first purchase, holds a certificate issued by the manufacturer or importer of such mobile home, to the effect that such mobile home conforms to all applicable Federal mobile home construction and safety standards, unless such person knows that such mobile home does not so conform.

(3) A mobile home offered for importation in violation of paragraph (1) of subsection (a) shall be refused admission into the United States under joint regulations issued by the Secretary of the Treasury and the Secretary, except that the Secretary of the Treasury and the Secretary may, by such regulations, provide for authorizing the importation of such mobile home into the United States upon such terms and conditions (including the furnishing of a bond) as may appear to them appropriate to insure that any such mobile home will be brought into conformity with any applicable Federal mobile home construction or safety standard prescribed under this chapter, or will be exported from, or forfeited to, the United States.

(4) The Secretary of the Treasury and the Secretary may, by joint regulations, permit the importation of any mobile home after the first purchase of it in good faith for purposes other than resale.

(5) Paragraph (1) of subsection (a) shall not apply in the case of a mobile home intended solely for export, and so labeled or tagged on the mobile home itself and on the outside of the container, if any, which is exported.

(c) Compliance with any Federal mobile home construction or safety standard issued under this chapter does not exempt any person from any liability under common law.

CIVIL AND CRIMINAL PENALTY

SEC. 611. (a) Whoever violates any provision of section 610, or any regulation issued thereunder, shall be subject to a civil penalty of not to exceed $1,000 for each such violation. Each violation of a provision of section 610, or regulations issued thereunder, shall constitute a separate violation with respect to each mobile home or with respect to each failure or refusal to allow or perform an act required thereby, except that the maximum civil penalty may not exceed $1,000,000 for any related series of violations occurring within one year from the date of the first violation.

(b) An individual director, officer, or agent of a corporation who knowingly and willfully violates section 610 in a manner which threatens the health or safety of any purchaser shall be fined not more than $1,000 or imprisoned not more than one year, or both.

JURISDICTION AND VENUE

SEC. 612. (a) The United States district courts shall have jurisdiction, for cause shown and subject to the provision of rule 65 (a) and (b) of the Federal Rules of Civil Procedure, to restrain violations of this chapter, or to restrain the sale, offer for sale, or the importation into the United States, of any mobile home which is determined, prior to the first purchase of such mobile home in good faith for purposes other than resale, not to conform to applicable Federal mobile home construction and safety standards prescribed pursuant to this chapter, upon petition by the appropriate United States attorney or the Attorney General on behalf of the United States. Whenever practicable, the Secretary shall give notice to any person

against whom an action for injunctive relief is contemplated and afford him an opportunity to present his views and, except in the case of a knowing and willful violation, the failure to give such notice and afford such opportunity shall not preclude the granting of appropriate relief.

(b) In any proceeding for criminal contempt for violation of an injunction or restraining order issued under this section, which violation also constitutes a violation of this chapter, trial shall be by the court or, upon demand of the accused, by a jury. Such trial shall be conducted in accordance with the practice and procedure applicable in the case of proceedings subject to the provisions of rule 42(b) of the Federal Rules of Criminal Procedure.

(c) Actions under subsection (a) of this section and section 611 may be brought in the district wherein any act or transacation constituting the violation occurred, or in the district wherein the defendant is found or is an inhabitant or transacts business, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found.

(d) In any action brought under subsection (a) of this section and section 611, subpenas for witnesses who are required to attend at United States district court may run into any other district.

(e) It shall be the duty of every manufacturer offering a mobile home for importation into the United States to designate in writing an agent upon whom service of all administrative and judicial processes, notices, orders, decisions, and requirements may be made for and on behalf of such manufacturer, and to file such designation with the Secretary, which designation may from time to time be changed by like writing, similarly filed. Service of all administrative and judicial processes, notices, orders, decisions, and requirements may be made upon such manufacturer by service upon such designated agent at his office or usual place of residence with like effect as if made personally upon such manufacturer, and in default of such designation of such agent, service of process, notice, order, requirements, or decision in any proceeding before the Secretary or in any judicial proceeding for enforcement of this chapter or any standards prescribed pursuant to this chapter may be made by posting such process, notice, order, requirement, or decision in the office of the Secretary.

NONCOMPLIANCE WITH STANDARDS

SEC. 613. (a) It the Secretary or a court of appropriate jurisdiction determines that any mobile home does not conform to applicable Federal mobile home construction and safety standards, or that it contains a defect which relates to mobile construction or safety, after the sale of such mobile home by a manufacturer to a distributor or a dealer and prior to the sale of such mobile home by such distributor or dealer to a purchaser—

(1) the manufacturer shall immediately repurchase such mobile home from such distributor or dealer at the price paid by such distributor or dealer, plus all transportation charges involved and a reasonable reimbursement of not less than 1 per centum per month of such price paid prorated from the date of receipt by certified mail of notice of such nonconformance to the date of repurchase by the manufacturer; or

(2) the manufacturer, at his own expense, shall immediately furnish the purchasing distributor or dealer the required conforming part or parts or equipment for installation by the distributor or dealer on or in such mobile home, and for the installation involved the manufacturer shall reimburse such distributor or dealer for the reasonable value of such installation plus a reasonable reimbursement of not less than 1 per centum per month of the manufacturer's or distributor's selling price prorated from the date of receipt by certified mail of notice of such nonconformance to the date such vehicle is brought into conformance with applicable Federal standards, so long as the distributor or dealer proceeds with reasonable diligence with the installation after the required part of equipment is received. The value of such reasonable reimbursements as specified in paragraphs (1) and (2) of this subsection shall be fixed by mutual agreement of the parties, or failing such agreement, by the court pursuant to the provisions of subsection (b).

(b) If any manufacturer fails to comply with the requirements of subsection (a), then the distributor or dealer, as the case may be, to whom such nonconforming mobile home or mobile home containing a defect relating to construction or safety has been sold may bring an action seeking a court injunction compelling compliance with such requirements on the part of such manufacturer. Such action may be brought in any district court in the United States in the district in which such manufacturer resides, or is found, or has an agent, without respect to the amount in controversy, and the person bringing the action shall also be entitled to recover any damage sustained by him, as well as all court costs plus reasonable attorney's fees. Any action brought pursuant to this section shall be forever barred unless commenced within three years after the cause of action shall have accrued.

INSPECTION OF MOBILE HOMES AND RECORDS

SEC. 614. (a) The Secretary is authorized to conduct such inspections and investigations as may be necessary to enforce Federal mobile home construction and safety standards established under this chapter. He shall furnish the Attorney General and, when appropriate, the Secretary of the Treasury any information obtained indicating noncompliance with such standards for appropriate action.

(b) (1) For purposes of enforcement of this chapter, persons duly designated by the Secretary, upon presenting appropriate credentials to the owner, operator, or agent in charge, are authorized—

(A) to enter, at reasonable times and without advance notice, any factory, warehouse, or establishment in which mobile homes are manufactured, stored, or held for sale; and

(B) to inspect, at reasonable times and within reasonable limits and in a reasonable manner, any such factory, warehouse, or establishment, and to inspect such books, papers, records, and documents as are set forth in subsection (c). Each such inspection shall be commenced and completed with reasonable promptness.

(2) The Secretary is authorized to contract with State and local governments and private inspection organizations to carry out his functions under this subsection.

(c) For the purpose of carrying out the provisions of this chapter, the Secretary is authorized—

(1) to hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary or such officer or employee, deems advisable. Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States;

(2) to examine and copy any documentary evidence of any person having materials or information relevant to any function of the Secretary under this chapter;

(3) to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports or answers in writing to specific questions relating to any function of the Secretary under this chapter. Such reports and answers shall be made under oath or otherwise, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe.

(4) to request from any Federal agency any information he deems necessary to carry out his functions under this chapter, and each such agency is authorized and directed to cooperate with the Secretary and to furnish such information upon request made by the Secretary, and the head of any Federal agency is authorized to *detail, on a* reimbursable basis, any personnel of such agency or to assist in carrying out the duties of the Secretary under this chapter; and

(5) to make available to the public any information which may indicate the existence of a defect which relates to mobile home construction or safety or of the failure of a mobile home to comply with applicable mobile home construction and safety standards. The Secretary shall disclose so much of other information obtained under this subsection to the public as he determines will assist the purposes in carrying out this chapter; but he shall not (under the authority of this sentence) make available or disclose to the public any information which contains or relates to a trade secret or any information the disclosure of which would put the furnisher of such information at a substantial competitive disadvantage, unless he determines that it is necessary to carry out the purpose of this chapter.

(d) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a subpena or order of the Secretary issued under paragraph (1) or paragraph (3) of subsection (c) of this section, issue an order requiring compliance therewith; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(e) For the purposes of carrying out the provisions of this chapter, each manufacturer of mobile homes shall submit the building plans for every model of mobile home to the Secretary for technical evaluation and approval which certifies that the building plan meets the Federal construction and safety standards in force at that time. The plans must be approved by the Secretary or his designee for the purpose of conducting inspections and determining compliance, before such model may be produced and sold.

(f) Each manufacturer, distributor, and dealer of mobile homes shall establish and maintain such records, make such reports, and provide such information as the Secretary may reasonably require to enable him to determine whether such manufacturer, distributor, or dealer has acted or is acting in compliance with the chapter and mobile home safety standards prescribed pursuant to this chapter and shall, upon request of a person duly designated by the Secretary, permit such person to inspect appropriate books, papers, records, and documents relevant to determining whether such manufacturer, distributor, or dealer has acted or is acting in compliance with this chapter and mobile home construction and safety standards prescribed pursuant to this chapter.

(g) Each manufacturer of mobile homes shall provide to the Secretary such performance data and other technical data related to performance and safety as may be required to carry out the purposes of this chapter. These shall include records of tests and test results which the Secretary may require to be performed. The Secretary is authorized to require the manufacturer to give such notification of such performance

and technical data which the Secretary determines necessary to carry out the purpose of this chapter, to—

(1) each prospective purchaser of a mobile home before its first sale for purposes other than resale at each location where any such manufacturer's mobile homes are offered for sale by a person with whom such manufacturer has a contractual, proprietary, or other legal relationship in a manner determined by the Secretary to be appropriate, which may include, but is not limited to, printed matter (A) available for retention by such prospective purchaser, and (B) sent by mail to such prospective purchaser upon his request; and

(2) the first person who purchases a mobile home for purposes other than resale, at the time of such purchase, or in printed matter placed in the mobile home.

(h) All information reported to or otherwise obtained by the Secretary or his representative pursuant to subsection (b), (c), (f), or (g), which contains or relates to a trade secret, or which, if disclosed, would put the person furnishing such information at a substantial competitive disadvantage, shall be considered confidential, except that such information may be disclosed to other officers or employees concerned with carrying out this chapter or when relevant in any proceeding under this chapter. Nothing in this section shall authorize the withholding of information by the Secretary or any officer or employee under his control from the duly authorized committee of the Congress.

NOTIFICATION AND CORRECTION OF DEFECTS

SEC. 615. (a) Every manufacturer of mobile homes shall furnish notification of any defect in any mobile home produced by such manufacturer which he determines, in good faith, relates to mobile home construction or safety to the purchaser of such mobile homes, within reasonable time after such manufacturer has discovered such defect.

(b) The notification required by subsection (a) shall be accomplished—

(1) by mail to the first purchaser (not including any dealer or distributor of such manufacturer) of the mobile home containing such a defect, and to any subsequent purchaser to whom any warranty on such mobile home has been transferred;

(2) by mail to any other person who is a registered owner of such mobile home and whose name and address has been ascertained pursuant to procedures established under subsection (f); and

(3) by mail or other more expeditious means to the dealer or dealers of such manufacturer to whom such mobile home was delivered.

(c) The notification required by subsection (a) shall contain a clear description of such defect or failure to comply, an evaluation of the risk to mobile home occupants' safety reasonably related to such defect, and a statement of the measures needed to repair such a defect. The notification shall also inform the owner whether the defect is a construction or safety defect which the manufacturer will have corrected at no cost to the homeowner under subsection (g) or is a defect which must be corrected at the expense of the homeowner.

(d) Every manufacturer of mobile homes shall furnish to the Secretary a true or representative copy of all notices, bulletins, and other communications to the dealers of such manufacturer or purchasers of mobile homes of such manufacturer regarding any defect in such mobile home produced by such manufacturer. The Secretary shall disclose so much of the information contained in such notice or other information obtained under section 614 to the public as he deems will assist in carrying out the purposes of this chapter, but he shall not disclose any information which contains or relates to a trade secret, or which, if disclosed, would put such manufacturer at a substantial competitive disadvantage, unless he determines that it is necessary to carry out the purposes of this chapter.

(e) If the Secretary determines that any mobile home—

(1) does not comply with an applicable Federal mobile home construction and safety standard prescribed pursuant to section 604; or

(2) contains a defect which relates to mobile home construction or safety,

then he shall immediately notify the manufacturer of such mobile home of such defect or failure to comply. The notice shall contain the findings of the Secretary and shall include all information upon which the findings are based. The Secretary shall afford such manufacturer an opportunity to present his views and evidence in support thereof, to establish that there is no failure of compliance. If after such presentation by the manufacturer the Secretary determines that such mobile home does not comply with applicable Federal construction or safety standards, or contains a defect which relates to mobile home safety, the Secretary shall direct the manufacturer to furnish the notification specified in subsections (a) and (b) of this section.

(f) Every manufacturer of mobile homes shall maintain a record of the name and address for the first purchaser of each mobile home (for purposes other than resale), and, to the maximum extent feasible, shall maintain procedures for ascertaining the name and address of any subsequent purchaser thereof and shall maintain a record of names and addresses so ascertained. Such records shall be kept for each home produced by a manufacturer. The Secretary may establish by order procedures to be followed by manufacturers in establishing and maintaining such records, including procedures to be followed by distributors and dealers to assist manufacturers to secure the information required by this subsection. Such procedures shall be reasonable for the particular type of mobile home for which they are prescribed.

(g) A manufacturer required to furnish notification of a defect under subsection (a) or (e) shall also correct the defect or have the defect corrected within a reasonable period of time at no expense to the owner, but only if—

(1) the defect presents an unreasonable risk of injury or death to occupants of affected mobile homes;

(2) the defect can be related to an error in design or assembly of the mobile home by the manufacturer; and

(3) the cost of correcting the defect is substantial.

The Secretary may direct the manufacturer to make such corrections after providing an opportunity for oral and written presentation of views by interested persons.

(h) The manufacturer shall submit his plan for notifying owners of the defect (if required under subsection (g)) and for repairing such defect to the Secretary for his approval before implementing such plan. Whenever a manufacturer is required under subsection (g) to correct a defect, the Secretary shall approve with or without modification after consultation with the manufacturer of such mobile home, such manufacturer's remedy plan including the date when, and the method by which, the notification and remedy required pursuant to this section shall be effectuated. Such date shall be the earliest practicable one but shall not be more than sixty days after the date of discovery or determination of the defect or failure to comply, unless the Secretary grants an extension of such period for good cause shown and publishes a notice of such extension in the Federal Register. Such manufacturer is bound to implement such remedy plan as approved by the Secretary.

(i) Where a defect or failure in a mobile home cannot be adequately repaired within thirty days from the date of discovery or determination of the defect, the Secretary may require that the mobile home be replaced with a new or equivalent home without charge, or that the purchase price be refunded in full, less a reasonable allowance for depreciation based on actual use (if the home has been in the possession of the owner more than one year).

CERTIFICATION OF CONFORMITY WITH CONSTRUCTION AND SAFETY STANDARDS

SEC. 616. Every manufacturer of a mobile home shall furnish to the distributor or dealer at the time of delivery of each such mobile home produced by such manufacturer certification that each such mobile home conforms to all applicable Federal construction and safety standards. Such certification shall be in the form of a label or tag permanently affixed to each such mobile home.

WARRANTIES

SEC. 617. (a) Every manufacturer and dealer shall furnish the first purchaser of a mobile home for purposes other than resale a written one-year warranty under which they agree jointly and severally to repair at the site of the mobile home, or replace if necessary, the mobile home or any part thereof in instances of noncompliance with all applicable standards under section 604 for which they are respectively responsible, as provided in subsection (b) of this section, which becomes evident within one year from the date of the delivery of the mobile home to the buyer, if the buyer gives written notice of such defects to the manufacturer or dealer at their business addresses not later than one year and ten days after date of delivery to the original buyer. Such corrective action shall be taken within forty-five days and without cost to such purchaser.

(b) The manufacturer shall warrant that the mobile home was delivered to the dealer's lot in compliance with all applicable standards under section 604; and the dealer shall warrant that the mobile home, when delivered to the buyer, is in compliance with all applicable standards under section 604 for which he is responsible including, by way of example, but not limited to the setup of the home, and the installation and connection of accessories and utilities. Neither manufacturer nor dealer shall be liable under such warranty for any defect in the mobile home which is the result of improper setup, move, materials furnished, or work done by persons other than the manufacturer or dealer unless such work was performed by persons under contract or connected by agency with such manufacturer or dealer.

(c) Every third party (other than a person under contract or connected by agency with such manufacturer or dealer) who sets up a mobile home shall give a written one-year warranty that the setup was in compliance with all applicable standards under section 604.

(d) In the event that the manufacturer, dealer, or third party under subsection (c) performing the setup, or the first purchaser of a mobile home with respect to which a warranty under this section is required do not agree whether such mobile home or part thereof does in fact comply with any such standard, either the manufacturer, dealer, such third party performing the setup, or the first purchaser may request in writing that the Secretary make a determination whether there has in fact been such compliance and make a determination of liability of the parties under the warranty agreement. Upon receipt of any such request, the Secretary shall make such determination in writ-

ing as soon as practicable. The warranty required by this section shall contain notification to the first purchaser of his right to request such a determination from the Secretary.

(e) Nothing in this section shall abrogate or in any way affect any rights the purchaser may have under the laws of the purchaser's State of residence.

NATIONAL MOBILE HOME ADMINISTRATION

SEC. 618. (a) The Secretary shall carry out the provisions of this chapter through a National Mobile Home Administration (hereinafter referred to as the "Administration"), which he shall establish in the Department of Housing and Urban Development. The Administration shall be headed by an Assistant Secretary who shall be appointed by the President, by and with the advice and consent of the Senate. The Assistant Secretary shall be a citizen of the United States, and shall be appointed with due regard for his fitness to discharge efficiently the powers and duties delegated to him pursuant to this chapter. The Assistant Secretary shall perform such duties as are delegated to him by the Secretary.

(b) The first sentence of section 4(a) of the Department of Housing and Urban Development Act is amended by striking out "six" and inserting in lieu thereof "seven".

CONSUMER INFORMATION

SEC. 619. The Secretary shall develop guidelines for a consumer's manual to be provided to mobile home purchasers by the manufacturer. These manuals should identify and explain the purchasers' responsibilities for operation, maintenance, and repair of their mobile home.

EFFECT UPON ANTITRUST LAWS

SEC. 620. Nothing contained in this chapter shall be deemed to exempt from the antitrust laws of the United States any conduct that would otherwise be unlawful under such laws, or to prohibit under the antitrust laws of the United States any conduct that would be lawful under such laws.

USE OF RESEARCH AND TESTING FACILITIES OF PUBLIC AGENCIES

SEC. 621. The Secretary, in exercising the authority under this chapter, shall utilize the services, research and testing facilities of public agencies and independent testing laboratories to the maximum extent practicable in order to avoid duplication.

INSPECTION FEES

SEC. 622. In carying out the inspections required under this chapter, the Secretary may establish and impose on mobile home manufacturers, distributors, and dealers such reasonable fees as may be necessary to offset the expenses incurred by him in conducting such inspections, except that this section shall not apply in any State which has in effect a State plan under section 625.

