SENATE—*Monday, June 6, 1977*

(Legislative day of Wednesday, May 18, 1977)

The Senate met at 12:30 p.m., on the expiration of the recess, and was called to order by Hon. HARRY F. BYRD, JR., a Senator from the State of Virginia.

PRAYER

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

Let us pray.

Almighty God, who has given us minds to know Thee, hearts to love Thee and voices to serve Thee, grant us grace this week so to know Thee, to love Thee, and to serve Thee as to set forward Thy kingdom on Earth.

Grant Thy higher wisdom, O Lord, to the President, the Members of the Senate and House of Representatives in Congress assembled, that peace and justice may prevail at home, and that in concert with the rulers of all nations we may give our best efforts for an enduring peace with justice and righteousness for all people.

And to Thee shall be the praise and thanksgiving. 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 legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 6, 1977.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. HARRY F. BYRD, JR., a Senator from the State of Virginia, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. HARRY F. BYRD, JR., thereupon took the chair as Acting President pro tempore.

JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Friday, May 27, 1977, be approved.

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

COMMITTEE MEETINGS

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

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

Mr. ROBERT C. BYRD. Mr. President, I yield back my time.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, we yield back our time.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Alabama (Mr. ALLEN) is recognized for not to exceed 15 minutes.

Mr. ALLEN. I thank the Chair.

CONSUMER ADVOCACY AGENCY SHOULD BE GIVEN PROPER BURIAL

Mr. ALLEN. Mr. President, the Consumer Advocacy Agency, once called the Consumer Protection Agency, should be given a proper burial.

The Consumer Agency bill died last Congress, and we have not had the decency or good sense to give it a proper burial. Instead, we let it continue to fester and be disemboweled by a swarm of professional lobbyists for big business, big labor, big agriculture, big government, and big consumer organizations.

The lobbyists pull and tear at this discredited bill and at each other with little apparent concern for the real problems of consumers. It is indeed a shameful situation.

The bill is a loser. Support for this once popular proposal has become so marginal that outrageous political deals have to be made to appease favored special interests. I voted against these in the past and shall vote against them again if this year's version of the Consumer Advocacy Agency bill, S. 1262, is voted upon here. These hypocritical deals have contributed to the ever-growing dissatisfaction with Consumer Agency proposals.

In fact, I do not think that I have ever seen opposition to a bill grow so dramatically as it has to this bill over the years. The growth of opposition in the Senate has been astounding. This body was able to pass Consumer Agency bills only during the 91st and 94th Congresses, by a vote in the 91st Congress of 74 to 4. I am proud that I was one of those four who voted against this bill the first time it came up in the Senate. Senator Ervin of North Carolina, who is no longer here, was one of the four. Senator Ellender of Louisiana was one of the four, and the distinguished Senator from Arkansas (Mr. MCCLELLAN) was the fourth Member of the Senate at that time who voted against the Consumer Protection Agency bill, as it was then called.

Then, in the 94th Congress, it passed by a vote of 61 to 26, showing a considerable increase in opposition.

Opposition votes in the Senate have increased by an astounding 700 percent, and will increase again if the bill is brought up here this Congress.

The growth of opposition to the consumer agency bill in the House of Representatives, since it first came up for final passage there in the 92d Congress, has been remarkably rapid as well. The 352-percent increase in opposition in the other Chamber is shown in a table, Mr. President, which I ask unanimous consent be printed in the RECORD at this point.

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

Congress [1]	House vote [2]	Percent [3]
92d	344–44	0
93d	293–94	114
94th	208–199	352

[1] Congress in which final vote taken.
[2] House vote on passage of Consumer Agency bill (ayes-nays).
[3] Percent increase of opposition since 92d Congress.

Mr. ALLEN. Support for this bill has hit such a low point in the House that a switch of one vote in its originating committee would have buried it before it got to the Rules Committee there.

Why is the bill a loser? Ralph Nader once called the Consumer Agency concept the most important piece of consumer legislation ever to come before Congress. If this is so how could it become such a political loser? I think I know the principal reasons.