PENALTIES ON INSPECTIONS

SEC. 623. Any person, other than an officer or employee of the United States, or a person exercising inspection functions under a State plan pursuant to section 625, who knowingly and willfully fails to report a violation of any construction or safety standard established under section 604 may be fined up to $1,000 or imprisoned for up to one year, or both.

PROHIBITION ON WAIVER OF RIGHTS

SEC. 624. The rights afforded mobile home purchasers under this chapter may not be waived and any contract or agreement to the contrary shall be voidable.

STATE PLANS

SEC. 625. (a) Nothing in this chapter shall prevent any State agency or court from asserting jurisdiction under State law over any mobile home construction or safety issue with respect to which no standard has been established pursuant to the provisions of section 604.

(b) Any State which, at any time, desires to assume responsibility for enforcement of mobile home safety and construction standards relating to any issue with respect to which a Federal standard has been established under section 604, shall submit to the Secretary a State plan for enforcement of such standards.

(c) The Secretary shall approve the plan submitted by a State under subsection (b), or any modification thereof, if such plan in his judgment—

(1) designates a State agency or agencies as the agency or agencies responsible for administering the plan throughout the State;

(2) provides for the enforcement of mobile home safety and construction standards promulgated under section 604;

(3) provides for a right of entry and inspection of all factories, warehouses, or establishments in such State in which mobile homes are manufactured and for the review of plans in a manner which is identical to that provided in section 614;

(4) provides for the imposition of the civil and criminal penalties under section 611;

(5) provides for the notification and correction procedures under section 615;

(6) provides for the payment of inspection fees by manufacturers in amounts adequate to cover the costs of inspections;

(7) contains satisfactory assurances that such agency has or will have the legal authority and qualified personnel necessary for the enforcement of such standards;

(8) give satisfactory assurances that such State will devote adequate funds to the administration and enforcement of such standards;

(9) requires manufacturers, distributors, and dealers in such State to make reports to the Secretary in the same manner and to the same extent as if the State plan were not in effect;

(10) provides that the State agency will make such reports to the Secretary in such form and containing such information as the Secretary shall from time to time require; and

(11) complies with such other requirements as the Secretary may by regulation prescribe for the enforcement of this chapter.

(d) If the Secretary rejects a plan submitted under subsection (b), he shall afford the State submitting the plan due notice and opportunity for a hearing before so doing.

(e) After the Secretary approves a State plan submitted under subsection (b), he may, but shall not be required to, exercise his authority under this chapter with respect to enforcement of mobile home construction and safety standards.

(f) The Secretary shall, on the basis of reports submitted by the State agency and his own inspections, make a continuing evaluation of the manner in which each State having a plan approved under this section is carrying out such plan. Whenever the Secretary finds, after affording due notice and opportunity for a hearing, that in the administration of the State plan there is a failure to comply substantially with any provision of the State plan or that the State plan has become inadequate, he shall notify the State agency of his withdrawal of approval of such plan. Upon receipt of such notice by such State agency such plan shall cease to be in effect, but the State may retain jurisdiction in any case commenced before the withdrawal of the plan in order to enforce mobile home standards under the plan whenever the issues involved do not relate to the reasons for the withdrawal of the plan.

GRANTS TO THE STATES

SEC. 626. (a) The Secretary is authorized to make grants to the States which have designated a State agency under section 625 to assist them—

(1) in identifying their needs and responsibilities in the area of mobile home construction and safety standards; or

(2) in developing State plans under section 625.

(b) The Governor of each State shall designate the appropriate State agency for receipt of any grant made by the Secretary under this section.

(c) Any State agency designated by the Governor of the State desiring a grant under tihs section shall submit an application therefor to the Secretary. The Secretary shall review and either accept or respect such application.

(d) The Federal share for each State grant under subsection (a) of this section may not exceed 90 per centum of the total cost to the State in identifying its needs and developing its plan. In the event the Federal share for all States under such subsection is not the same, the difference among the States shall be established on the basis of objective criteria.

RULES AND REGULATIONS

SEC. 627. The Secretary is authorized to issue, amend, and revoke such rules and regulations as he deems necessary to carry out this chapter.

ANNUAL REPORT TO CONGRESS

SEC. 628. (a) The Secretary shall prepare and submit to the President for transmittal to the Congress on March 1 of each year a comprehensive report on the administration of this chapter for the preceding calendar year. Such report shall include but not be restricted to (1) a thorough statistical compilation of the accidents, injuries, deaths, and property losses occurring in mobile home in such year; (2) a list of Federal mobile home construction and safety standards prescribed or in effect in such year; (3) the level of compliance with all applicable Federal mobile home standards; (4) a summary of all current research grants and contracts together with a description of the problems to be studied in such research; (5) an analysis and evaluation, including relevant policy recommendations, of research activities completed and technological progress achieved during such year; (6) a statement of enforcement actions including judicial decisions, settlements, defect notifications, and pending litigation commenced during the year; and (7) the extent to which technical information was disseminated to the scientific community and consumer-oriented information was made available to mobile homeowners and prospective buyers.

(b) The report required by subsection (a) of this section shall contain such recommendations for additional legislation as the Secretary deems necessary to promote the improvement of mobile home construction and safety and to strengthen the national mobile home program.

(c) In order to assure a continuing and effective national mobile home construction and safety program, it is the policy of Congress to encourage the adoption of State inspection of used mobile homes. Therefore, to that end the Secretary shall conduct a thorough study and investigation to determine the adequacy of mobile home construction and safety standards and mobile home inspection requirements and procedures applicable to used mobile homes in each State, and the effect of programs authorized by this chapter upon such standards, requirements, and procedures for used mobile homes, and report to Congress as soon as practicable, but not later than one year after the date of enactment of this chapter, the results of such study, and recommendations for such addi-

tional legislation as he deems necessary to carry out the purposes of this chapter. Such report shall also include recommendations by the Secretary relating to the problems of disposal of used mobile homes.

AUTHORIZATION OF APPROPRIATIONS

SEC. 629. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this chapter.

EFFECTIVE DATE

SEC. 630. The provisions of this chapter shall take effect upon the expiration of 180 days following the date of enactment of this chapter.

CHAPTER VII—HOUSING COOPERATIVE FINANCING ASSOCIATION

SHORT TITLE AND STATEMENT OF PURPOSE

SEC. 701. (a) This chapter may be cited as the "Housing Cooperative Financing Association Act".

(b) It is the policy of the Congress and the purpose of this chapter to encourage and assist consumer-oriented groups in their efforts to improve housing conditions through the establishment of nonprofit cooperative corporations to construct, acquire, manage, and maintain housing projects for occupancy by the members of such corporations, thereby achieving economic savings and advantages which result from large-scale cooperative building and marketing and from self-maintenance by the members, who become owners instead of tenants. The Congress has determined that an appropriate method of providing such encouragement and assistance, with the utilization of private financing methods and in a manner consistent with the well-established precedent of specialized financing institutions for cooperatives, is the establishment of a special financing association which will provide the necessary financing for the cooperative corporations and their members or stockholders.

HOUSING COOPERATIVE FINANCING ASSOCIATION

SEC. 702. (a) To effectuate the purpose of this chapter, there is hereby created a body corporate to be known as the Housing Cooperative Financing Association (hereinafter referred to as the "Association") which shall be in the Department of Housing and Urban Development and which shall have authority to make and service loans, issue obligations within the limitations imposed by section 706 hereof in such amounts, at such times, and on such terms as the Association may determine, and to exercise the other powers and duties prescribed in this chapter. The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

(b) All the powers and duties of the Association shall initially be vested in the Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") and the Association shall, except as hereinafter provided, be administered under the direction of the Secretary. Within the limitations of law, the Secretary shall determine the general policies which shall govern the operations of the Association, and shall have power to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law. The Secretary shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the Secretary, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The Secretary shall also—

(1) select and appoint such attorneys, employees, and agents of the Association, vest them with such powers and duties, and cause the Association to pay such compensation to them for their services as the Secretary may determine, subject to the provisions of title 5, United States Code, relating to appointments in the competitive service, classification, and General Schedule pay rates;

(2) utilize the services of other employees within the Department of Housing and Urban Development on a compensatory or other basis, as determined by the Secretary;

(3) to the extent deemed appropriate or desirable, utilize the services, and pay reasonable compensation therefor, of approved private lending institutions, the Federal National Mortgage Association and the Government National Mortgage Association for the processing of loan applications, the making of disbursements, the servicing of loans, and for other assistance in administering the functions of the Association;

(4) take such steps as he deems necessary or desirable to assure that the benefits provided by this chapter shall be made available only for the benefit of cooperatives (and the members thereof) whose housing projects have consumer-oriented sponsorship and that each of such projects will be owned by a nonprofit cooperative housing corporation, the permanent occupancy of the dwellings in which is restricted to members of such corporation;

(5) maintain an integral set of accounts which shall be audited annually by the General Accounting Office; and

(6) make an annual report to the Secretary, for transmission to the Congress, to be submitted as soon as practicable following the close of the year for which such report is made.

(c) In the performance of its functions, the association shall have the power to adopt, alter, and use a corporate seal, which shall be judicially noticed, to make loans as authorized by the provisions of this chapter, to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, territory, or possession, or the Commonwealth of Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation; to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; in its corporate name to sue and be sued, and to complain and defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or similar process, mesne or final, shall be issued against the property of the Association or against the Association with respect to its property; and, notwithstanding the generality of the foregoing, may—

(1) enter into contracts without regard to section 3709 of the Revised Statutes and make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes, and include in any contract or instrument made pursuant to this chapter such other provisions as the Association deems necessary to assure that the purposes of this chapter will be achieved;

(2) foreclose on any property or take any action to protect or enforce any right conferred upon it by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which it has made a loan pursuant to this chapter;

(3) pay all expenses or charges in connection with, and deal with, complete, reconstruct, improve, rent, manage, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit, or lease in its discretion, in whole or in part, any project or property acquired pursuant to this chapter and to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to it in connection with the acquisition or disposal of any project or property pursuant to this chapter, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real or personal property: *Provided*, That any such acquisition of real property shall not deprive the State or any political subdivision thereof of its civil or criminal jurisdiction in any over such property or impair the civil rights under State or local laws of the inhabitants on such property;

(4) acquire, hold, sell, or exchange at public or private sale, or lease, or otherwise dispose of, real or personal property, and sell or exchange any securities or obligations;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to the specific limitations in this chapter, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, or any other term, of any contract or agreement to which it is a party or which has been transferred to it pursuant to this chapter;

(7) utilize and act through, without regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, or private agency or organization, with the consent of the agency or organization concerned, and contract with any such agency, instrumentality, or organization for the furnishing of any services or facilities; and may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes; and

(8) do all things which are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

(d) The Association, including its franchise, capital, reserves, surplus, mortgages, or other security holdings, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

(e) The stock or other securities or instruments issued by the Association shall to the same extent as securities which are the direct obligations of the United States be exempt securities within the meaning of laws administered by the Securities and Exchange Commission.

BOARD OF DIRECTORS

SEC. 703. The management of the Association shall be vested in a board of five directors, to be initially appointed by the Secretary and to serve at his pleasure. Three members of the Board shall be selected from among officers or employees of the Department of Housing and Urban Development, and two members shall be selected from among persons who are active in the initiation or representation of housing cooperatives. At such time as all of the preferred stock has been redeemed, all obligations to the United States have been paid in full, and all bonds or other obligations guaranteed by the United States pursuant to the provisions of this chapter have been paid in full, the holders of the common stock shall be entitled to elect all of the members of the board, whereupon the powers vested in the Secretary pursuant to section 702 of this

chapter shall terminate and such powers shall thereafter be exercised by the board of directors.

CAPITAL STOCK

SEC. 704. (a) The Association may issue preferred capital stock from time to time which 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 Association: *Provided*, That the total amount of such stock subscribed for and held by the Secretary of the Treasury at any time shall not exceed $5,000,000. Stock held by the Secretary of the Treasury shall be preferred as to dividends and assets of the Association and shall be entitled to cumulative dividends for each year equal to a return on the average amount, at par, of such stock outstanding during such fiscal year at a rate determined by the Secretary of the Treasury, taking into consideration the probable term of the stock investment and the current average rate on outstanding marketable obligations of the United States as of the last day of the sixth month of such fiscal year. The Association 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. There are hereby authorized to be appropriated the amounts necessary to enable the Secretary of the Treasury to make payments on such stock when called. Such stock or any part thereof may be retired at any time by the Association.

(b) The Association shall issue common capital stock from time to time for subscription by eligible cooperatives in an amount not to exceed $50,000,000. In order to assure direct financial participation by cooperatives, each eligible cooperative shall, as a condition precedent to obtaining any loan from the Association as hereinafter provided (except loans made pursuant to the provisions of section 707(a)(4) of this chapter), subscribe for capital stock of the Association in an amount equal to 5 per centum of the original principal amount of such loan. Such stock subscriptions shall be paid for in cash from loan proceeds at the time of the initial closing of the loan. Dividends payable on stock paid in by a cooperative shall be credited to any payments subsequently due on the stock subscription of such cooperative.

(c) After the amount of capital of the Association paid by such subscribers, other than the United States, equals $5,000,000, the Association shall thereafter apply annually to the payment and retirement of the shares of the capital stock held by the Secretary of the Treasury, all sums paid in as capital until all such capital stock held by the Secretary of the Treasury is retired at par plus any dividends which shall have accrued on such stock: *Provided*, That no such capital stock held by the Secretary of the Treasury shall be retired if such retirement would reduce the net capital, reserves, and surplus of the Association to an amount less than $7,500,000.

(d) Upon any liquidation of the Association, all stockholders (including the United States if any of its stock has not been retired) shall share, in proportion to the stock held, in any assets of the Association, in excess of the amount necessary to retire all outstanding stock at par, to pay accrued dividends on preferred stock, and to retire, pay, or settle all outstanding obligations and claims.

OBLIGATIONS OF THE ASSOCIATION

SEC. 705. (a) To obtain additional funds for carrying out its functions, the Association may, with the appoval of the Secretary, issue and have outstanding at any one time bonds and other obligations for purchase by the Secretary of the Treasury in an amount not to exceed $50,000,000.

(b) Bonds or other obligations issued by the Association under this chapter shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Association, with the approval of the Secretary of the Treasury. Such bonds or other obligations shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any bonds and other obligations of the Association issued under this chapter and may at any time sell any of the bonds or other obligations acquired by him under this section. All purchases, sales, and redemptions by the Secretary of the Treasury of such bonds or other obligations shall be treated as public debt transactions of the United States.

(c) Funds made available to the Association pursuant to the provisions of this section shall be deposited in a checking account or accounts with the Treasurer of the United States. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for administrative expenses of the Secretary and the Association in carrying cut their functions under this chapter.

(d) The Association shall, at such time as the Secretary may determine, issue bonds or other obligations to be guaranteed pursuant to the provisions of section 706 of this chapter and shall thereupon retire the bonds or other obligations initially issued to the Secretary of the Treasury.

(e) Except in the case of sums paid by the Secretary of the Treasury for preferred capital stock or bonds or other obligations of the Association pursuant to sections 704(a) and 705(a), the receipts and disbursements of the Association from stock subscriptions and the issuance of bonds or other obligations shall not be included in the total of the budget of the United States Government and shall be exempt from any limitation on annual expenditure or net lending.

GUARANTEE ON FINANCIAL OBLIGATIONS

SEC. 706. (a) The Association is authorized to issue and have outstanding bonds or other obligations not in excess of $1,000,000,000. The Secretary is authorized to guarantee, and enter into commitments to guarantee, such bonds or other obligations.

(b) The full faith and credit of the United States is pledged to the payment of all guarantees under this section with respect to both principal and interest. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the bonds or other obligations for such guarantee, and the validity of any guarantee so made shall be incontestable in the hands of a holder of the guaranteed bond or other obligation.

AUTHORIZED LOANS

SEC. 707. (a) To assist eligible cooperatives and their members in the production, rehabilitation, conversion, refinancing, management, and maintenance of housing projects, and the resale of memberships, the Association is authorized to make loans for the following purposes, upon such terms and conditions as may be approved by the Secretary—

(1) to finance the construction of new housing projects, including the making of advances as progress payments during the period of construction;

(2) to finance the acquisition of existing properties for conversion to cooperative ownership;

(3) supplemental loans to finance the rehabilitation, improvement, repair, or modernization of existing housing projects; and

(4) supplemental loans to finance a part of the down payments of purchasers acquiring membership interests from departing members of cooperatives which are stockholders of the Association; such loans may be made to cooperatives or to purchasers acquiring such membership interests in cooperatives:

Provided, That the Association may only make loans which the Secretary insures or makes commitments to insure.

(b) A loan described in subsection (a)(1) or (a)(2) of this section shall be secured by a first lien on the housing project or property (except as provided in subparagraph (2) hereof), shall have a maturity not in excess of 40 years under a principal repayment plan prescribed by the Association, shall bear interest at a rate to be determined by the Secretary, and shall be in an amount not to exceed—

(1) in the case of a loan described in subsection (a)(1) of this section, the Association's estimated replacement cost of the project when the proposed improvements are completed; which shall include the land, proposed physical improvements, utilities, architect fees, taxes and interest during construction, legal, marketing, and development services, working capital and contingency allowances, builders' and sponsors' profit and risk allowance, and such other miscellaneous charges as may be approved by the Association as incident to the development of the project, which shall include the subscription price of the stock in the Association (which shall be pledged as additional security for the loan); or

(2) in the case of a loan described in subsection (a)(2) of this section, the appraised value of the project or property at the time of purchase, which value shall be based upon an amount on which the debt service can be met from the income of the property when operated on a nonprofit basis, after payment of all operating expenses, taxes and required reserves, and the subscription price of the stock in the Association (which shall be pledged as additional security for the loan): *Provided*, That a loan for the purposes described in subsection (a)(2) may be secured by a lien on the housing project or property which is inferior to other liens thereon, at the time the purchase for cooperative ownership is consummated, where such other liens bear a lower interest rate than the Association's loan and where the Association's loan, when added to the outstanding balance of the existing liens, will not exceed the appraised value of the project or property determined in accordance with the provisions hereof.

(c) A loan described in subsection (a)(3) of this section shall be secured by a lien on the housing project or property, which may be inferior to other liens, shall have a maturity satisfactory to the Secretary, shall bear interest at a rate determined by the Secretary, and shall be in an amount not to exceed the amount which the Association estimates will be the cost of the improvements and the subscription price of the stock in the Association (which shall be pledged as additional security for the loan): *Provided*, That such amount when added to the outstanding balance of existing liens on the project or property shall not exceed the appraised value thereof determined in accordance with the provisions of subsection (b)(2) of this section.

(d) A loan to a cooperative described in subsection (a)(4) of this section shall be utilized by the borrowing cooperative to make loans to purchasers acquiring membership in such cooperative. The criteria, limitations, and requirements for such loans to purchasers acquiring memberships shall be prescribed by the Secretary and shall be secured

by the borrower's membership and occupancy agreement in and with the cooperative, which shall, in turn, be pledged by the borrowing cooperative to the Association: *Provided,* That the borrowing purchaser of a cooperative membership be required to make a down payment in an amount computed in accordance with the provisions of section 708(3) of this chapter. Any loan made to a purchaser acquiring a membership in a cooperative shall be subject to the limitations and requirements set forth in this paragraph.

(e) The loans of the Association shall be at an interest rate at least sufficient to cover the Association's cost of financing, together with its estimated cost of administration and reserves against loan losses. In making loans, the Association shall retain the right to adjust the interest rate at periodic intervals (not less than annually) so it will not be less than the average interest rate paid by the Association on its outstanding bonds having a maturity of ten years or more, as of the last day of the preceding year.

(f) Housing projects to be financed by loans from the Association may include such nondwelling facilities as the Association deems necessary or desirable for the cooperative ownership and other purposes of this chapter.

(g) If taxes, utilities, operating expenses, or other costs increase or other contingencies occur which jeopardize the ability of a cooperative to meet its payments when due on a loan from the Association, the Association is authorized to enter into workout agreements with necessary extensions of time for repayment of principal and interest for such periods as the Association deems suitable under the circumstances, including the extension of the final maturity of the loan.

ELIGIBILITY AND REGULATORY REQUIREMENTS

SEC. 708. The Secretary shall require from each cooperative obtaining a loan pursuant to the provisions of this chapter an undertaking that—

(1) Monthly deposits shall be made by the cooperative into a mutual contingency reserve account (hereinafter referred to as the "Mutual Fund") to be administered by the Association and used, in the discretion of the Association, to avoid or cure any defaults or delinquencies in loan obligations of cooperatives receiving loans from the Association.

(2) Any advance made from the Mutual Fund for the purposes described in paragraph (1) of this section, shall be repaid by such cooperative at such times and on such terms and conditions as may be approved by the Association as suitable under the circumstances.

(3) Each purchaser of a membership in the cooperative shall be required to make a downpayment of not less than 2 per centum of the price attributable to the dwelling unit involved, which downpayment shall be applied toward the payment of closing costs and the member's proportionate share of working capital and the cooperative's subscription for stock in the Association.

(4) There shall be included in the monthly occupancy charges to be collected by the cooperative from each member an amount to pay the member's share (as determined by the cooperative and approved by the Association) of:

(A) payments on the cooperative's loan from the Association under subsection (a) (1), (a) (2), or (a) (3) of section 707;

(B) the cooperative's payments to the Mutual Fund of the Association;

(C) the cooperative's payments to any reserve for replacements and other reserves which the cooperative may be required to accumulate and deposit in its account with the Association; and

(D) the operating and maintenance expenses, taxes, insurance and other costs of the cooperative.

(5) The cooperative shall file annual financial and other reports with the Bank and submit to such audits by the Association and the General Accounting Office as either may find necessary or desirable.

LABOR STANDARDS

SEC. 709. All laborers and mechanics employed by contractors or subcontractors in construction, repair, or rehabilitation work financed with a loan made pursuant to the provisions of this chapter shall be paid wages at rates not less than those prevailing on similar work as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No loan to finance such work shall be made without first obtaining adequate assurance that these labor standards will be maintained for and upon such work. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

MUTUAL FUND, RESERVES AND DIVIDENDS

SEC. 710. (a) In addition to the Mutual Fund, the Secretary shall require the establishment and maintenance of and the Association shall establish and maintain such reserve or reserves as he deems appropriate. Such reserves, including the Mutual Fund, shall be kept in cash or on deposit, invested in interim financing to cooperatives under the provisions of this chapter, or invested in bonds or other obligations of, or guaranteed as to principal and interest by, the United States.

(b) No dividends shall be paid on the common stock of the Association except out of net earnings remaining after all required reserves are provided for, and then only after the retirement of all preferred stock and the payment in full of all obligations to the Secretary of the Treasury.

(c) Upon the retirement of all of the capital stock of the Association held by the United States and after the payment in full of bonds or other obligations initially held by the United States or guaranteed by the Secretary pursuant to the provisions of this chapter, the Secretary is authorized to distribute to each of the cooperative borrowers which have obtained loans from the Association, which loans are in good standing, a share of the Mutual Fund in such manner and amounts as the Secretary shall determine to be equitable and in accordance with sound actuarial and accounting practice.

INSURANCE OF LOANS MADE BY THE ASSOCIATION

SEC. 711. Notwithstanding any other provisions of law, the Secretary is authorized to insure and to make commitments to insure any loan to be made pursuant to the provisions of this chapter. Consistent with the provisions of this chapter, the Secretary may issue rules and regulations for the insurance of loans and the issuance of commitments for loans to be made by the Association and to provide for insurance benefits on terms no less favorable than those available under any other insurance program administered by the Secretary, including the payment of insurance benefits in cash.

PARTICIPATION IN OTHER COOPERATIVE HOUSING PROGRAMS

SEC. 712. (a) The provisions of this chapter shall be construed as a supplement to, and not as a substitute for, other laws now existing or hereinafter enacted relating to financing and assistance for cooperative housing.

(b) The Association shall be an approved mortgagee under the provisions of laws, regulations, and programs administered by the Secretary, may participate in interest reduction or other subsidy programs, and may enter into contracts with the Secretary on the same basis as if it were an entity outside of the Department of Housing and Urban Development.

CHAPTER VIII—MISCELLANEOUS

NATIONAL HOUSING GOAL

SEC. 801. Title XVI of the Housing and Urban Development Act of 1968 is amended—

(1) by inserting "(a)" before "The Congress" in the first sentence of section 1601;

(2) by adding at the end of section 1601 the following subsections:

"(b) The Congress further finds that policies designed to contribute to the achievement of the national housing goal have not directed sufficient attention and resources to the preservation of existing housing and neighborhoods, that the deterioration and abandonment of housing for the Nation's lower income families has accelerated over the last decade, and that this acceleration has contributed to neighborhood disintegration and has partially negated the progress toward achieving the national housing goal which has been made primarily through new housing construction.

"(c) The Congress declares that if the national housing goal is to be achieved, a greater effort must be made to encourage the preservation of exisitng housing and neighborhoods through such measures as housing preservation, moderate rehabilitation, and improvements in housing management and maintenance, in conjunction with the provision of adequate municipal sedvices. Such an effort should concentrate, to a greater extent than it has in the past, on housing and neighborhoods where deterioration is evident but has not yet become acute."; and

(3) by redesignating clauses (3) through (6) of section 1603 as clauses (4) through (7), respectively, and by inserting after clause (2) the following new clause:

"(3) provide an assessment of developments and progress during the preceding fiscal year with respect to the preservation of deteriorating housing and neighborhoods and indicate the efforts to be undertaken in future years to encourage such action;".

EXPANSION OF EXPERIMENTAL HOUSING ALLOWANCE PROGRAM

SEC. 802. Section 504 of the Housing and Urban Development Act of 1970 is amended to read as follows:

"HOUSING ALLOWANCE

"SEC. 504. (a) The Secretary of Housing and Urban Development is authorized and directed through an expansion of the experimental housing allowance program to formulate, initiate, and operate, on a pilot basis, programs of cash assistance for rental or homeownership expense to determine whether a policy of direct cash assistance can be put into practical operation.

"(b) (1) In carrying out his responsibilities under subsection (a) of this section, the Secretary shall develop analyses, data, and experience necessary to permit determinations of (A) the attributes and composition of the group eligible to receive Federal assistance in a full-scale national cash assistance program, (B) appropriate methods for staging the implementation of a cash assistance program, (C) the defininiton of safe and sanitary housing, (D) the cost of obtaining safe and sanitary housing in the various housing market areas of the country, (E) the amount of contribution that should be required of a family receiving a Federal housing assistance payment toward the cost of the safe and sanitary housing it occupies, (F) the impact of a cash assistance program tied to housing on the welfare of low- and moderate-income families, (G) the characteristics of housing acquired through a cash assistance program with respect to quality,

type, and location, (H) the effect of the cash assistance program in reducing residential concentrations of low-income families, (I) the cost of administering a full-scale national cash assistance program, and (J) the safeguards and administrative procedures necessary and appropriate to insure, to the maximum extent feasible, that (i) housing obtained with the use of the housing allowance is safe, sanitary, and reasonably priced, and (ii) that a cash assistance program results in increased preservation, maintenance, and improvement of the housing stock.

"(2) In addition the Secretary shall determine the effect that implementation of a housing assistance program, serving groups of varying sizes, attributes, and percentages of households in a housing market area would have on the cost of housing in housing markets with varying vacancy rates, and in stimulating the availability of additional safe and sanitary housing units of the housing stock.

"(c) The Secretary shall report his findings to the Congress not later than eighteen months after the date of enactment of the Housing and Community Development Act of 1974 and shall include with his report any proposed legislation that may be appropriate.

"(d) The Secretary (subject to limitations contained in appropriations Acts) may enter into contracts or agreements under which he will make payments to or on behalf of participating families pursuant to cash assistance programs authorized by this section. He may also contract with public or private agencies for performance of administrative functions in connection with such programs.

"(e) For the purpose of carrying out this section, the Secretary is authorized to make, and to contract to make, housing assistance payments to or on behalf of participating families. The aggregate amount of payments pursuant to such contracts shall not exceed $43,000,000 in any fiscal year, except that upon the enactment of the Housing and Community Development Act of 1974, the amount of contract authority conferred by this section shall be reduced by the aggregate amount of contracts under the United States Housing Act of 1937 which were entered into to carry out the purposes of this section. There are authorized to be appropriated such sums as may be necessary to carry out this section, including such amounts as may be necessary to cover administrative costs and to make payments as provided for in contracts entered into by the Secretary under this section. Contracts under this section shall not provide for payments to be made after July 1, 1985. During any period when funds are available for commitment under this subsection, the Secretary shall not enter into further contracts under the United States Housing Act of 1937 to carry out the purpose of this section."

DIRECT FINANCING STUDY

SEC. 803. The Secretary of Housing and Urban Development and the Secretary of the Treasury shall study the feasibility of financing the programs authorized under section 502 and section 601 of the Revised National Housing Act through various financing methods, including direct loans from the Federal Financing Bank, and if the Secretary of Housing and Urban Development and the Secretary of the Treasury determine that any such method would result in net savings to the Federal Government (after taking into account the direct and indirect effects of such method), it is the sense of the Congress that such method be adopted. The Secretary of Housing and Urban Development and the Secretary of the Treasury shall transmit to the Congress a report on the study required by this section not later than one year after the date of enactment of this Act.

ELDERLY AND HANDICAPPED HOUSING LOAN FUND

SEC. 804. Section 202 of the Housing Act of 1959 is amended by adding at the end thereof the following:

"(f)(1) There is established in the Treasury of the United States a trust fund to be known as the National Elderly and Handicapped Housing Loan Fund (hereinafter in this subsection referred to as the "fund"). The fund shall consist of—

"(A) amounts repaid by borrowers as principal and interest on loans from the fund;

"(B) proceeds credited to the fund under paragraph (3);

"(C) appropriations to the fund under paragraph (4);

"(D) all amounts repaid by borrowers as principal and interest on loans from the revolving fund established under subsection (a)(4); and

"(E) any amounts contained in the revolving fund established under subsection (a)(4) which are not committed on the date of enactment of this subsection; and

"(F) receipts from any other source.

All receipts, funds, or other assets and all liabilities of the revolving fund established under subsection (a)(4) (including liabilities arising under loans made under such subsection) shall become and be assets and liabilities of the fund established pursuant to this subsection, as if such assets and liabilities had been received or incurred pursuant to this subsection, and shall be paid over, held, and accounted for accordingly.

"(2) Amounts in the fund shall be available to the Secretary for the purpose of making loans under this section and for paying interest on obligations issued under paragraph (3). The aggregate loans made under this section in any fiscal year shall not exceed the limits on such lending authority established in the annual appropriations Act for such fiscal year.

"(3) To carry out the purposes of this subsection, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount not to exceed $100,000,000, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by 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 authorize 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 debt transactions of the United States.

"(4) There is authorized to be appropriated to the fund in each fiscal year an amount equal to the difference between the amount of interest paid on obligations issued under paragraph (3) and the amount of interest received on loans made from the fund, but not to exceed 3,000,000 in any fiscal year. Except in the case of sums appropriated under this subsection, the receipts and disbursements of the fund shall not be included in the total of the budget of the United States Government and shall be exempt from any limitation on annual expenditure or net lending.

"(5) To the maximum extent practicable, the Secretary shall use the services and facilities of the private mortgage industry in servicing mortgage loans made under this section."

LOW RISE CONSTRUCTION

SEC. 805. In the administration of section 202 of the Housing Act of 1959 and the United States Housing Act of 1937, the Secretary of Housing and Urban Development may enter into a contract or make a commitment after the date of enactment of this section with respect to a housing project which is designed primarily for occupancy by the elderly and which involves high rise construction only if he determines, on the basis of land costs, safety and security factors, or the availability of community services, that such construction is apppropriate.

HOUSING SECURITY

SEC. 806. (a) There is established in the Department of Housing and Urban Development an Office of Security which shall be headed by the Assistant Secretary for Housing Managament. The Office of Security shall be used by the Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") to—

(1) make grants and enter into contracts in accordance with subsection (b);

(2) serve as a clearinghouse for information relating to the physical security of Federally insured or assisted housing projects and to Federal assistance for improved security of such projects; and

(3) cooperate and coordinate with the Law Enforcement Assistance Administration in developing improved methods for providing housing security.

(b) The Secretary, acting through the Office of Security, is authorized to make grants and enter into contracts with sponsors of Federally insured or assisted housing projects in order to pay the cost of—

(1) the planning and development of a security program for the project;

(2) capital improvements, such as design modification or remodeling or the installation of electronic security systems, improved lighting in common areas, and hardware, to improve the security of the project;

(3) the maintenance and equipment of a security force for the project, including salaries and benefits of security personnel and training programs, uniforms, weapons, and other equipment for such personnel; and

(4) research and technical assistance relating to project security.

As used in this section, the term "Federally insured or assisted housing project" means a multifamily housing project under a mortgage insured under any provision of the National Housing Act, a project subject to an annual contributions contract under the United States Housing Act of 1937, and a project subject to a loan under section 202 of the Housing Act of 1959.

(c) From the amounts authorized under section 9(b) of the United States Housing Act of 1937, as amended by chapter II of this Act, for annual contributions for the operation of low-income housing projects, the Secretary is authorized to enter into contracts and make grants in accordance with the provisions of this section in aggregate amounts not to exceed $10,000,000 per annum prior to July 1, 1976.

HOUSING LOCATION

SEC. 807. Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following:

"HOUSING LOCATION

"SEC. 506. (a) The Congress finds and declares that—

"(1) There is a continuing need to ex-

pand the supply of housing in standard condition which lower income families can afford.

"(2) Federally assisted efforts to expand the supply of such housing in the past have been concentrated to a great extent in a few neighborhoods located in or near urban core areas.

"(3) Such efforts, therefore, have not greatly expanded housing locational opportunities for lower income families, many of whom can afford housing only in such neighborhoods.

"(4) The concentration of lower income families in these neighborhoods, which was often been facilitated by governmental policies, has compounded social problems in the neighborhoods, hastened neighborhood deterioration, and overburdened public services.

"(5) Such concentration has also placed an enormous financial burden on cities and States by increasing greatly the need for social services in these neighborhoods.

"(6) In the case of new housing construction, suitable sites are difficult or impossible to find in many urban core areas and often can be utilized only after demolition and relocation expenses are incurred.

"(7) New employment opportunities in many metropolitan areas are being created more rapidly in the areas surrounding urban core areas than in the core areas themselves, and lower income families who can only afford to live in or near urban core areas often cannot take advantage of these opportunities, which would increase the income of such families and result in less dependence upon Federal assistance. Many lower income families who do take advantage of these employment opportunities in the areas surrounding urban core areas are not able to afford housing within reasonable proximity to their places of employment.

"(8) For all of these reasons, the Federal Government should encourage and assist metropolitan areas in undertaking programs designed to increase housing locational opportunities for families of lower income by conserving and expanding the supply of housing in standard condition affordable by such families, located within reasonable proximity to major employment opportunities and in a manner calculated to avoid excessive concentration in any particular neighborhood and to spread the financial responsibility for supporting necessary services among local jurisdictions.

"(b) Programs undertaken by the Secretary under section 501 may include grants by the Secretary in accordance with the provisions of this section to general purpose local governments, or to local public agencies designated by such governments or by regional combinations of such governments, to demonstrate the feasibility of providing assistance for the purpose of increasing housing locational opportunities for lower income families in the manner described in subsection (a)(8). Such grants may be made for the planning and implementation of the following activities:

"(1) The maintenance, improvement, or expansion of public services furnished by localities in order to serve adequately the increased supply of housing for lower income families and the families themselves, as well as the other residents of the localities.

"(2) Providing, upgrading, or improving social services related to housing for lower income families, including security and counseling services.

"(3) Increasing the efficiency and improving the management and supervision at the project, local, and regional levels of programs and services designed to provide increased housing opportunities for lower income families.

"(4) The payment of such portions of reasonable and necessary land acquisition, demolition, or relocation expenses as the Secretary deems appropriate.

"(5) Such other activities as the Secretary may approve, taking into account the purposes of this section.

"(c) The Secretary, in making grants under this section, shall—

"(1) give a preference to activities and demonstration programs designed to benefit substantially families whose incomes would make them eligible for housing assistance under the United States Housing Act of 1937;

"(2) require localities to carry out demonstrations designed to expand housing opportunities in such a manner that the needs of both the elderly and families are considered and accommodated to the extent practicable; and

"(3) require that demonstration programs undertaken pursuant to this section address rationally and effectively the housing needs of lower income families on a regional or areawide basis, consistent with any housing element of a comprehensive land use plan which has been developed pursuant to the provisions of section 701 of the Housing Act of 1954.

"(d)(1) The amount of any grant under this section may not exceed the actual cost incurred by a locality in carrying out the activities referred to in subsection (b).

"(2) Not more than one-third of the aggregate amount of grants made under this section in any fiscal year may be made to any one locality.

"(3) None of the funds available under this section may be used to make expenditures for which other Federal funds are available.

"(e) To the maximum extent practicable, the Secretary shall expedite the provision of such assistance authorized under other provisions of law administered by him as he deems necessary and appropriate to further the progress of demonstration programs undertaken pursuant to this section.

"(f) To carry out the purposes of this section, there are authorized to be appropriated not to exceed $20,000,000 for the fiscal year ending June 30, 1975. Any amount so appropriated shall remain available until expended. Any amount authorized for any fiscal year under this section but not appropriated may be appropriated for any succeeding fiscal year.

"(g) The Secretary shall transmit to the Congress not later than six months following the close of any year in which he carries out a demonstration under this section a report on such demonstration, and shall include in such report such recommendations as he deems appropriate to further the purposes of this section."

SOLAR ENERGY

SEC. 808. Title V of the Housing and Urban Development Act of 1970, as amended by section 807 of this chapter, is amended by adding at the end thereof the following new section:

"SOLAR ENERGY

"SEC. 507. (a) In carrying out activities under section 501, the Secretary may, after consultation with the National Science Foundation, undertake demonstrations to determine the economic and technical feasibility of utilizing solar energy for heating or cooling residential housing (including demonstrations of new housing design or structure involving the use of solar energy). Demonstrations carried out under this section should involve both single family and multifamily housing located in areas having distinguishable climatic characteristics in urban as well as rural environments. To carry out the purposes of this section the Secretary is authorized—

"(1) 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, design, development, and operation of such housing;

"(2) to utilize the contract, loan, or mortgage insurance authority of any Federally assisted housing program in the actual planning, development, and occupancy of such housing; and

"(3) to set aside any development, construction, design, or occupancy requirements for the purpose of any demonstration under this section if he determines that such requirements inhibit such demonstration.

"(b) The Secretary shall include in any demonstration under this section an evaluation of the demonstration to cover the full experience involved in all stages of the demonstration.

"(c) The Secretary shall transmit to the Congress not later than 6 months following the close of any year in which he carries out a demonstration under this section a full report on such demonstration. Such report may include an evaluation of the economic and technological feasibility of the widespread application of solar energy to residential housing.

"(d) To carry out the provisions of this section, there are authorized to be appropriated not to exceed $2,500,000 for the fiscal year ending June 30, 1975. Any amounts so appropriated shall remain available until expended.