The underlying concept of this bill is that the interests of consumers should be represented and considered by all Federal agencies that take action substantially affecting those interests. I believe in that. I assume that every Member of the Senate would believe in that concept. But, the further away the bills get from what is needed to make that concept work, the greater the opposition to the bills.

Here I am talking about excesses to the left as well as to the right. These bills propose excessive powers which clearly are not needed for the Consumer Agency's mission. As our beloved former colleague, Senator Sam Ervin, stated about one of the similar bills which failed to pass the Senate during the 93d Congress—

> What this bill does is to take the strongest advocacy powers available to regulatory agencies, and grant them to the (consumer agency) without delegating the responsibilities which go along with these powers; it then takes the strongest rights of private citizens available to no governmental unit, and blends them into the (consumer agency) recipe; next it adds a generous measure of rights never given to either a governmental unit or private person, and, finally, sprinkles this power pie with millions of dollars to make sure that the (consumer agency) will overwhelm all proponents of other viewpoints. . . .

We certainly do not need the arsenal of powers contained in the present bill or bills, if we take into account the bill pending in the House, to accomplish what supporters allege is the goal. Yet,

these proponents always insist on putting them in. Then, when it becomes clear that no bill with such powers would ever be acceptable, a deal is made with the special interests.

Now, what deals have been made? I will enumerate a few.

Instead of cutting back on the unnecessary powers, favored special interests are exempted from the bill in order to get votes for the bill. This appears to be a legislative protection racket, and it upsets me greatly. We are forced to the point where the very same proceedings originally cited by the sponsors of the bill as being in most need of consumer advocacy are specifically excluded from coverage in the bill, because the Agency for Consumer Advocacy is too powerful to be trusted.

The only reason that consumer agency bills were able to pass both Chambers last Congress was that special interest exemptions were traded for votes.

The bill originally was supposed to cover all consumer interests, but many agencies or interests did not want to be covered by the consumer agency bill. They had influence of a sort that was directed against the bill. Then in order to get votes, they would exempt these interests from the coverage of the bill.

Between the two bills, the following were specifically exempted from consumer agency advocacy:

1. Activities concerning the sale of firearms, antique firearms or ammunition;
2. Activities concerning the possession of firearms, antique firearms or ammunition;
3. Activities concerning the manufacture of firearms, antique firearms or ammunition,

They could not have any coverage by the consumer advocate agency as to those very important matters affecting consumers.

Then there was exemption from the bill in order to get votes:

4. Radio broadcast license renewal proceedings at the Federal Communications Commission;

This was where the consumer advocate might have an interest for consumers as to whether the radio station was performing in the public interest. That is exempt, because of the political power of radio stations.

5. Television broadcast license proceedings at the Federal Communications Commission;

They are exempt, and the reason they are exempt is that TV stations, as we know, have great political influence, far more than they should have. But in order to make sure they did not have the opposition of the TV station, they exempted the TV station in the license renewal proceeding before the Federal Communications Commission from coverage by the bill, something that has a very definite consumer interest.

6. Any activity related to labor disputes;

That was exempted from the bill in order to get big labor support.

7. Any activity related to labor agreements;
8. Any activity directly affecting producers of livestock;

They wanted to get the farm vote, so they started exempting various agricultural interests or phases.

9. Any activity directly affecting producers of poultry;
10. Any activity directly affecting producers of agricultural crops;
11. Any activity directly affecting commercial fishermen;
12. Commodity Credit Corporation price support programs;
13. Commodity Credit Corporation procurement programs;
14. Commodity Credit Corporation payment programs;
15. Any export program affecting farmers or fishermen;
16. The Food for Peace export program (P.L. 480);

That is exempt from the Consumer Advocacy Agency.

17. Any acreage allotment activity;
18. Any marketing quota activity;
19 Any Federal Crop insurance program;
20. Any soil conservation program;
21. Any land adjustment program;
22. Any Farmers Home Administration loan activity;
23. Any Rural Electrification Administration loan activity;
24. Any agricultural marketing order activity;
25. Any program to prevent the spread of livestock disease;
26. Any program to prevent the spread of poultry disease;
27. Any program to prevent plant pests;
28. Any program to prevent noxious weeds;
29. Any activity related to a right-of-way authorization for an oil or natural gas pipeline system located in part in Alaska;

That was a special exemption that was granted in order, I assume, to get the vote of Alaska Senators and Alaska Representatives.