HOUSING DESIGN

SEC. 809. Title V of the Housing and Urban Development Act of 1970, as amended by sections 807 and 808 of this chapter, is amended by adding at the end thereof the following new section:

"HOUSING DESIGN

"SEC. 508. Programs undertaken by the Secretary under section 501 may include research on, and the development of standards relating to, the social and environmental consequences of housing design and location in relation to other housing and neighborhood facilities."

FAIR HOUSING WITH RESPECT TO SEX

SEC. 810. (a) Subsections (a), (b), (c), (d), and (e) of section 804 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes", approved April 11, 1968 (42 U.S.C. 3604), are amended by inserting a comma and the word "sex" immediately after the word "religion" each time it appears in such subsections.

(b) Section 805 of such Act is amended by inserting a comma and the word "sex" immediately after the word "religion".

(c) Section 806 of such Act is amended by inserting a comma and the word "sex" immediately after the word "religion".

(b) Subsection (a), paragraph (1) of subsection (b), and subsection (c) of section 901 of such Act are amended by inserting a comma and the word "sex" immediately after the word "religion" each time it appears.

NATIONAL INSTITUTE OF BUILDING SCIENCES

SEC. 811. (a)(1) The Congress finds: (A) that the lack of an authoritative national source to make findings and to advise both the public and private sectors of the economy with respect to the use of building science and technology in achieving nationally acceptable standards and other technical provision for use in Federal, State, and local housing and building regulations is an obstacle to efforts by and imposes severe burdens upon all those who procure, design, construct, use, operate, maintain, and retire physical facilities, and frequently results in the failure to take full advantage of new and useful developments in technology which could improve our living environment; (B) that the establishment of model building codes or of a single national building code will not completely resolve the problem because of the difficulty at all levels of government in updating their housing and building

regulations to reflect new developments in technology, as well as the irregularities and inconsistencies which arise in applying such requirements to particular localities or special local conditions; (C) that the lack of uniform housing and building regulatory provisions increases the costs of construction and thereby reduces the amount of housing, and other community facilities which can be provided; and (D) that the existence of a single authoritative nationally recognized institution to provide for the evaluation of new technology could facilitate introduction of such innovations and their acceptance at the Federal, State, and local levels.

(2) The Congress further finds, however, that while an authoritative source of technical findings is needed, various private organizations and institutions, private industry, labor, and Federal and other governmental agencies and entities are presently engaged in building research, technology development, testing, and evaluation, standards and model code development and promulgation, and information dissemination. These existing activities should be encouraged and these capabilities effectively utilized wherever possible and appropriate to the purposes of this section.

(3) The Congress declares that an authoritative nongovernmental instrument needs to be created to address the problems and issues described in paragraph (1), that the creation of such an instrument should be initiated by the Government, with the advice and assistance of the National Academy of Sciences-National Academy of Engineering-National Research Council (hereafter referred to as the "Academies-Research Council") and of the various sectors of the building community, including labor and management, technical experts in building science and technology, and the various levels of government.

(b)(1) There is authorized to be established, for the purposes described in subsection (a)(3), an appropriate nonprofit, nongovernmental instrument to be known as the National Institute of Building Sciences (hereinafter referred to as the "Institute"), which shall not be an agency or establishment of the United States Government. The Institute shall be subject to the provisions of this section and, to the extent consistent with this section, to a charter of the Congress if such a charter is requested and issued or to the District of Columbia Nonprofit Corporation Act if that is deemed preferable.

(2) The Academies-Research Council, along with other agencies and organizations which are knowledgeable in the field of building technology, shall advise and assist in (A) the establishment of the Institute; (B) the development of an organizational framework to encourage and provide for the maximum feasible participation of public and private scientific, technical, and financial organizations, institutions, and agencies now engaged in activities pertinent to the development, promulgation, and maintenance of performance criteria, standards, and other technical provisions for building codes and other regulations; and (C) the promulgation of appropriate organizational rules and procedures including those for the selection and operation of a technical staff, such rules and procedures to be based upon the primary object of promoting the public interest and insuring that the widest possible variety of interests and experience essential to the functions of the Institute are represented in the Institute's operations. Recommendations of the Academies-Research Council shall be based upon consultations with and recommendations from various private organizations and institutions, labor, private industry, and governmental agencies and entities operating in the field, and the Consultative Council as provided for under subsection (c)(8).

(3) Nothing in this section shall be construed as expressing the intent of the Congress that the Academies-Research Council itself be required to assume any function or operation vested in the Institute by or under this section.

(c)(1) The Institute shall have a Board of Directors (hereinafter referred to as the "Board") consisting of not less than fifteen nor more than twenty-one members, appointed by the President of the United States by and with the advice and consent of the Senate. The Board shall be representative of the various segments of the building community, of the various regions of the country, and of the consumers who are or would be affected by actions taken in the exercise of the functions and responsibilities of the Institute, and shall include (A) representatives of the construction industry, including representatives of construction labor organizations, product manufacturers, and builders, housing management experts, and experts in building standards, codes, and fire safety, and (B) members representative of the public interest in such numbers as may be necessary to assure that a majority of the members of the Board represent the public interest and that there is adequate consideration by the Institute of consumer interests in the exercise of its functions and responsibilities. Those representing the public interest on the Board shall include architects, professional engineers, officials of Federal, State, and local agencies, and representatives of consumer organizations. Such members of the Board shall hold no financial interest or membership in, nor be employed by, or receive other compensation from, any company, association, or other group associated with the manufacture, distribution, installation, or maintenance of specialized building products, equipment, systems, subsystems, or other construction material and techniques for which there are available substitutes.

(2) The members of the initial Board shall serve as incorporators and shall take whatever actions are necessary to establish the Institute as provided for under subsection (b)(1).

(3) The term of office of each member of the initial and succeeding Boards shall be three years; except that (A) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term; and (B) the terms of office of members first taking office shall begin on the date of incorporation and shall expire, as designated at the time of their appointment, one-third at the end of one year, one-third at the end of two years, and one-third at the end of three years. No member shall be eligible to serve in excess of three consecutive terms of three years each. Notwithstanding the preceding provisions of this subsection, a member whose term has expired may serve until his successor has qualified.

(4) Any vacancy in the initial and succeeding Boards shall not affect its power, but shall be filled in the manner in which the original appointments were made, or, after the first five years of operation, as provided for by the organizational rules and procedures of the Institute.

(5) The President shall designate one of the members appointed to the initial Board as Chairman; thereafter, the members of the initial and succeeding Boards shall annually elect one of their number as Chairman. The members of the Board shall also elect one or more of their Members as Vice Chairman. Terms of the Chairman and Vice Chairman shall be for one year and no individual shall serve as Chairman or Vice Chairman for more than two consecutive terms.

(6) The members of the initial or succeeding Boards shall not, by reason of such membership, be deemed to be employees of the United States Government. They shall, while attending meetings of the Board or while engaged in duties related to such meetings or in other activities of the Board pursuant to this title, be entitled to receive compensation at the rate of $100 per day including traveltime, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, equal to that authorized under section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(7) The Institute shall have a *president* and such other executive officers and employees as may be appointed by the Board at rates of compensation fixed by the Board. No such executive officer or employee may receive any salary or other compensation from any source other than the Institute during the period of his employment by the Institute:

(8) The Institute shall establish, with the advice and assistance of the Academies-Research Council and other agencies and organizations which are knowledgeable in the field of building technology, a Consultative Council, membership in which shall be available to representatives of all appropriate private trade, professional, and labor organizations, private and public standards, code, and testing bodies, public regulatory agencies, and consumer groups, so as to insure a direct line of communication between such groups and the Institute and a vehicle for representative hearings on matters before the Institute.

(d)(1) The Institute shall have no power to issue any shares of stock, or to declare or pay any dividends.

(2) No part of the income or assets of the Institute shall inure to the benefit of any Director, officer, employee, or any other individual except as salary or reasonable compensation for services.

(3) The Institute shall not contribute to or otherwise support any political party or candidate for elective public office.

(e)(1) The Institute shall exercise its functions and responsibilities in four general areas, relating to building regulations, as follows:

(A) Development, promulgation, and maintenance of nationally recognized performance criteria, standards, and other technical provisions for maintenance of life, safety, health and public welfare suitable for adoption by building regulating jurisdictions and agencies, including test methods and other evaluative techniques relating to building systems, subsystems, components, products, and materials with due regard for consumer problems.

(B) Evaluation and prequalification of existing and new building technology in accordance with paragraph (A).

(C) Conduct of needed investigations in direct support of paragraphs (A) and (B).

(D) Assembly, storage, and dissemination of technical data and other information directly related to paragraphs (A), (B), and (C).

(2) The Institute in exercising its functions and responsibilities described in paragraph (1) shall assign and delegate, to the maximum extent possible, responsibility for conducting each of the needed activities described in paragraph (1) to one or more of the private organizations, institutions, agencies, and Federal and other governmental entities with a capacity to exercise or contribute to the exercise of such responsibility, monitor the performance achieved through assignment and delegation, and, when deemed necessary, reassign and delegate such responsibility.

(3) The Institute in exercising its functions and responsibilities under paragraphs (1) and (2) shall (A) give particular attention to the development of methods for en-

couraging all sectors of the economy to cooperate with the Institute and to accept and use its technical findings, and to accept and use the nationally recognized performance criteria, standards, and other technical provisions developed for use in Federal, State, and local building codes and other regulations which result from the program of the Institute; (B) seek to assure that its actions are coordinated with related requirements which are imposed in connection with community and environmental development generally; and (C) consult with the Department of Justice and other agencies of government to the extent necessary to insure that the national interest is protected and promoted in the exercise of its functions and responsibilities.

(f)(1) The Institute is authorized to accept contracts and grants from Federal, State, and local governmental agencies and other entities, and grants and donations from private organizations, institutions, and individuals.

(2) The Institute may, in accordance with rates and schedules establish with guidance as provided under subsection (b)(2), establish fees and other charges for services provided by the Institute or under its authorization.

(3) Amounts received by the Institute under this section shall be in addition to any amounts which may be appropriated to provide its initial operating capital under subsection (h).

(g)(1) Every department, agency, and establishment of the Federal Government, in carrying out any building or construction, of any building- or construction-related program, which involves direct expenditures, and in developing technical requirements for any such building or construction, shall be encouraged to accept the technical findings of the Institute, or any nationally recognized performance criteria, standards, and other technical provisions for building regulations brought about by the Institute, which may be applicable.

(2) All projects and programs involving Federal assistance in the form of loans, grants, guarantees, insurance, or technical aid, or in any other form, shall be encouraged to accept, use, and comply with any of the technical findings of the Institute, or any nationally recognized performance criteria, standards, and other technical provisions for building codes and other regulations brought about by the Institute, which may be applicable to the purposes for which the assistance is to be used.

(3) Every department, agency, and establishment of the Federal Government having responsibility for building or construction, or for building- or construction-related programs, is authorized and encouraged to request authorization and appropriations for grants to the Institute for its general support, and is authorized to contract with and accept contracts from the Institute for specific services where deemed appropriate by the responsible Federal official involved.

(4) The institute shall establish and carry on a specific and continuing program of cooperation with the States and their political subdivisions designed to encourage their acceptance and its technical findings and of nationally recognized performance criteria, standards, and other technical provisions for building regulations brought about by the Institute. Such program shall include (A) efforts to encourage any changes in existing State and local law to utilize or embody such findings and regulatory provisions; and (B) assistance to States in the development of inservice training programs for building officials, and in the establishment of fully staffed and qualified State technical agencies to advise local officials on questions of technical interpretation.

(h) There is authorized to be appropriated to the Institute, not to exceed $5,000,000 for the fiscal year ending June 30, 1975, and $5,000,000 for the fiscal year ending June 30, 1976 (with each appropriation to be available until expended), to provide the Institute with initial capital adequate for the exercise of its functions and responsibilities during such years; and thereafter the Institute shall be financially self-sustaining through the means described in subsection (f).

(i) The Institute shall submit an annual report for the proceeding fiscal year to the President for transmittal to the Congress within sixty days of its receipt. The report shall include a comprehensive and detailed report of the Institute's operations, activities, financial condition, and accomplishments under this section and may include such recommendations as the Institute deems appropriate.

FEDERAL HOME LOAN MORTGAGE CORPORATION

SEC. 812. (a) Section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act is amended—

(1) by striking out "75 per centum" each place it appears in the first sentence thereof and inserting in lieu thereof "80 per centum";

(2) by striking out in the third sentence thereof all that follows the word "activities" and inserting in lieu thereof, "and only if the seller warrants to the Corporation that for each dollar amount of mortgage loans purchased by the Corporation from the seller under a purchase contract, a dollar amount equal thereto will be advanced or committed in residential mortgage loans by the seller within one hundred and eighty days of the purchase contract date of funding by the Corporation: *Provided*, That the Corporation may waive this requirement whenever the enforcement thereof would adversely affect the liquidity requirements of financial institutions or impair the normal business operations of the seller, especially in periods of disintermediation or overbuilding."; and

(3) by striking out in the fourth sentence thereof "which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act" and inserting in lieu thereof "contained in the first proviso to the first sentence of section 5(c) of the Home Owners' Loan Act of 1933, except that such limitations shall be increased by 25 per centum with respect to mortgages of property located in Alaska, Guam, and Hawaii".

(b) Section 5136 of the Revised Statutes is amended by inserting in paragraph Seventh thereof ", or mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act" immediately after "Government National Mortgage Association".

(c) Section 11(h) of the Federal Home Loan Bank Act is amended by inserting ", in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act" immediately after "Government National Mortgage Association".

(d) Section 16 of the Federal Home Loan Bank Act is amended by inserting ", in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act" immediately after "Government National Mortgage Association".

(e) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by inserting in the first paragraph thereof ", or in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or 306 of the Federal Home Loan Mortgage Corporation Act" immediately after "Federal Home Loan Bank".

(f) Section 107(8)(E) of the Federal Credit Union Act is amended by inserting "; or in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act;" immediately after "Government National Mortgage Association".

FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 813. (a) Section 302(a)(2) of the Federal National Mortgage Association Charter Act is amended—

(1) by striking out "the effective date established pursuant to section 808 of the Housing and Urban Development Act of 1968" in the matter preceding subparagraph (A) and inserting in lieu thereof "September 1, 1968"; and

(2) by striking out "effective" in subparagraphs (A) and (B).

(b) The third sentence of section 302(a)(2)(B) of such Act is amended—

(1) by inserting "or the metropolitan area thereof" immediately after "District of Columbia";

(2) by inserting "jurisdiction and" immediately before "venue"; and

(3) by striking out "resident thereof" and inserting in lieu thereof "District of Columbia corporation".

(c) Section 302(b)(2) of such Act is amended by striking out "75 per centum" each place it appears and inserting in lieu thereof "80 per centum".

(d) Clause (C) of the second sentence of section 302(b)(2) of such Act is amended by striking out "private".

(e) The fourth sentence of section 302(b)(2) of such Act is amended by striking out all that follows the word "activities" and inserting in lieu thereof "and only if the seller warrants to the corporation that for each dollar amount of mortgage loans purchased by the corporation from the seller under a purchase contract, a dollar amount equal thereto will be advanced or committed in residential mortgage loans by the seller within one hundred and eighty days of the purchase contract date of funding by the corporation: *Provided*, That the corporation may waive this requirement whenever the enforcement thereof would adversely affect the liquidity requirements of financial institutions or impair the normal business operations of the seller, especially in periods of disintermediation or overbuilding."

(f) The last sentence of section 302(b)(2) of such Act is amended by striking out "which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act" and inserting in lieu thereof "contained in the first proviso of the first sentence of section 5(c) of the Home Owners' Loan Act of 1933, except that such limitations shall be increased by 25 per centum with respect to mortgages of property located in Alaska, Guam, and Hawaii".

(g) Section 303(a) of such Act is amended—

(1) by striking out all of the first sentence which follows "directors" and inserting in lieu thereof a period; and

(2) by striking out everything after the second sentence.

(h) Section 303(c) of such Act is amended—

(1) by striking out "the effective date established pursuant to section 808 of the Housing and Urban Development Act of 1968" in the fourth sentence and inserting in lieu thereof "September 1, 1968."; and

(2) by striking out the proviso in the last sentence.

(i) Subsections (d) and (e) of section 303 of such Act are repealed.

(j) The last sentence of section 304(a)(1)

of such Act is amended by striking out "section 502 of the Emergency Home Finance Act of 1970" and inserting in lieu thereof "section 243 of the National Housing Act".

(k) Except with respect to any person receiving an annuity on the date of the enactment of this Act, section 309(d)(2) of such Act is amended—

(1) by striking out "the termination of the transitional period referred to in section 810(b) of the Housing and Urban Development Act of 1968" and inserting in lieu thereof "January 31, 1972,"; and

(2) by inserting "positions listed" immediately before "in section 5312".

(l) Subsections (b) and (c) of section 810 of the Housing and Urban Development Act of 1968 are repealed.

URBAN HOMESTEADING

SEC. 814. (a) Notwithstanding any other provision of law, the Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to transfer without payment to a unit of general local government or a public agency designated by a unit of general local government any real property—

(1) which is improved by a one- to four-family residence;

(2) to which the Secretary holds title;

(3) which is not occupied;

(4) which is requested by such unit or agency for use in an urban homestead program; and

(5) which the Secretary determines is suitable for use in an urban homestead program which meets the requirements of subsection (b). In determining the suitability of such property for use in an urban homestead program, the Secretary shall consider—

(A) the difficulties and delays which would be involved in the sale of the property;

(B) the value of any repairs and improvements required by the program;

(C) the benefits of the community and the reduced administrative costs to the Federal Government which would accrue from the expedited occupancy of the unoccupied property; and

(D) the possible financial loss to the Federal Government which may result from the transfer of the property without payment.

(b) For the purposes of subsections (a) and (c), the Secretary shall approve an urban homestead program carried out by a unit of general local government or a public agency designated by a unit of general local government which provides for—

(1) the conditional conveyance of unoccupied residential property by the responsible administrative entity to an individual or a family without any substantial consideration;

(2) an equitable procedure for selecting the recipients of the unoccupied residential property, giving special consideration to the recipients' need for housing and capacity to make or cause to be made the repairs and improvements required under paragraph (3)(C) of this subsection;

(3) an agreement whereby the individual or family to whom such property is conveyed agrees to—

(A) occupy such property as a principal residence for a period of not less than three years;

(B) make repairs required to meet minimum health and safety standards for occupancy prior to occupying the property;

(C) make such repairs and improvements to the property as may be necessary to meet applicable local standards for decent, safe, and sanitary housing within eighteen months after occupying the property; and

(D) permit reasonable periodic inspections at reasonable times by employees of the unit of general local government or the public agency designated by the unit of general local government for the purpose of determining compliance with the agreement;

(4) the revocation of such conveyance upon any material breach of the agreement referred to in clause (3);

(5) the conveyance from the unit of general local government or the public agency designated by the unit of general local government of fee simple title in such property without consideration upon compliance with the agreement; and

(6) a coordinated approach toward neighborhood improvement through the homestead program and the upgrading of community services and facilities.

The Secretary may approve such other programs which reasonably fulfill these criteria.

(c) The Secretary is authorized to enter into agreements with units of general local government or public agencies designated by units of general local government to provide technical assistance for the administration of urban homestead programs which meet the requirements of subsection (b) and to individuals and families who are participants in such programs.

(d) The Secretary is authorized to issue such rules and regulations as may be necessary to carry out his functions under this section.

(e) The Secretary shall conduct a continuing evaluation of programs carried out pursuant to this section and, beginning with the third year following the date of enactment of this section, shall transmit to the Congress an annual report containing a summary of his evaluation of such programs and his recommendations for future conduct of such programs.

(f) To reimburse the housing loan funds for properties transferred pursuant to this section, and to carry out the provisions of subsection (c), there are authorized to be appropriated not to exceed $5,000,000 for the fiscal year ending June 30, 1975, and not to exceed $5,000,000 for the fiscal year ending June 30, 1976. Any amounts so appropriated shall remain available until expended.

REHABILITATION LOANS

SEC. 815. Section 312 of the Housing Act of 1964 is amended to read as follows:

"REHABILITATION LOANS

"SEC. 312. (a) The Secretary is authorized, through the utilization of local public and private agencies where feasible, to make loans to owners and tenants of property to finance the rehabilitation of such property. No loan shall be made under this section unless—

"(1) the property is determined to require rehabilitation and—

"(A) such rehabilitation is necessary or appropriate to the execution of an approved community development program under the Community Development Assistance Act of 1974;

"(B) the property is being occupied pursuant to an agreement entered into under section 814(b)(3) of the Housing and Community Development Act of 1974, and the loan is made to assist the occupant in carrying out his responsibilities under the agreement; or

"(C) the property is located in a neighborhood which is sufficiently stable to support long-term values and the rehabilitation is necessary to place the structure in a condition which meets applicable code standards;

"(2)(A) if the applicant owns and occupies a single family dwelling unit to be rehabilitated, the applicant is unable to secure the necessary funds from other sources without paying more than 25 per centum or such lower per centum as the Secretary deems appropriate of his average monthly income for housing expenses, taking into account the need to encourage rehabilitation, except that this limitation shall not be applied to an applicant whose income does not exceed 50 per centum of the median income for the area, as determined by the Secretary in the same manner as such income determinations are made pursuant to section 402 of the Revised National Housing Act; or

"(B) if the applicant proposes to undertake rehabilitation of multifamily housing, the Secretary is satisfied that the benefits of such rehabilitation will accrue substantially to tenants whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary in the same manner as such income determinations are made pursuant to section 502 of the Revised National Housing Act; and

"(3) the loan is an acceptable *risk taking* into consideration the need for the rehabilitation, the security available for the loan, and the ability of the applicant to repay the loan.

"(b) For the purpose of this section—

"(1) the term 'rehabilitation' means the improvement or repair of a structure or facilities in connection with a structure, and may include the provision of such sanitary or other facilities as are required by applicable codes to be provided by the owner or tenant of the property;

"(2) the term 'tenant' means a person or organization that meets such conditions regarding length of lease and such other conditions designed to protect the Secretary's interest as the Secretary may prescribe; and

"(3) the term 'Secretary' means the Secretary of Housing and Urban Development.

"(c) A rehabilitation loan made under this section shall be subject to the following limitations:

"(1) The loan shall be subject to such terms and conditions as may be prescribed by the Secretary.

"(2) The term of the loan may not exceed twenty years or three-fourths of the remaining economic life of the structure after rehabilitation, whichever is less.

"(3) The loan shall bear interest at such rate as the Secretary determines to be appropriate, but not to exceed 3 per centum per annum, of the amount of the principal outstanding at any time, and the Secretary may prescribe such other charges as he finds necessary, including service charges and appraisal, inspection, and other fees.

"(4) The amount of the loan may not exceed—

"(A) in the case of residential property, the Secretary's estimate of the cost of rehabilitation, or $8,000 per family unit, whichever is less: *Provided*, That (i) the Secretary may, by regulation, increase such $8,000 limitation by not to exceed 45 per centum in any geographical area where he finds that cost levels so require, (ii) notwithstanding the preceding limitation, the loan may exceed the cost of rehabilitation by up to $10,000 in order to include an amount approved by the Secretary to refinance existing indebtedness secured by the property if such refinancing is necessary to enable the owner occupant to afford rehabilitation without paying more than 25 per centum of his average monthly income or such lower per centum as the Secretary deems appropriate for housing expenses, and (iii) the amount of the total indebtedness on the property (including the loan) shall be limited to the Secretary's estimate of the appraised value of the property after rehabilitation, or $50,000, or the maximum principal obligation when rehabilitation is involved for a mortgage which could be insured for such property under section 402 of the Revised National Housing Act for structures containing four dwelling units or less or under section 502 of such Act for such property containing five or more dwelling units, whichever is least;

"(B) in the case of nonresidential property, whichever of the following is the least: the Secretary's estimate of the appraised value of the property after rehabilitation, or $50,000, or the cost of rehabilitation, or an amount

which when added to any outstanding indebtedness related to the property securing the loan creates a total outstanding indebtedness that the Secretary determines could be reasonably secured by a first mortgage on the property.

"(d) There is authorized to be appropriated not to exceed $150,000,000 for each fiscal year which shall constitute a revolving fund to be used by the Secretary in carrying out this section. All moneys in such revolving fund shall be available for necessary expenses of servicing loans made pursuant to this section, including reimbursement or payment for services and facilities of the Government National Mortgage Association and of any public or private agency for the servicing of such loans.

"(e) The Secretary is authorized to delegate to or use as his agent any Federal or local public or private agency or organization to the extent he determines appropriate and desirable to carry out the objectives of this section in the area involved.

"(f) The Secretary is authorized to issue such rules and regulations and impose such requirements and conditions (in addition to those specified in this section) as he determines to be desirable to carry out the objectives of this section, including limitations on the amount of a loan and restrictions on the use of the property involved.

"(g) No loan shall be made under the authority of this section after July 1, 1976, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section before that date.".

TRANSITIONAL EXTENSION OF FHA INSURANCE AUTHORITY

SEC. 816. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1974" in the first sentence and inserting in lieu thereof "June 30, 1975".

(b) Section 217 of such Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1975".

(c) Section 221(f) of such Act is amended by striking out "October 1, 1974" in the fifth sentence and inserting in lieu thereof "June 30, 1975".

(d) Section 235(m) of such Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1975".

(e) Section 236(n) of such Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1975".

(f) Section 809(f) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1975".

(g) Section 810(k) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1975".

(h) Section 1002(a) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1975".

(i) Section 1101(a) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1975".

FLEXIBLE INTEREST RATE AUTHORITY

SEC. 817. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out "October 1, 1974" and inserting in lieu thereof "July 1, 1975".

TEMPORARY WAIVER OF CERTAIN LIMITATIONS APPLICABLE TO GNMA

SEC. 818. Section 3 of the joint resolution entitled "Joint resolution to extend the authority of the Secretary of Housing and Urban Development with respect to interest rates on insured mortgages, to extend and modify certain provisions of the National Flood Insurance Act of 1968, and for other purposes", approved December 22, 1971, as amended, is amended by striking out "October 1, 1974" and inserting in lieu thereof "July 1, 1975".

INTERSTATE LAND SALES

SEC. 819. (a) Section 1402 of the Housing and Urban Development Act of 1968 is amended—

(1) by inserting after "land" where it first appears in paragraph (3) the following: ", located in any State or in a foreign country,"; and

(2) by inserting before the semicolon at the end of paragraph (7) the following: "or between any foreign country and any State".

(b) Section 1403(a) of such Act is amended by striking out "or" at the end of paragraph (9), by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; or" and by adding after paragraph (10) the following new paragraph:

"(11) the sale or lease of real estate which is zoned by the appropriate governmental authority for industrial or commercial development, when—

"(A) local authorities have approved access from such real estate to a public street or highway;

"(B) the purchaser or lessee of such real estate is a duly organized corporation, partnership, trust, or business entity engaged in commercial or industrial business;

"(C) the purchaser or lessee of such real estate is represented in the transaction of sale or lease by a representative of its own selection;

"(D) the purchaser or lessee of said real estate affirms in writing to the seller that it is either (i) purchasing or leasing said real estate substantially for its own use or (ii) it has a binding commitment to sell, lease, or sublease said real estate to an entity which meets the requirements of (B) above, is engaged in commercial or industrial business, and is not affiliated with the seller or agent; and

"(E) a policy of title insurance or title opinion is issued in connection with the transaction showing that title to the real estate purchased or leased is vested in the seller or lessor, subject only to such exceptions as may be approved in writing by such purchaser or the lessee prior to recordation of the instrument of conveyance or execution of the lease, but nothing herein would require the recordation of a lease; except that any purchaser or lessee may waive, in writing in a separate document, the requirement of this subparagraph that a policy of title insurance or title opinion be issued in connection with the transaction."

(c)(1) The second sentence of section 1404(b) of such Act is amended—

(A) by striking out "within forty-eight hours" where it first appears and inserting in lieu thereof "until midnight of the third business day following the consummation of the transaction"; and

(B) by striking out all after "provide" and inserting in lieu thereof a period.

(2) The amendments made by paragraph (1) shall be effective sixty days after the date of the enactment of this Act.

ADVANCES FROM A STATE CHARTERED CENTRAL RESERVE INSTITUTION INCLUDING MORTGAGE FINANCE AGENCIES

SEC. 820. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by adding at the end thereof the following new paragraph:

"Subject to regulation by the Board but without regard to any other provision of this subsection, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to borrow funds from a State mortgage finance agency of the State in which the head office of such association is situated to the same extent as State law authorizes a savings and loan association organized under the laws of such State to borrow from the State mortgage finance agency, except that such an association may not make any loan of such funds at an interest rate which exceeds by more than 1¾ per centum per annum the interest rate paid by the State mortgage finance agency on the obligations issued to obtain the funds so borrowed."

PROGRAM LEVELS

SEC. 821. The President shall make such funds as may be appropriated or otherwise made available for obligation by the Congress for the programs authorized under this Act available in a timely manner for obligation in the year for which such funds have been appropriated or made available. The Secretary shall not withhold or delay or take away action which effectively precludes or delays the processing and approval of applications, and with respect to housing programs, the Secretary shall make available for commitment funds for the programs proportionate to the dollar amounts appropriated or otherwise made available for obligation by the Congress.

MASS TRANSPORTATION

SEC. 822. (a) Section 3 of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof of the following new subsection:

"(f) No Federal financial assistance under this Act may be provided for the purchase of buses unless as a condition of such assistance the applicant or any public body receiving assistance for the purchase of buses under this Act or any publicly owned operator receiving such assistance shall as a condition of such assistance enter into an agreement with the Secretary that such public body, or any operator of mass transportation for the public body, shall not engage in charter bus operations outside of the urban area within which it provides regularly scheduled mass transportation service, except as provided in the agreement authorized by this subsection. Such agreement shall provide for fair and equitable arrangements, appropriate in the judgment of the Secretary, to assure that the financial assistance granted under this Act will not enable public bodies and publicly and privately owned operators for public bodies to foreclose private operators from the intercity charter bus industry where such operators are willing and able to provide such service. In addition to any other remedies specified in the agreements, the Secretary shall have the authority to bar a grantee or operator from the receipt of further financial assistance for mass transportation facilities and equipment where he determines that there has been a continuing pattern of violations of the terms of the agreement. Upon receiving a complaint regarding an alleged violation, the Secretary shall investigate and shall determine whether a violation has occurred. Upon determination that a violation has occurred, he shall take appropriate action to correct the violation under the terms and conditions of the agreement.".

(b) Section 164(a) of the Federal-Aid Highway Act is amended—

(1) by inserting "or" before "(2)" in the first sentence;

(2) by striking out "or (3) the Urban Mass Transportation Act of 1964," in the first sentence; and

(3) by striking out all after the word "operations" in the first sentence and all of the second sentence, and inserting in lieu thereof "outside of the urban area (or areas) within which it provides regularly scheduled mass transportation service, except as provided in an agreement authorized and required by section 3(f) of the Urban Mass

Transportation Act of 1964, which subsection shall apply to Federal financial assistance for the purchase of buses under such provisions of title 23, United States Code."

(c) The Secretary shall amend any agreements entered into pursuant to section 164 (a) of the Federal-Aid Highway Act of 1973, to conform to the requirements of the amendments made by this section. The effective date of such conformed agreements shall be the effective date of the original agreements entered into pursuant to such section 164(a).

TRANSITIONAL AUTHORIZATION FOR PUBLIC HOUSING

Housing Act of 1937 is amended by striking out "$140,000,000" and inserting in lieu thereof "$312,000,000".

SEC. 823. Section 10(e) of the United States

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".

ADDITIONAL RESEARCH AUTHORITY

SEC. 828. 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 the 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 $10,000,000 from amounts approved in appropriations Acts shall be available for research under this section."

ENERGY STATEMENT

SEC. 829. In any case in which the Secretary of Housing and Urban Development is required to prepare a statement pursuant to section 102 of the National Environmental Policy Act of 1969 as a result of any action being taken or assistance being furnished under this Act, he shall include in the statement—

(1) his assessment of the long-term and short-term impact upon energy resources of the proposed assistance or action; and

(2) alternatives to the proposed assistance or action and their effects upon energy resources.

TAX INCENTIVES REVIEW

SEC. 830. Upon the enactment of this Act, the Secretary of Housing and Urban Development, in cooperation with the Secretary of the Treasury, shall conduct a thorough review of the effectiveness of existing tax incentives for investors in low and moderate income multifamily housing. Not later than six months after the date of enactment of this section, the Secretary of Housing and Urban Development shall submit to the Congress any recommendations for adjustments in such incentives—

(1) in order to facilitate increased efforts to reduce or stabilize construction or operating costs;

(2) in order to facilitate improved management practices which are more responsive to the needs of tenants; or

(3) for any other reason.

Any such recommendations shall include an estimate of the effect of their implementation would have on the levels and costs of low and moderate income housing programs.

MORTGAGE PROCEEDS FRAUDULENTLY MISAPPROPRIATED BY MORTGAGOR

SEC. 831. The Secretary of Housing and Urban Development shall take action to secure the payment of any deficiency after foreclosure on a mortgage where the Secretary has reason to believe that mortgage proceeds have been fraudulently misappropriated by the mortgagor.

STATISTICS

SEC. 832. The Secretary of Housing and Urban Development shall develop and maintain complete and current statistics and other information with respect to each housing mortgage insurance and housing assistanc program under this Act, including but not limited to, statistics and information relating to—

(1) financial market conditions, including the interest rates, payback periods, and other terms and conditions affecting such housing;

(2) the character, extent, and actual costs of construction or rehabilitation undertaken under each program;

(3) factors affecting and statistics showing the extent of utilization of each such program;

(4) factors affecting the processing time of applications and statistics showing processing times actually experienced for each program;

(5) mortgage arrearages, defaults, and foreclosures on insured mortgage loans and expenses incurred as a result of such arrearages, defaults, and foreclosures;

(6) abuses of the programs and actions taken in connection therewith;

(7) the income, expenditure for housing, age, sex, other relevant characteristics as determined by the Secretary of those served by the programs; and

(8) the costs of administering the programs;

and shall submit to the Congress not later than February 15 of each year an annual report summarizing such information.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the bill, S. 3066.

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

Mr. STEVENSON. Mr. President, passage of the omnibus housing, community development, and planning legislation today is a matter of great national importance. It is also a matter of great personal satisfaction.

For more than 2 years, we in the Banking Committee have worked hard to produce this bill. It will make major improvements in the Nation's ability to make decent housing available to all. It will help to make that housing available in balanced, well-planned, and attractive communities. It is the culmination of lengthy hearings, much hard thought, careful exploration of alternatives and, ultimately, compromise. I am proud to have been part of the effort.

S. 3066 contains many innovations. It recognizes the need for greater flexibility on the part of local communities to tailor their housing and development programs to their own needs. At the same time, it insures that Federal funds are used only for matters of high priority. Under broad and flexible guidelines, local communities will be in a position to act swiftly and imaginatively to deal with local problems while the American taxpayer will be assured that precious housing and community development resources are used wisely and where they are most needed.

I am particularly pleased that we were able to include in the bill a provision to require the Federal Government to face up to its responsibilities and correct serious housing defects which it fails to discover in the course of its mortgage insurance inspections. FHA's widespread failure to make adequate inspections in the past caused many unsuspecting homebuyers to be saddled with uninhabitable houses which they could not afford to repair and had no choice but to abandon. The cost to both the homeowner and the Federal Government was enormous. My reimbursement provision will help make up for the wrongs of the past and help insure they do not occur in the future, and ultimately save the taxpayers money.

I was also particularly pleased to have included in the bill provisions to make major improvements in the planning capabilities of State and local governments, focus greater attention on energy-saving techniques in new housing construction, permit child care and law enforcement activities in a community's development program, expand HUD's research authority to embrace attention to the social and environmental consequences of housing design and location, and provide adequate low-income housing in new communities.

Of great significance is the renewed commitment which S. 3066 represents, to better housing and improved communities for all. For too long our efforts to meet the Nation's pressing needs for a better living environment have been stymied. The administration's continued impoundment of badly needed funds for these purposes has inflicted suffering on all, not just the poor. Renewal plans have been shelved. Capable staffs are being disbanded. Uncertainty about the future is pervasive.

Passage of S. 3066 is a loud and clear signal that the Congress and the Nation will not tolerate further delay. S. 3066 gives the administration the tools to make major new strides—if only it will use them.

MESSAGE FROM THE HOUSE— ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled 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.

ORDER FOR ADJOURNMENT TO 10:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 10:30 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered

ORDER OF BUSINESS

Mr. TOWER. Mr. President, may I ask the distinguished Senator from West Virginia what the Senate business will be for the remainder of the day and for tomorrow?

Mr. ROBERT C. BYRD. Mr. President, in response to the inquiry of the distinguished senior Senator from Texas, the Senate will convene at 10:30 tomorrow morning.

At approximately 11 a.m., the Senate will take up S. 872, a bill to facilitate prosecutions for certain crimes and offenses committed aboard aircraft.

It was earlier anticipated that following that measure, we would call up S. 1835, the servicemen's group life insurance bill; but I am given to understand now that certain problems in connection with that bill might be worked out so that it could pass by unanimous consent if another day or so were given.

Following the disposition of S. 872, the Senate would then proceed to the consideration of S. 1401, a bill to establish rational criteria for the mandatory imposition of the sentence of death. I am not sure that the Senate will complete action on S. 1401—it may or may not—but, in any event, it may be possible at some time during the day to take up Senate Resolution 240, a funding resolution for the Committee on Banking, Housing and Urban Affairs.

I would anticipate yea and nay votes on tomorrow, and I would daresay that the measures I have outlined will be sufficient to carry us through the day tomorrow.

Mr. TOWER. And the Senator anticipates no more record votes tonight?

Mr. ROBERT C. BYRD. There will be no more record votes today.

Mr. TOWER. I thank the Senator from West Virginia.

ORDER FOR RECOGNITION OF SENATOR ROTH TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, and prior to the period for the transaction of routine morning business which has already been ordered, the distinguished Senator from Delaware (Mr. ROTH) be recognized for not to exceed 15 minutes.

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

AIRCRAFT PIRACY AMENDMENTS OF 1973

Mr. ROBERT C. BYRD. Mr. President, for the purpose of making it the pending business today and the unfinished business tomorrow, I ask unanimous consent that the Senate now proceed to the consideration of S. 872.

The PRESIDING OFFICER (Mr. HASKELL). The bill will be stated by title.

The second assistant legislative clerk read as folows:

A bill (S. 872) to facilitate prosecutions for certain crimes and offenses committed aboard aircraft, and for other purposes.

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

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments on page 2, after the word "chapter", where it appears the second time, strike out "11" and insert "111"; on page 3, after line 11, strike out:

"(l) (1) Whoever, while aboard, or while attempting to board, an aircraft being operated by an air carrier or a foreign air carrier in air transportation, has on or about his person a concealed deadly or dangerous weapon shall be fined not more than $1,000 or imprisoned not more than one year, or both.

"(2) Whoever willfully and without regard for the safety of human life or with reckless disregard for the safety of human life, while aboard, or while attempting to board, an aircraft being operated by an air carrier or a foreign air carrier in air transportation, has on or about his person a concealed deadly or dangerous weapon shall be fined not more than $5,000 or imprisoned not more than five years, or both.