30. Any activity related to a permit for a natural gas and oil pipeline system which is in part in Alaska;

All these things have tremendous consumer interest, but they were exempted from the bill in order to get votes for the passage.

30. Any activity related to a lease for a natural gas and oil pipeline system which is in part in Alaska;
32. Any activity which relates to the routing or construction of any oil or natural gas pipeline system which is in part in Alaska;

They cannot have anything to do with choosing the route.

33. Any activity for enforcement of any environmental law relating to routing or construction of any oil or natural gas pipeline located in part in Alaska;
34. Any Nuclear Regulatory Commission activity;
35. Any activity of the Federal Bureau of Investigation;
36. Any activity of the Central Intelligence Agency, and also excluded was
37. Information from small businesses about their opration (estimated in debate to exclude 95 percent of all businesses in this country from being subject to consumer agency information requests).

It keeps them covered by the bill. But on answering questionnaires from the agency, they are exempted from that.

All of these things where they have definite consumer interest were exempted from the bill in order to get votes for a bill covering the consumer interests that are not exempt from the bill.

These are most, but not all, of the exemptions that were sold for support of the bills last Congress. The price is obviously too high. In the process, Congress lost sight of the goal of the bills. A look at the bills of this year shows that these goals are still forgotten.

For example, NLRB proceedings were often among those originally referenced by bill sponsors as being in need of consumer agency intervention, as were export and marketing order activities within the Department of Agriculture. Now, of course, NLRB proceedings are exempted from consumer protection under this bill, and even Mr. Ralph Nader was quoted in the May 15, 1977, edition of the New York Times as acknowledging that a sweeping Agriculture Department exemption is necessary. The article went on to quote Mr. Nader as admitting that a consumer protection agency bill cannot be passed without such an exemption.

So they trade off that exemption seeking votes.

It makes me think back to the fall of 1971. That 92d Congress was the one in which a consumer agency bill received its biggest majority of support in the House. Yet, Ralph Nader called the bill there "a fraud on the consumer" and that bill's chief sponsor actually voted against it—Mr. ROSENTHAL in the House. I suspect that a very bad bill is vastly superior to what they would be willing to accept now.

I believe that the beginning of the end of this legislation came when its supporters decided to trade for power at the expense of scope. They lost sight of what real consumers need and want. Now the big question is whether we shall have a new consumer advocacy, not how powerful it is.

The point is whether we will have one at all, not one with all sorts of exemptions in it.

We have here a bill founded on political deals, not consumer ideals. Realists are right now looking at this bill's prospects, and I suspect that they will conclude that it is not the type of thing that they would wish to waste a political IOU on anymore.

In fact, Mr. President, if the trend in opposition continues as it has been, the bill will finally be put out of its misery in the other Chamber. Therefore, I would urge the leadership to seriously consider awaiting House action before forcing the many opponents of this bill here to explain at length why this bill is, as Senator Ervin aptly put it, "a bad idea whose time has come and gone."

Surely this must be the last time we will be forced to worry about this recurring bad dream. Defeat in five Congresses ought to indicate to even the most determined proponent that there is something wrong with this concept. I would hope that the Senate is not asked to suffer a final indignity. I would hope that we are not asked to go through the motions of considering this bill and possibly passing it in this Chamber in an attempt to reestablish its political momentum. There is no great movement for this bill. Its momentum has been lost. There is a clear possibility that the House will reject this bill.

Mr. President, the Consumer Agency Issue is going to be settled in the House of Representatives in all likelihood. It will not be settled in the Senate. We all know that. Let us not abide attempts to

turn his august body into a cheerleading club, designed to flag the waning enthusiasm for this legislation and to divert attention from the increasing doubts that have arisen about it in the House.