"(3) This subsection shall not apply to law enforcement officers of any municipal or State government, or the Federal Government, who are authorized or required to carry arms, or persons as may be so authorized under regulations issued by the Secretary of Transportation, while acting within their official capacities."

And in lieu thereof insert:

"(l) (1) Whoever, while aboard, or while attempting to board, any aircraft in or intended for operation in air transportation or intrastate air transportation, has on or about his person or his property a concealed deadly or dangerous weapon, explosive, or other destructive substance, or has placed, attempted to place, or attempted to have placed aboard such aircraft any property containing a concealed deadly or dangerous weapon, explosive, or other destructive substance, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

"(2) Whoever willfully and without regard for the safety of human life or with reckless disregard for the safety of human life, while aboard, or while attempting to board, any aircraft in or intended for operation in air transportation or intrastate air transportation, has on or about his person or his property a concealed deadly or dangerous weapon, explosive, or other destructive substance, or has placed, attempted to place, or attempted to have placed aboard such aircraft any property containing a concealed deadly or dangerous weapon, explosive, or other destructive substance shall be fined not more than $5,000 or imprisoned not more than five years, or both.

"(3) This subsection shall not apply to law enforcement officers of any municipal or State government, or the Federal Government, while acting within their official capacities and who are authorized or required within their official capacities, to carry arms, or to persons who may be authorized, under regulations issued by the Administrator, to carry concealed deadly or dangerous weapons in air transportation or intrastate air transportation; nor shall it apply to persons transporting weapons for hunting or other sporting activities if the presence of such weapons is publicly declared prior to the time of boarding, checked as baggage which may not be opened within the airport confines, and not transported with such person in the passenger compartment of the aircraft.".

On page 5, line 21, after the word "or" where it appears the second time, strike out the word "conveys" and insert "conveyed"; on page 6, after line 17, insert a new section, as follows:

SEC. 7. Section 101 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301), is amended by adding after paragraph (21) the following:

"(22) 'Intrastate air transportation' means the carriage of persons or property as a common carrier for compensation or hire, by turbojet-powered aircraft capable of carrying thirty or more persons, wholly within the same State of the United States.".

And on page 7, after line 2, insert a new section, as follows:

SEC. 8. Section 1201(a) (3) of title 18 of the United States Code is amended by striking out "(32)" and inserting in lieu thereof "(33)".

So as to make the bill read:

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 "Aircraft Piracy Amendments of 1973".

SEC. 2. (a) Chapter 2 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 36. Imparting or conveying threats

"Whoever imparts or conveys or causes to be imparted or conveyed any threat to do an act which would be a felony prohibited by section 32 or 33 of this chapter or section 1992 of chapter 97 or section 2275 of chapter 111 of this title with an apparent determination and will to carry the threat into execution, shall be fined not more than $5,000 or imprisoned not more than five years, or both."

(b) The analysis of chapter 2 of title 18 of the United States Code is amended by adding at the end thereof the following new item:

"36. Imparting or conveying threats.".

SEC. 3. Subsection (a) of section 1395 of title 28, United States Code, is amended by striking the period at the end of such subsection and adding the following: ", and in any proceeding to recover a civil penalty under section 35(a) of title 18 of the United States Code or section 901(c) of the Federal Aviation Act of 1958 (72 Stat. 731; 49 U.S.C. 1471(c)), all process against any defendant or witness, otherwise not authorized under the Federal Rules of Civil Procedure, may be served in any judicial district of the United States upon an ex parte order for good cause shown."

SEC. 4. Section 901 of the Federal Aviation Act of 1958 (49 U.S.C. 1471) is amended by adding at the end thereof the following new subsection:

"FALSE INFORMATION

"(c) Whoever imparts or conveys or causes to be imparted or conveyed false information, knowing the information to be false, concerning an attempt or alleged attempt being made or to be made, to do any act which would be a crime prohibited by subsection (i), (j), (k), or (l) of section 902 of this title, shall be subject to a civil penalty of not more than $1,000 which shall be recoverable in a civil action brought in the name of the United States."

SEC. 5. Section 902 of the Federal Aviation Act of 1958 (49 U.S.C. 1472) is amended as follows:

(a) Section 902(l) is amended to read as follows:

"CARRYING WEAPONS ABOARD AIRCRAFT

"(l)(1) Whoever, while aboard, or while attempting to board, any aircraft in or intended for operation in air transportation or intrastate air transportation, has on or about his person or his property a concealed deadly or dangerous weapon, explosive, or other destructive substance, or has placed, attempted to place, or attempted to have placed aboard such aircraft any property containing a concealed deadly or dangerous weapon, explosive, or other destructive substance, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

"(2) Whoever willfully and without regard for the safety of human life or with reckless disregard for the safety of human life, while aboard, or while attempting to board, any aircraft in or intended for operation in air transportation or intrastate air transportation, has on or about his person or his property a concealed deadly or dangerous weapon, explosive, or other destructive substance, or has placed, attempted to place, or attempted to have placed aboard such aircraft any property containing a concealed deadly or dangerous weapon, explosive, or other destructive substance shall be fined not more than $5,000 or imprisoned not more than five years, or both.

"(3) This subsection shall not apply to law enforcement officers of any municipal or State government, or the Federal Government, while acting within their official capacities and who are authorized or required within their official capacities, to carry arms, or to persons who may be authorized, under regulations issued by the Administrator, to carry concealed deadly or dangerous weapons in air transportation or intrastate air transportation; nor shall it apply to persons transporting weapons for hunting or other sporting activities if the presence of such weapons is publicly declared prior to the time of boarding, checked as baggage, which may not be opened within the airport confines, and not transported with such person in the passenger compartment of the aircraft.".

(b) Section 902(m) is amended to read as follows:

"FALSE INFORMATION AND THREATS

"(m)(1) Whoever willfully and maliciously, or with reckless disregard for the safety of human life, imparts or conveys or causes to be imparted or conveyed false information knowing the information to be false, concerning an attempt or alleged attempt being made or to be made, to do any act which would be a felony prohibited by subsection (i), (j), or (l) (2) of this section, shall be fined not more than $5,000 or imprisoned not more than five years, or both.

"(2) Whoever imparts or conveys or causes to be imparted or conveyed any threat to do an act which would be a felony prohibited by subsection (1), (j), or (l)(2) of this section, with an apparent determination and will to carry the threat into execution, shall be fined not more than $5,000 or imprisoned not more than five years, or both."

(c) The table of contents of the Federal Aviation Act of 1958, in the matter of title IX (subchapter IX, chapter 20 of title 49, United States Code, section 1472(m)), is amended by redesignating

"(m) False information."

to read

"(m) False information and threats.".

SEC. 6. Section 903 of the Federal Aviation Act of 1958 (49 U.S.C. 1473) is amended by striking "Such" at the beginning of the second sentence of subsection (b)(1) of that section, and substituting therefor, "Except with respect to civil penalties under section 901(c) of this title, such".

SEC. 7. Section 101 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301), is amended by adding after paragraph (21) the following:

"(22) 'Intrastate air transportation' means the carriage of persons or property as a common carrier for compensation or hire, by turbojet-powered aircraft capable of carrying thirty or more persons, wholly within the same State of the United States.".

SEC. 8. Section 1201(a)(3) of title 18 of the United States Code is amended by striking out "(32)" and inserting in lieu thereof "(33)".

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on tomorrow, the Senate will convene at 10:30 a.m.

After the two leaders or their designees have been recognized under the standing order, the distinguished senior Senator from Delaware (Mr. ROTH) will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each, at the conclusion of which the Senate will proceed to the consideration of S. 872, a bill to facilitate prosecutions for certain crimes and offenses committed aboard aircraft.

Upon the disposition of that measure, it is the present intention of the leadership to take up S. 1401, a bill establishing rational criteria for the mandatory imposition of the sentence of death.

As I have already indicated, the leadership may, at some time tomorrow, move to take up Senate Resolution 240, a resolution authorizing additional expenditures by the Committee on Banking, Housing and Urban Affairs for inquiries and investigations. Yea-and-nay votes are expected to occur on tomorrow.

ADJOURNMENT TO 10:30 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move in accordance with the previous order that the Senate stand in adjournment until the hour of 10:30 a.m. tomorrow.

The motion was agreed to; and at 5:21 p.m. the Senate adjourned until tomorrow, Tuesday, March 12, 1974, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate March 11, 1974:

AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION

John W. Warner, of Virginia, to be Administrator of the American Revolution Bicentennial Administration. (New Position)

IN THE MARINE CORPS

Lt. Col. Gerald P. Carr, U.S. Marine Corps, for permanent promotion to the grade of colonel in the U.S. Marine Corps, in accordance with article II, section 2, clause 2, of the Constitution.

IN THE AIR FORCE

The following persons for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force:

CHAPLAIN

To be captain

Andrews, Ralph E., xxx-xx-xxxx
Greco, Raymond W., xxx-xx-xxxx
Hansen, Peter M., xxx-xx-xxxx
Kerley, Clyde N., xxx-xx-xxxx
Mackey, James W., xxx-xx-xxxx
Predoehl, Theodore G., xxx-xx-xxxx
Renne, Eric S., xxx-xx-xxxx
Sumpter, Ronald K., xxx-xx-xxxx
Wawrzynski, Edward A., xxx-xx-xxxx

To be first lieutenant

Barton, David W., xxx-xx-xxxx
Chumley, Theodore R., Jr., xxx-xx-xxxx
Dendinger, William J., xxx-xx-xxxx
Donohue, James A., xxx-xx-xxxx
Koah, Timothy A., xxx-xx-xxxx
Pelesh, Gregory H., xxx-xx-xxxx
Qualtrough, John P., xxx-xx-xxxx
Stainman, Theodore H., xxx-xx-xxxx
Young, James L., xxx-xx-xxxx

JUDGE ADVOCATE

To be captain

Abelson, Steven J., xxx-xx-xxxx
Anderson, Lowell T., xxx-xx-xxxx
Babin, James C., xxx-xx-xxxx
Birkel, James L., xxx-xx-xxxx

Brancato, John R., xxx-xx-xxxx
Brasel, Jerry M., xxx-xx-xxxx
Brown, Thomas J., xxx-xx-xxxx
Brunke, Loren D., xxx-xx-xxxx
Caldwell, James E., xxx-xx-xxxx
Cannain, Lester C., xxx-xx-xxxx
Cole, Charles R., xxx-xx-xxxx
Denton, William J., xxx-xx-xxxx
Diaz, Robert L., xxx-xx-xxxx
Dickson, Bernard A., xxx-xx-xxxx
Engebretsen, David H., xxx-xx-xxxx
Farr, Richard L., xxx-xx-xxxx
Fiore, Joseph C., xxx-xx-xxxx
Geraci, Thomas A., xxx-xx-xxxx
Gray, Alfred A., xxx-xx-xxxx
Ingram, James E., Jr., xxx-xx-xxxx
Kretsinger, Carll J., xxx-xx-xxxx
Lasater, William R., Jr., xxx-xx-xxxx
Mahoney, James J., Jr., xxx-xx-xxxx
McAvoy, Roger J., xxx-xx-xxxx
Petherick, Michael J., xxx-xx-xxxx
Regan, Gilbert J., xxx-xx-xxxx
Romo, Peter E., Jr., xxx-xx-xxxx
Stoddard, William M. B., xxx-xx-xxxx
Summerfield, Ralph S., xxx-xx-xxxx
Walker, William C., xxx-xx-xxxx
Warren, Stephen A., xxx-xx-xxxx

To be first lieutenant

Aaron, Richard J., xxx-xx-xxxx
Allen, Russell G., xxx-xx-xxxx
Alsup, Philip F., xxx-xx-xxxx
Anderson, Mark S., xxx-xx-xxxx
Apgar, Kenneth E., xxx-xx-xxxx
Armstrong, James G., xxx-xx-xxxx
Baker, Gary E., xxx-xx-xxxx
Bearden, John H., xxx-xx-xxxx
Beck, Ralph A., xxx-xx-xxxx
Bennett, Gerald F., xxx-xx-xxxx
Bloomer, David A., xxx-xx-xxxx
Boswell, William P., xxx-xx-xxxx
Brewer, Lewis G., xxx-xx-xxxx
Brown, Don E., xxx-xx-xxxx
Bruinooge, Jon P., xxx-xx-xxxx
Burns, Harry A., III, xxx-xx-xxxx
Casper, John E., xxx-xx-xxxx
Cerha, Robert G., xxx-xx-xxxx
Cervizzi, Richard G., xxx-xx-xxxx
Champney, Richard K., xxx-xx-xxxx
Christian, Thomas R., xxx-xx-xxxx
Conover, Robert V., xxx-xx-xxxx
Conran, Joseph P., xxx-xx-xxxx
Cook, Jeffrey W., xxx-xx-xxxx
Corley, Dewey W., xxx-xx-xxxx
Crassweller, James R., xxx-xx-xxxx
Crowgey, Rodney G., xxx-xx-xxxx
Davidson, Kenneth L., xxx-xx-xxxx
Davis, Jay L., xxx-xx-xxxx
Debevec, Carl J., xxx-xx-xxxx
Dekat, Kenneth A., xxx-xx-xxxx
Denson, Jeffrey M., xxx-xx-xxxx
Diaz, Robert E., xxx-xx-xxxx
Dixon, Brendan M., xxx-xx-xxxx
Donovan, James P., xxx-xx-xxxx
Duncan, Farris A., xxx-xx-xxxx
Erickson, Richard J., xxx-xx-xxxx
Farry, Edward T., xxx-xx-xxxx
Fedak, Laurence S., xxx-xx-xxxx
Fletcher, Paul G., xxx-xx-xxxx
Flynn, Edmund G., xxx-x...
Flynn, John T., xxx-xx-xxxx
Ford, Michael R., xxx-xx-xxxx
Freeman, Douglas K., xxx-xx-xxxx
Gamboa, Glenn J., xxx-xx-xxxx
Gibson, Robert G., Jr., xxx-xx-xxxx
Giovagnoni, Robert E., xxx-xx-xxxx
Goldsberry, Francis M., II, xxx-xx-xxxx
Greer, David E., xxx-xx-xx...
Hall, Richard F., xxx-xx-xxxx
Hardee, James A., xxx-xx-xxxx
Henabray, William M., Jr., xxx-xx-xxxx
Heupel, James E., xxx-xx-xxxx
Hines, James H., xxx-xx-xxxx
Hotchkiss, Hervey A., xxx-xx-xxxx
Hourcle, Laurent R., xxx-xx-xxxx
Irwin, Robert C., Jr., xxx-xx-xxxx
Iverson, Kenneth A., xxx-xx-xxxx
Johnston, James D., xxx-xx-...
Jones, Charles G., xxx-xx-xxxx
Jones, Thomas H., xxx-xx-xxxx
Karr, William H., xxx-xx-xxxx
Kinnan, David E., xxx-xx-xxxx
Lang, Robert E., xxx-xx-...
Lawyer, Michael S., xxx-xx-xxxx
Lopez, Daniel F., xxx-xx-xxxx
Lowenberg, Timothy J., xxx-xx-xxxx
Mangin, Charles G., xxx-xx-xxxx
Massucci, Raymond R., xxx-xx-xxxx
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Hanna, Thomas L., xxx-xx-xxxx
Harder, Joseph B., xxx-xx-xxxx
Harris, Alan M., xxx-xx-xxxx
Harvey, Roger C., xxx-xx-xx...
Hill, Hugh R., III, xxx-xx-xxxx
Horton, Michael L., xxx-xx-xxxx
Johnson, Jeffry L., xxx-xx-xxxx
Jordan, James S., xxx-xx-xxxx
Morrow, Leslie L., xxx-xx-xxxx
Parker, George A., xxx-xx-xxxx
Perdue, George E., III, xxx-xx-xxxx
Phillips, John T., Jr., xxx-xx-xxxx
Poston, Mark, xxx-xx-xxxx
Roesler, Alexandra C., xxx-xx-xxxx
Spencer, James M., xxx-xx-xxxx
Stockham, Steven L., xxx-xx-xxxx
Struecker, Timothy J., xxx-xx-xxxx
Winderl, Edward J., Jr., xxx-xx-xxxx

MEDICAL SPECIALSTS

To be first lieutenant.

Kleinkort, Joseph A., xxx-xx-xxxx
Pauls, Bruce D., xxx-xx-xxxx

IN THE NAVY

The following-named (Naval *Reserve Officers*) to be permanent lieutenants junior grade and temporary lieutenants in the Dental Corps of the Navy, subject to the qualification therefor as provided by law:

*John M. Ambrose	*Joseph W. Lehman
*Paul L. Auclair	*Lawrence S. Marchelya
*Thomas P. Barton	
*Geoffrey H. Beaver	*Steven D. Miller
*John J. Bial	*Theodore E. Rocha
*James K. Brown	*Robert J. Schwenk
*Thomas E. Comey	*Cary A. Shapoff
*Robert E. Eckstein	*Robert L. Sherman
*Richard L. Frankel	*David B. Trygstad

Edward W. Lambing, Chief Warrant Officer to be a lieutenant (junior grade) in the Navy, limited duty, for temporary service in the classification of aviation maintenance and a permanent Chief Warrant Officer W–2, subject to the qualification therefor as provided by law.

Edward L. Farrar, Jr., EX–USNR Officer to be a permanent captain in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualification therefor as provided by law.

Larry W. Vincent (Naval Enlisted Scientific Education Program Candidate) to be a permanent ensign in the line or staff corps of the Navy, subject to the qualification therefor as provided by law.

The following-named U.S. Navy officers to be permanent commanders in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualification therefor as provided by law.

Raymond E. Carr
Patrick M. McGuigan
Russell W. Baksic

The following-named U.S. Navy officers to be temporary commanders in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualification therefor as provided by law.

John W. Batcheller
Ralph F. Principe

Christopher H. Biser, Ex-USN officer to be a permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualification therefor as provided by law.

*Billy C. Bradford, to be reappointed from the temporary disability retired list as a permanent Chief Warrant Officer W–2 and a temporary lieutenant (junior grade) in the Navy, limited Duty (electronics) in lieu of permanent Chief Warrant Officer W–2 and a temporary ensign, as previously nominated and confirmed to correct grade.

*William B. Morton, to be reappointed from the temporary disability retired list as a permanent captain in the line of the Navy, subject to the qualification therefor as provided by law.

*David L. Munns, to be reappointed from the temporary disability retired list as a permanent commander and a temporary captain in the line of the Navy, subject to the qualification therefor as provided by law.

The following-named (Naval Reserve Officers) to be permanent lieutenants and temporary lieutenant commanders in the Medical Corps of the Navy, subject to the qualification therefor as provided by law:

* James P. Gaharan, Sr.	*Robert A. Margulies
	*William J. Shanahan
*James P. Gaharan,	*Robert B. Sigafoes

The following-named (Civilian College Graduates) to be permanent lieutenants (junior grade) and temporary lieutenants in the Dental Corps of the Navy, subject to the qualification therefor as provided by law:

*Robert H. Andrews, Jr.
*Gregory G. Dugger
*Richard L. Jorgensen

The following-named (Naval Reserve Officers' Training Corps) candidates to be permanent ensigns in the line or staff of the Navy, subject to the qualification therefor as provided by law:

Gordon B. Aaseng
Robert B. Abbott
John M. Abernathy III
William T. Abrams
Alton L. Absher, Jr.
Kenneth G. Adamitis
Henry A. S. Adams
Scott E. Adams
Kenneth O. Adamson
Lynn R. Adamson
Charles C. Adolphe
Stephen P. Agrati
Andrew J. Aicklen
Robert W. Albrecht
Edward M. Alden
David D. Alderson
Charles A. Allen
Stephen R. Allen
Thomas C. Alley, Jr.
Mark H. Allison, Jr.
Charles F. Amann
*Charles M. Amdahl
Alan D. Anderson
Dale N. Anderson
Robert J. Anderson
*Terroll J. Anderson
Thomas P. Anderson IV
Torger J. Anderson
Dale M. Andrew
Paul G. Anjeski
James S. Appelquist
Eldwood M. Armstrong, Jr.
Richard M. Arnberg II
Roger A. Arrowood
Eric Assion
Thomas B. Atkins
Tommy H. Atkins
Daniel L. Atwood
David P. Austin
Sean J. Austin
Richard J. Ayala
John R. Azud
Michael K. Babin, Jr.
Barney R. Bafford
Daniel H. Bailey
Joseph L. Bailey, Jr.
Robert R. Bailey III
Thomas W. Bailey
Edward D. Bain
Orlie G. Baird, Jr.
Daniel P. Baker
Lynn D. Baker
*Robert B. Baker
Thomas E. Balderrama
Charles R. Ballas
David W. Baltozer
Reed A. Banet
Daniel P. Barker
James L. Barnes, Jr.
Kenneth M. Barnett
Charles R. Barnette
Bruce T. Barnum
William D. Barron
Robert L. Barry
David H. Barthold
Stephen F. Barthold
Michael J. Barton
Vaughn E. Bateman
Howard J. Baumgardner
Scott L. Baxter
Gerald R. Beaman
Rockwell B. Bean
Robert A. Beavin
Donald F. Beck
William T. Beck, Jr.
Thomas L. Beetle
Carl T. Behr
Raymond G. Belanger
Frederic L. Bell
Richard G. Bell, Jr.
Ralph L. Benavidez, Jr.
Michael J. Bency
John K. Bennett
Charles O. Benz II
Dennis P. Beres
Douglas Berger
Arnold E. Bertsche
Paul A. Bielewicz
James R. Blaa, Jr.
Thomas M. Blackwell
John E. Blair
Stanley K. Blair
Brian W. Blanchfield
Mark S. Blumberg
Craig T. Boddington
David E. Boeckner
Thaddeus E. Boggs, Jr.
Edward W. Bogue
Frederick L. Bohlen III
John M. Bohn, Jr.
Robert T. Bohner
Charles B. Bolduc
Francis J. Boller
William V. Bollwerk
Daniel R. Bonin
Keith N. Bonnette
Brian R. Bonser
Phillip J. Boogaerts, Jr.
Kenneth W. Boren
Gregory H. Boscher
William M. Bostic
Hugh O. Bourque
Ronald E. Bowden
Michael J. Bowers
Gary H. Bradley
David A. Bradshaw
Joseph M. Braeckel
James J. Brand
Charles E. Brannan
James L. Breazeale
Gary L. Brender
Paul H. Brenner
William F. Bresee
Lawrence D. Breiten
James F. Brice
Randy W. Brickell
Jo Briley
Benjamin M. Brink
Michael W. Broadway
Forrest H. Brooks
Forrest B. Brown
Mark T. Brown
Michael G. Brown
Richard A. Brown
Robert C. Brown
Steven P. Brown
Eugene R. Browning
Thomas K. Brozovich
Glen R. Bruels
Andrew D. Brunhart
Fred W. Brunson, Jr.
Richard A. Bubula
Mark A. Buechler
William A. Buess
Terrence J. Burfield
John R. Burns
Ronald K. Burns
Donald R. Butcher
Mark A. Butz
Mark C. Buxton
Clifford M. Cagle
David E. Calkins
William J. Callahan, Jr.
Rudy Camarillo
Craig E. Camealy
John R. Campbell
James R. Cannon
Ronald C. Carlile
Jay A. Carlson
Lawrence R. Carlson
James K. Carmack III
James A. Carman, Jr.
James C. Carnahan
Edward J. Carpenter
Robert D. Carpenter
Larry D. Carr
Peter F. Carr
Robert T. Carrese
James T. Carroll III
Kevin J. Carroll
Michael Carthon
Gary F. Carver
Daniel D. Casad
Charles T. Castelli
Grant J. Caughey
Donald J. Centner
Ronald F. Centner
James Chi Chang
Gregory J. Chartier
Richard D. Chenette
Martin Chernitsky
Patrick G. Cherry
Daniel C. Chesman
Leroy Chevis
Richard F. Chew, Jr.
Gregg M. Chorebanian
Richard D. Christie
William E. Christman
Wayne A. Christmann
Gary G. Churan
George A. Cinney
Robert Clagett
Donald E. Clark
John E. Clark
John T. Clark III
Charles J. Clarke III
Steven R. Clarke
Billy J. Clarkson
John D. Clithero, Jr.
Robert H. Cochran
Steele C. Coddington, Jr.
Stacy N. Coggins II
Paul M. Cole, Jr.
David W. Coleman
*Craig M. Compiano
William D. Conklin
Michael B. Connally
David M. Conner
Robert J. Connolly
Louis R. Conover
Robert L. Conover
Thomas C. Conran
Philip L. Conroy
Daniel A. Conway
Patrick W. Conway
David B. Cook
Michael W. Cook
Terrence A. Cooke
William W. Coons, Jr.
James S. Cooper
Kevin D. Cooper
Terry R. Cooper
William S. Cooper
John C. Corbett
Michael J. Corcoran, Jr.
Tobias M. Cordek
Farrell W. Corley
Dennis M. Corrigan
Clark W. Crabbe
John H. Craig
Victor C. Crane
Johnny C. Crawford
Ronald D. Crawford
Carson H. Creecy III
William L. Creedon
David M. Crocker
William A. Cross
Mark H. Crouter II
Gilbert E. Crowell
Ronald J. Cuff
David R. Culver
Neal A. Cummings
Michael T. Cunio
Glenn K. Cunningham
Scott E. Cunningham
Andrew T. Curd
John M. Curran, Jr.
Timothy A. Curry
William B. Daley
Scott S. Darling
Frank W. Davey
David H. Davis
Larry S. Davis
Richard R. Davis, Jr.
Hugh C. Dawson, Jr.
Christopher R. Dean
Paul T. Debien
Donald S. Debragga
Kevin J. Deedy
Thierry Deegan
Richard J. De Lacour
James E. DeMartini
Russell E. Denman
Peter M. Depreter
Stephen W. Deutermar
David G. Devcich
Charles M. Deveaux II
Lawrence G. Dewberry III
Stephen P. Dexter
Gordon J. Dickey
Robert D. Dietz
Daniel D. Dietze
Thomas E. Digan
Robert G. Dillow
George D. Diltz
August S. Dittemore
William T. Dixon III
Andrew S. Dlinn
Robert K. Dobson, Jr.
Ryland T. Dodge III
Paul R. Dombrowski
John K. Donahue
Colin B. Donovan
Robert J. Donovan
Bruce M. Doucette
Rex R. Douglas
John M. Drabier
Tracy V. Drake
Steven P. Drefahl
Hugh H. DuBose, Jr.
Derek J. Duchein
Stephen B. Duffy
Mark S. Duke
Michael J. Dumler
William M. Durfee
Timothy A. Dusenbury
James J. Dyson
George A. Eberhart, Jr.
Edwin J. Eccleston III
Thomas E. Eckert
Ralph D. Eddy
Stephen S. Edmunds
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Charles G. Elcock
Dale W. Eld
James M. Elliker
John M. Ellsworth
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Joseph S. Elmer, Jr.
Paul B. Elser
Stephen F. Embler
Charles D. Emerson
Carl J. Ericson, Jr.
Bobby J. Etherton
James E. Etter, Jr.
John D. Evans
Dabney M. Ewin, Jr.
Ronald J. Ewing
David J. Falvey
Robert S. Fanning III
John H. Feily
Fletcher W. Ferguson, Jr.
Raymond A. Fernandez
Rodger L. Fields
Steven F. Findley
Robert E. Finnegan
George M. Finnerty
Edward J. Fishburne
Charles D. Fisher, Jr.
David D. Fisher
Douglas P. Fitzgerald
Harold J. Flammang, Jr.
William A. Flowers
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Patrick J. Foley
William R. Foley III
William A. Ford
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Harold E. Fowler, Jr.
James N. Fowler
Robert E. Fraile
Gary R. Francis
Douglas N. Frank
Lanney G. Franks
Donald L. Fraser
Daniel L. Frazier
Walter H. Freed
Michael J. Frenock
Bruce R. Freund
Kenneth P. Frey
Wayne K. Frey
Stephen A. Frick
Robert K. Friction
William G. Friedmann
James L. Fritsch
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Quitman D. Fulmer
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Christopher L. Galyean
Davis R. Gamble, Jr.
Robert R. Gannaway, Jr.
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Stephen G. Gardner
John M. Garner
Walter E. Gaskin
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Gary V. Gemoets
Donald E. Genereux
Steven G. Gentry
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Bryan A. Gerbis
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John J. Gersuk
Leonard L. Getrum
Frederick W. Ghio
Dennis J. Gibson
William C. Giesey
George F. Gilbert, Jr.
Timothy B. Gilchriest
Norman W. C. Gillette
Manuel A. Gilliland
William S. Ginn
John S. Ginovsky
Warren D. Given, Jr.
Riley J. Gladden
Richard T. Glaviano
Charles J. Glidden
Kevin J. Goeke
Lawrence W. Goff
David R. Goonen
Michael R. Gorbell
David R. Gott
Bruce R. Goulding
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Robert L. Govett
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Bradley K. Greenway
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Charles D. Griffin
Phillip B. Griffin
Fred M. Grimes, Jr.
James T. Grimshaw
Robert F. Gross
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Kenneth J. Gunderson
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John B. Hamburger
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Doyle W. Hensley II
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Thomas M. Hestle
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Roland S. Hill
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John P. Hogan
Richard D. Holmes
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Arni T. Hopkins
Jeffrey W. Hopkins
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Stephen S. Horton
Thomas H. Horton

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William D. Johnson
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Robert E. Johnston
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James L. Jones III
James O. Jones
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Marc S. Jones
Steven A. Jones
Theodore B. Jones
Stephen E. Joyner
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Raymond G. Kallman
James F. Kaminski
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Robert A. Katin
Paul F. Kautz
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Gary W. Kearl
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Phillip D. Keener
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Canice L. Kelly
Scott H. Kelly
Christopher S. Kelso
William F. Keltner
Roy H. Kemble III
Timothy A. Kenyon
Stephen C. Kepher
Ronald D. Kidder
Roger M. Kieckhafer
Richard L. Kiefer
Mark D. Kikta
Miles Y. Kikuta
Jeffrey L. Killen
Frederick T. King
Richard C. King
David J. Kirby
Richard N. Kirby, Jr.
George M. Kirkman
John B. Kishman
Donald J. Kissinger
Frederick M. Kist
Milton D. Kite
Edward C. Kittel
Richard M. Kittle
John C. Klein IV
Stephen J. Kloch
Marc K. Knapp
James A. Knox
John C. Knudsen
Daniel F. Knudson, Jr
Frank M. Kordziel
Martin S. Kosiek
Michael J. Kratovil
James J. Krimm
Stanley T. Krukowski
Keith L. Kuenzi
Jerome D. Kulenkamp
Kurt R. Kummer
George A. Kunberger, Jr.
Michael J. Labbe
Joel L. LaBuda
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Bruce J. Lagasa
Bevill F. Lambert, Jr.
Salvatore F. LaMesa
John J. Langer
Craig B. LaPorte
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James A. Larson
James W. Larue
Thomas C. Latsko
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Jeffrey T. Lauer
Walter R. Lauderdale
Barry A. Lavigne
John V. Lawler
Ronald J. Lawrence
Jonathan D. Lea
William D. Leader, Jr.
Kevin B. Leahy
John M. Ledbetter
Kevin J. Ledford
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Gary R. Lennon
Walter F. Loeffler, Jr.
David L. Leonard
Steven E. Lepkowski
Jeffery W. Levi
Garry W. Lewis
Michael J. Lievens
David E. Lincoln
Clifford W. Lindgren
Eric J. Linn
Keith S. Lisak
Stanley M. Liss
Robert D. Littlefield
Thomas H. Littlepage, Jr.
Mark B. Livas
David D. Livingstone
Blaik W. Llewellyn
Rodney M. Locke
Henry C. Loeffler
Craig J. Lokkins
Steven R. Loranger
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Louis D. Lowe
Raymond Lowe
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Michael E. Lundy
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Frank A. Lutes
Ronald J. Luther
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Joseph T. Mangeno, Jr.
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James R. Manship
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David K. Martin
Michael T. Martin
William E. Martin II
Walter J. Masnyk
Leonard R. Matheny
Robert C. Mathison
Darrell L. Matthews
Richard H. Maurer
*Rod I. May
Frank M. Mayhue III
John F. McCann
Gregory J. McCannel
Dennis M. McCarley
Michael J. McCarthy
Thomas G. McCarthy
John M. McClane
Kevin V. McCloskey
Patrick M. McConnon
James V. McDaniel
James H. McDonald
Thomas W. McDonald
Llewellyn P. McEwan
Robert M. McGinnis
Douglas R. McGlashan
Michael P. McGrath
John D. McHenry
Chad P. McHugh
John J. McHugh III
Robert J. McHugh
Thomas J. McHugh
Michael T. McIntyre
William J. McKeever
Gary M. McKinley
Kevin P. McMahon
Joseph J. McMenamin
Jeffry L. McNair
Michael A. McQuade
Timothy W. McReynolds
James F. McSorley
Charles D. Meekins
*Malcolm M. Mehrer
John L. Meinhardt
Ronald R. Melin
Jeffrey T. Mendlin
Serafin G. Menocal
Jeffrey P. Merrill
Philip G. Meyer
Thomas W. Meyer
Ricky A. Meyerkorth
David A. Michaelson
William H. Miles
Donald R. Miller, Jr.
John S. Miller
John W. Miller
Mark A. Mills
Stephen L. Mischke
Thomas B. Miskell
Gary C. Mitchell
Michael P. Mitchell
Tadashi M. Mitsuoka
Daniel J. Mlakar
Robert T. Moeller
Mathew G. Moffit
Michael W. Molony
Mark D. Montgomery
Michael L. Montgomery
Thomas R. Moody
Michael D. Moore
Sumner K. Moore, Jr.
Timothy G. Moore
*Robert B. Moorman, Jr.
John C. Mordue
Andrew H. Moreton
Martin T. Morris
Paul F. Morris
Jacques P. Morrise
Charles E. Morrison
Richard G. Morrison
Charles G. Morrissette
Michael A. Morrow
Ronal B. Morse
Donald D. Mosser
Gary W. Moulder
John W. Moy
Robert D. Mueller
Richard E. Mullins
John F. Munro
Alexander J. Murphy
Gary E. Murphy
Timothy K. Murphy
Vincent L. Murphy, Jr
Cornelius W. Murray
Daniel L. Murray
Jeffrey R. Murray
Bruce C. Myatt
Charles J. Myhan
Lance A. Mynderse
James W. Naumann
Thomas S. Neal
Jon D. Neasham
Carl R. Nelman
Arne J. Nelson
Arthur R. Nelson
John L. Nelson
Steven E. Nelson
Louis G. Neudorff III
Donald C. Newman
William E. Newman
James C. Newton
Joseph A. Nichols
Ronald G. Nichols
Robert G. Nicol, Jr.
Thomas E. Nicoll
Willy N. Nilsen, Jr.
John J. Nisley
Michael S. Noble
Mark S. Nolan
Leslie K. Norford
Eric R. Norland
Howard M. Northrup
John H. Northrup
Richard W. Nottke
Lawton R. Nuss
Sherman L. O'Brien
Joseph H. Odekerken
Thomas C. Offutt
Leland P. Ogren
Thomas M. O'Leary
William B. Oliver
Lynn W. O'Neal
Michael J. O'Neill
Martin E. Opitz
Richard M. Orcutt
Mark A. O'Rourke
John L. O'Shaughnessy
Kim L. Owen
Wesley A. Ozouf
Kenneth J. Paar
Alfred M. Paglia, Jr.
Edmund J. Paha
John F. Palm
Brian D. Palmer
Carl H. Panke
John D. Parce
Thomas O. Park
Raymond D. Parker
William J. Passeno
Kennneth R. Patrick
Craig W. Patten
John T. Paul
Raymond J. Paul
George M. Payne
Russell E. Pearce
Bruce E. Pease
Alan C. Pendleton
Richard P. Peplinski
Ramon M. Perez
William M. Perkins
Scott Perl
William T. Perry
William C. Persinger
Eduardo A. Petil
Matthew H. Phillippe
David W. Phillips
William D. Phillips
John E. Pic, Jr.
John P. Pickett II
Jeffrey W. Piro
Richard N. Plass
Mark C. Platshon
William A. Platt
Henry S. Plouse
Thomas J. Plower
Marshall Pollard
James R. Poplar III
Glenn D. Porter
John P. Potocny
Raymond H. J. Powell, Jr.
Wallace S. Powelson
Robert W. Pratt II
Fenton F. Priest III
Atlee Prince, Jr.
James F. Publicover
Daniel T. Puleio
Nicholas V. Pulignan, Jr.
Donald W. Purinton
John P. Quinn
Michael J. Quinn
Frank E. Raab, Jr.
Joseph P. Radosevich
Michael L. Rainville
Jeb B. Raitt
Kevin B. Ramsden
Robert W. Rantanen
Timothy N. Ranville
Donald A. Rau
Terrence L. Rayback
Jonathan B. Red
Richard A. Reed
Gregory A. Reichert
Richard L. Reinhart
Michael J. Reuwer
Jimmy L. Revis
Robert P. Reynolds
Peter VanR. Rhein
H. D. Rhodes
Herbert Richard
Roderick M. Riggins
Steven N. Riggs
Gary J. Roberts, Jr.
Mark P. Robinson
John A. Rockwell
David R. Rodriguez
David W. Roe
Charles W. Rogers
John F. Rogge, Jr.
Richard P. Rojeck
Richard R. Roland
George W. Rollings
Bryan L. Rollins
Jesse A. Rondestvedt
John J. Rooney, Jr.
Quentin R. Roos
Edward P. Rosack
Scott A. Ross
Steven R. Ross
Richard C. Roten
Douglas M. Rouen
Michael S. Rouzer
Mark I. Rubin
Bruce A. Rudd
John D. Rummel
Alvin M. Russell
Robert S. Russell
*Richard L. Ruth
Richard M. Ruzicka
Charles T. Ryan
Daniel L. Sampson
John F. Sanders, Jr.
Richard H. Sanderson
Frank L. Santen
Abraham S. Santos, Jr.
R. D. Santowski
Michael E. Satran
Kenneth S. Satterfield
Paul M. Sauer
John P. Sauter, Jr.
Leslie J. Schaffner, Jr.
Richard F. Schaller
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Byron P. Schilling
Gary S. Schirmer
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Francis J. Schmitz, Jr.
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Joseph F. Schr'mpf
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Chester W. Schwartz
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John M. Secrest
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John M. Segredo
Craig H. Seligman
Craig T. Sellner
Gary L. Severs
Ernest Sevilla
David C. Sgro
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Bruce H. Shumway
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Howard G. Smith, Jr.
Jack W. Smith, Jr.
Laurence K. Smith
Maurice E. Smith, Jr.
William L. Smith
Christopher R. Smyrniotis
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James S. Snyder
William G. Snyder
Harry G. Soles, Jr.
Nels R. Sorenson
James M. Sorley
Marion P. Soutullo
Hubert E. Sowell, Jr.
Angelo J. Spadaro
Frederick L. Spaethe
David B. Spracklen
Samuel H. Spragins III
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Jonathan J. Staehling
David M. Stanhope
William B. Stanley
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Konrad E. Stapler
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Stanley B. Starling
Stephen C. Staska
Gregory A. Stearns
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Richard D. Stephens
Robert S. Sterling
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Lawrence J. Strizigh
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Michael H. Strole
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Bruce Stuart
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Eugene G. Sudol, Jr.
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Walter E. Taylor
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Arlan D. Tenkley
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Timmy J. Terrebonne
Robert J. Terry
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Julian E. Teske
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John P. Thomas
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Robert W. Thompson
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Thomas R. Tiernan
Thomas E. Tighe
Howard M. Tillison
James A. Tipple
Alfred E. Tisdale III
James A. Todd
Michael S. Tolf
Steven J. Tomisek
Henry B. Tomlin III
Alexander M. Torrance
George P. Torsney
Maurice A. Tourville II
Robert E. Tracy, Jr.
Edward C. Trasoras
George J. Trautman III
Jeffrey W. Treude
William L. Trewhitt
Dick W. Turner
Randy B. Turner
Ronald K. Turner
Douglas W. Ullmann
James E. Vaeth, Jr.
William D. Vanderford
George S. Vanduyne, Jr.
Jeffrey B. Vandyke
Mark W. Van Volinburg
Phillip D. Vaughn
James V. Veccia
Mark V. Veitch
David M. Velasquez
Aloysius P. Velliquette
Vincent J. Verdolini III
Gary W. Vernon
David M. Vickers-Koch
Glenn R. Viggiano
John H. Vreeland
Joel M. Wade
Christopher N. Waggener
Charles E. Wagner
Jay A. Wagner
William C. Wagner
Gary E. Walchli
Charles D. Walker
James W. Walker
William P. Walker III
George L. Wallace, Jr.
Joseph B. Wallace III
Reigh A. Walling
David I. Walsh
John J. Walsh, Jr.
Douglas P. Walters
Kevin T. Wand
Jay W. Ward
Reginald C. Ware
Charles H. Washington
Emmett T. Washington
Samuel C. Washington
Eugene F. Wasson
Jack A. Waters
Charles S. Watson
Stephen C. Watts
Bruce L. Way
David R. Webb
Richard A. Webb
William V. B. Webb
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John K. Wehle
Steven E. Wehmeyer
John C. Weimer
Edward J. Weinkam III
John R. Weiss
Gregory S. Weitzel
Michael R. Welch
Walter F. Welch
John W. Weldon, Jr.
Philip C. Welsh
Charles D. Welty II
Dean M. Wentworth
Jerry A. West
John R. Westmoreland
Edward W. Weston
Edward M. Whalon
Kelvin M. Wheeler
F. Roger White
Milton B. Whitfield
Richard A. Wible
George B. Wieman
Raymond P. Wiggers, Jr.
James T. Wiggins
Charles D. Wilder
David G. Williams
Harry T. Williams
Kirk B. Williams
Ondra L. A. Williams
John R. Williamson III
Benny W. Wilson
Fred W. Wilson
John S. Windley
Peter G. Winkel
Michael J. Winslow
Daniel G. Winter
James D. Winter
L. Joseph Wischerath
Michael J. Witte
Charles F. Wittenberg
Gary R. Wleklinski
Thomas S. Wojick
Bruce E. Wolbrette
Thomas A. Wolery
Lin H. Wong
William W. Woods III
Ray L. Wooten
Tom M. Wooten, Jr.
Robert O. Work
Terry J. Worst
Joseph Wozniak
Ronnie G. Wright
James P. Wurst
Robert C. Yakeley
Gary Yamamoto
Mark B. Yarosh
John R. York
Julius L. Young
Robert E. Young III
Steven P. Zambrano
Michael S. Ziebelman
Tracy M. Zimmerman
Richard A. Zink
Frederick J. Zoepfl
Kenneth Zolkoski
David A. Zusi

The following-named midshipmen (Naval Academy) to be permanent ensigns in the line or staff corps of the Navy, subject to the qualification therefor as provided by law.

Ariel L. Abriam
Russell G. Acree, Jr.
Richard A. Adams
Rickey T. Adams
Gregory H. Adkisson
James D. Agnew
Thomas R. Ainsworth
William T. Aldinger, Jr.
James A. Aldon
Earl R. Alexander
David C. Alford
Lew E. Alleman
Morgan P. Ames, Jr.
Gary W. Andersen
Lance O. Anderson
Richard L. Anderson
Ross E. Anderson III
Raymond M. Anderson III
Thomas J. Anderson
James N. Andrews, Jr.
Eddie J. Angel
David J. Antanitus
John Antonelli
Raymond J. Ashcraft
Stuart A. Ashton, Jr.
Stephen S. Avery
Joseph P. Avveduti, Jr.
Ronnie L. Ayers
William T. Ayres, Jr.
Earle S. Babcock
Michael C. Bachmann
Willcox K. Bailey
Joe F. Baker
Donald B. Baldwin
James H. Barbera
Stephen W. Barnes
William E. Barnett
Frank S. Barrett, Jr.
James D. Barrett
Kevin M. Barry
Stephen A. Bartek
Garry M. Basilone
Charles M. Baucom
David E. Bayly
William G. Beaudoin
Joey D. Beaulieu
Robert M. Becker
Gary G. Behney
Robert Belet
Joseph E. Belinski
Van L. Benedict
Daniel E. Benere
David W. Bennett
Charles J. Benway
Vernon E. Berg III
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William R. Blackburn
Douglas L. Bloomquist
Charles R. Bomberger
John A. Borchardt
Michael J. Bosse
Dennis N. Bostich
Mark M. Boswell
Mitchell C. Boswell
William J. Boulay
Barry C. Boustead
John H. Bowell, Jr.
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John B. Boyd
James C. Boyer
Richard J. Bradley
John R. Bramer
John L. Branchflower
Paul A. Brandon
Charles T. Brannon
Theodore J. Bregar
Stephen J. Brewer
William D. Bristow
Steven P. Brookman
James N. Brooks
Richard E. Brooks
David A. Brower
Kevin D. Brown
Martin S. Brown
Robert S. Brown
Robert C. Bruce, Jr.
Roger I. Brueckbauer II
William D. Bruen, Jr.
Bruce H. Brunson
Jeffrey D. Buehrle
James L. Bullock
Barry G. Bumgarner
Stephen J. Burich III
Daniel A. Burns
James J. Burns
Steven J. Busch
Kevin F. Butler
Willard C. Butler, Jr.
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Michael M. Byram
Bradley H. Caldwell
Benney C. Cagle
Albert M. Calland III
Herman H. Camp
Neil W. Camp
James B. Campbell
Michael P. Campbell
Charles H. Cannon, Jr.
Mark S. Caren
John E. Carlson III
Michael A. Carnes
Jack R. Carpenter, Jr.
Gary T. Carter
John T. Carty
Wilson B. Caspari III
Richard M. Casper
Richard J. Cassara
Bruce W. Cavey
Alfred J. Cayia III
Edward N. Caylor
Philip J. Careghino
Gary M. Cerney
Gerald J. Cerny
Joseph H. Cesar
Frank W. Chabza
Craig A. Chambers
Kim H. Chandler
Michael J. Chaplain
Thomas E. Chapman
Mark Checchio
Stephen H. Chesnut
Charles W. Chesterman, Jr.
Neil J. Christal II
Frederik H. Christensen
John D. Christensen
Anthony J. Christian
John E. Christian
Frank S. Cina
Richard G. Clark
William J. Clark, Jr.
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Wayne E. Cliburn
James W. Clifford
David P. Clites
Frank E. Cohee III
Thomas K. Cole
William E. Coligan
James E. Colli
Richard H. Collier
Charles M. Collins
James E. Connors, Jr.
George M. Conrad
Douglas P. Cook
Frank E. Cook, Jr.
Owen D. Corpin
George C. Corrigan
Richard D. Costello
Richard M. Costigan
James C. Cox, Jr.
Stephen A. Cox
Theodore A. Coyle
Raymond P. Craig, Jr.
Paul J. Creamer
Lewis W. Crenshaw, Jr.
Kenneth L. Crim
James M. Crowder
William D. Crowder
Dennis Crowe
Rodney B. Crozier
Henry Crull IV
Edward C. Crumley, Jr.
Jeffrey F. Cull
Robert D. Culler
Paul C. Culver
John P. Curtiss
Stuart J. Cvrk
Wayne B. D'Ambrosio
Paul D. Danks
John S. Davis
Philip J. Davis
Dwight O. Davison
Louis P. Deasaro
Charles D. Debrow
James W. DeGoey
Raymond L. DeGreeff, Jr.
George J. Demetropolis, Jr.
James F. Deppe
Emory J. Derrick
Jerry F. Derrick
Steven J. Diamond
Jose A. Diaz
John S. Dietrich
Rolf A. Dietrich
Gregory A. Differding
Kevin L. Dilley
Thomas C. Dion
Raymond P. Donahue, Jr.
William J. Donnelly
Michael P. Donlon
Daniel R. Donoghue
Michael R. Donovan
Walter J. Donovan, Jr.
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Edward C. Doubleday
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David P. Duhamel
Wayne H. Dunham
John F. Dunn
Kenneth D. Dunn
Robert P. Dunn
Douglas K. Dupouy
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John W. Eads
Preston W. Easley, Jr.
Michael J. Ebersole
Christopher C. Eckert
William D. Edkins
Douglas R. Eikermann
Wallace M. Elger
William R. Ellis
Gregory C. Ellsworth
Steven M. Endacott
Dennis J. England
Kenneth B. Epstein
Lawrence E. Erikson
John A. Etter
George N. Eustace
David L. Evans
Timothy S. Evans
David E. Ewing
Marc A. Falkenstein
Stefan J. Fatseas
Thomas K. Feaster
William R. Feig
David P. Fenzl
Charles B. Fessler, Jr.
Victor R. Fiebig
David B. Filz
Walter D. Finn
Steven F. Firks
David C. Fischer
Brian D. Fitzpatrick
James R. Fitzsimonds
Kevin L. Flannery
Donald G. Fleming
William E. Fogler
Jeffrey E. Fort
Douglas K. Foster
Richard P. Foster
Roger D. Fox
John M. Franklin
Robert L. Frazier
James W. Freeman
Burlington A. Fretwell, Jr.
Mark D. Frost
James T. Fry
James G. Gagalis
James J. Gallo
Donald J. Gandenberger
Rodney A. Garfield
Lloyd M. Garnett
John D. Gatewood
Victor J. Gazzolo
Stephan P. George II
Anthony D. Giancatarino
James D. Gibbs
Timothy R. Gilbert
Gregory C. Gilmore
Stephen D. Gilmore
Michael L. Gilroy
James G. Glenn, Jr.
Allen R. Glenny
Thomas H. Glesser
Thomas F. Glover
Claude P. Goddard, Jr.
Larry K. Goins
Thomas C. Goodman
Timothy Y. Gorder
Richard E. Gordon
David A. Goulette
James A. Grace
Gary L. Graf
James F. Graham
Gary J. Graupmann
David L. Greene
Jeffrey D. Greene
Richard J. Grey
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John J. Griffin, Jr.
John C. Griffith
Gary E. Groh
Carl J. Gross
Thomas A. Grote
Anthony S. Guido
Florian J. Gunkle, Jr.
Donald W. Hagerling
Fred R. Hahndorf
Carl M. Halbreiner
William A. Hall
William E. Hall
Mark A. Hallenbeck
Paul E. Hallowell, Jr.
Rufus D. Haltiwanger III
Steven R. Hamel
Leonard P. Hampton
Roy D. Hampton
Mark J. Handlan
Patrick M. Haney
David L. Hardesty
Willard J. Harnden, Jr.
John J. Harris
Ward L. Harris, Jr.
John E. Harrison
Robert L. Hartman
William D. Harvard
Lawrence M. Harvey
Theodore L. Harwood, II
Jack P. Hassinger, Jr.
Albert M. Hassler II
Herbert R. Hause
Edwin J. Hayes
Richard D. Hayes
James A. Hazlett
Michael J. Hazzan
Stephen K. Hendricks
Charles R. Hendrickson
David R. Herther
Richard C. Hickcox
John J. Higbee
David F. Higginbotham
Warren M. High
Christopher R. Hikade
Stephen W. Hill
Stephen J. Himes
Gary A. Hines
Donald R. Hodges
Donald F. Hoffman
Robert J. Hogan II
Cornelius F. Holden, Jr
Robert L. Holt

Michael A. Holton
Mark M. Holzmer
John M. Hood
Thomas R. Horrigan
Paul K. Houston
Daniel P. Howard
Dee H. Howard
Terry A. Howell
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Joseph J. Iovanna
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Kolin M. Jan
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Thomas M. Jennings
Richard J. Jensen
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James L. Johnson
Richard W. Johnson
Steven K. Johnson
Ernest L. Jolly
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Robert B. Jones
Troy H. Jones III
Kenneth H. Juul
Richard F. Kailey
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Darius C. Karalis
Randall F. Karson
David J. Kaskie
Kevin J. Kelley
James M. Kelly
Reed B. Kennedy
Kevin B. Kenyon
Robert F. Kernan
Michael T. Keville
Michael R. King
Forrest L. Kirk
Christopher K. Klein
Warren D. Kleshefsky
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Gary A. Kohler
Mark E. Kokosinski
Leland S. Kollmorgen, Jr.
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Maurice S. Kophamer
George W. Korson
Gary E. Kovacs
Michael A. Kowalsky
Raymond T. Kozikowski, Jr.
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Richard J. Kranz III
Andrew C. Krug
Sam H. Kupresin
Peter M. Kushner
John F. Kutzer
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David R. Lipinski
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Tommy D. Little
William K. Lodge
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Todd D. Lowe
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James E. Lyons
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Daniel F. Marusa
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William R. Mason
William B. Masterson
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William D. Mayo
Daniel P. Mays
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Robert M. McBride
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Thomas R. McClellan
William E. McCollum, Jr.
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Roger H. McEvoy
Ralph L. McGhee, Jr.
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Patrick K. McIlrath
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Richard R. Mendenhal
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Gary L. Merrill
John C. Merrill
Michael A. Metskas
John C. Meyer
Benjamin C. Meyers, Jr.
Stanley H. Meyers, Jr.
Timothy A. Meyers
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Michael H. Miller
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Robert L. Miller, Jr.
Stanley V. Miller
Logan G. Milliken
Dennis A. Mills
Ted R. Mixon
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William D. Molloy, Jr.
Scott R. Monmaney
Donald Montgomery
Bradford L. Moore
William J. Moore
Michael J. Mora
James K. Moran
Michael W. Moran
Kevin P. Morgan
Louis F. Morris
Thomas R. Morse
Barry B. Morton
Jerry L. Mothershead
William C. Moye
Joseph K. Mudge, Jr.
William E. Muesing
Kevin M. Mukri
Terry A. Mulder
Larry J. Munns
John G. Murdoch, Jr.
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William F. Murphy III
Paul M. Myers
Marshall Nadel
Joseph A. Nadoiski
Henri W. Naeger, Jr.
Thomas F. Nagelin, Jr.
Richard Navarro
William L. Nelson
Henry J. Netzer
John F. Neumann
Scott G. Nichols
Christopher S. Nigon
James R. Noonan
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Keith R. Nostrant
Joseph G. Nuttall
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Kevin G. O'Brien
John E. Odegaard
Derek F. Offer
Larry A. Olson
Michael P. Olson
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David K. Oyster
Michael W. Paczan
William L. Parham, Jr.
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George G. Patterson
David D. Pattillo
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Gregory H. Pearsall
Marc P. Pearson
Scott T. Peecook
Peter M. Pembrooke
Robert A. Pennell
Christopher R. Perrien
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Mark D. Petersen
Frederic A. Petrie III
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Thomas J. Pinkl
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Mark M. Plasket
Richard H. Plush
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Ronald L. Polkowsky
Howard R. Rowe
Curtis N. Powley
Dane M. Pranke
John M. Price
Charles E. Primm
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Guy R. Purser
Richard K. Pyell
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William A. Racette, Jr.
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Evar R. Rasmussen
Timothy J. Rastok
Thomas M. Rathbone
James R. Ratts
Douglas H. Rau
William F. Readdy
John V. Reader
Robert D. Reehm
Franklin T. Reese
Paul A. Reid
Robert C. Repp
Hobson Reynolds
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Charles H. Richner, Jr.
Pierre J. Richer
Gary A. Ricketts
Lawrence G. Rien
Richard C. Rigazio
James M. Ripley, Jr.
Anthony J. Rizzo, Jr.
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Charles Robinson
William T. Rogerson, Jr.
Paul A. Rollins
Neil E. Rondorf
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Francis E. Rowley
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David E. Ruehlmann
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Robert M. Santos
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Ralph L. Schindler
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Larry W. Schofield
David M. Schorn
James E. Schreiber
Gerard P. Schrock
Jeffrey G. Schuller
Kelly F. Schultz
Stephen E. Schumacher
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Arthur V. Showers
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Herschel A. Smith III
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Jerry K. Smith
Mark S. Smith
Nathan E. Smith
Robert C. Smith III
Roderick F. Smith
Roger E. Smith
Shawn M. Smith
Steven W. Smith
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Paul R. Sophy, Jr.
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Hugh R. Stahl
Elmer L. Standridge, Jr.
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Hugh G. Story, Jr.
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John T. Sturdy
Mark D. Sullivan
Patrick J. Sullivan
Paul E. Sullivan
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Frank Sweigart
Harry W. Syer, Jr.
Clifford E. Szafran
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Wayne A. Thornton
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Cecil A. Trosclair, Jr.
James S. Trotter
Larry C. Turner
Michael I. Turner
Bruce D. Tyler
Arnulfo Valdez III
Peter J. Venuto, Jr.
Robert M. Ver Schure
Dean A. Vidal
Donald D. Villnow
Robert D. Vint
Christopher F. Virtue
Richard V. Viverito
Richard M. Vizzier
David J. Vogel
Wiley J. Voorhies
Miles B. Wachendorf
Ronald E. Wagner
Michael J. Wahl
John J. Waickwicz
Edward C. Waller, Jr.
John L. Walsh III
William A. Walsh
Robert F. Waltenbaugh, Jr.
John M. Walters
William M. Walters
John L. Ward
Leland H. Ward
James M. Warren
Michael J. Waters
Charles G. Wayne
Floyd R. Weaver
Thomas J. M. Weaver
Donald M. Webb
Steven T. Weir
Bryan T. Welch
Stanley C. Weliever
Marc P. Welker
John T. Wells IV
William G. Welstead
Ernest H. Werner
John J. Westerheid
Donald D. Wettlaufer
William E. Whitacre
Scott D. White
Barton W. Whitman
Robert D. Whitmire
Theodore R. Wieber, Jr.
Edward E. Wilber, Jr.
James D. Wilbur
William T. Wilde
William M. Wilder
Gehrig M. Wiles
John W. Wiles
Donald M. Wilhelm
Richard S. Willard
Jay D. Williams, Jr.
Vernon C. Williams
Gibson R. Willis
David J. Wilson
Richard A. Wilson
John M. Winston, Jr.
Ryan S. Wise
Paul D. Wohlers
Kriston P. Woolley
Allen B. Worley
William E. Wright
George M. Yacus
John W. Yaeger
Harry E. Yeiser III
David A. Zacharias
Joseph F. Zeni
Paul J. Zepp

Gene H. Porter, U.S. naval officer, to be a temporary commander in the line in the Reserve of the Navy, subject to the qualification therefor as provided by law.

Loye A. Ashton, U.S. Navy Officer, to be a temporary commander in the Dental Corps in the Reserve of the U.S. Navy, subject to the qualification therefor as provided by law.

Joseph P. Commette (Naval Reserve Officer) to be a permanent lieutenant and a temporary lieutenant commander in the Dental Corps of the Navy, subject to the qualification therefor as provided by law.