Lobbying and pep rallies, and timely releases of polls and surveys, and all the other tricks of the public relations game are one thing, Mr. President. But the use of this Chamber and the diversion of its resources and time for such a purpose should not be countenanced. It is unfair to our brethren in the House. It is unfair to the national interest.

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. ALLEN. 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. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

CONSUMER ADVOCACY AGENCY

Mr. HARRY F. BYRD, JR. Mr. President, I commend the able Senator from Alabama (Mr. ALLEN) for the splendid address he just made to the Senate of the United States in regard to the Consumer Advocacy Agency legislation.

The facts and information which the Senator from Alabama brought out in his address to the Senate today should go a long way toward making clear to the people of the United States the nature of this legislation.

The entire Senate, I feel, is interested in protecting the consumer wherever it can wisely, properly, and appropriately be done. As the Senator from Alabama pointed out, there are a multitude of agencies in the Government now which have the responsibility in this field. The proposal which has been around the Congress for a long time now, to establish a Consumer Advocacy Agency, would merely pyramid on top of all the other programs a new bureau in this field.

This legislation almost certainly would add to the cost of living.

As the Senator from Alabama so eloquently pointed out, the proponents of this legislation have carefully eliminated from it many areas which, if we are going to have such an agency as this, should be included. One of the examples referred to by the Senator from Alabama was the demands of the leaders of the big labor unions that their operations be excluded from review should the new Consumer Advocacy Agency become law.

I feel the Senator from Alabama has rendered a great service to the Senate today and to the United States. His analysis today of the consumers advocacy legislation is but one example of the fine service he is rendering the people of Alabama and in doing so he is rendering equally great service to the people of the 50 States of our United States.

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

The PRESIDING OFFICER. The clerk will please call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

PRIVILEGE OF THE FLOOR—S. 1523

Mr. ZORINSKY. Mr. President, I ask unanimous consent that Pennie Bell, a member of my staff, be permitted the privilege of the floor during the consideration of the measure which will be pending before us, S. 1523.

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

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

The PRESIDING OFFICER. The clerk will please call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that during the consideration of S. 1523 Nick Andrus and John I. Brooks of my staff be granted the privilege of the floor.

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

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The 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.

CONTINUED APPROPRIATIONS FOR THE DRUG ENFORCEMENT ADMINISTRATION

Mr. ROBERT C. BYRD. Mr. President, there is a bill on the Consent Calendar that has been cleared by both sides for action. I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar Order No. 126.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1232) to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 801 et seq.) to extend for two fiscal years the appropriation authorizations for the administration and enforcement of that Act.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

There being no objection, the Senate proceeded to consider the bill.

Mr. BAYH. Mr. President, today we have before us S. 1232, a bill to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide continuing appropriations to the Drug Enforcement Administration. This legislation, reported unanimously from the Committee on the Judiciary, recognizes that a new administration is currently carefully examining the Government's activity in drug control. This bill, now being considered would extend the life of DEA for only 2 years, which would provide appropriate time for the administration to fully develop its goals and standards for a drug control and prevention program. The existing 3-year authorization for this agency will expire at the end of the current fiscal year.

S. 1232 amends section 709(a) of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as amended, to authorize appropriations for the carrying out of functions under this act for an additional 2 years in the amount of $182 million for the fiscal year ending September 30, 1978, together with such additional amounts as may be necessary in each year for increases in salary, retirement, and other employee benefits authorized by law, and such sums as may be necessary for the fiscal year ending September 30, 1979.

Mr. President, I was pleased to introduce by request President Carter's proposal to extend the Drug Enforcement Administration for 2 years. The President has called for sound drug prevention and control policies. In his February message to the United Nations Commission on Narcotic Drugs he stressed that while we must curb traffic—

> We must combine deep compassion for the victim of addiction with a vigorous attempt to eliminate the world supply of illicit drugs through international cooperation. Toward that end. I am making the curtailment of drug abuse a high priority in my administration.

I was especially pleased by the President's sensitivity to the special impact on our young people, he said that:

> Much of this abuse occurs with young people and with this increased drug use comes the attendant family disruption and the sapping of strength from our youth.

President Carter concluded by indicating that he has designated his White House staff, under the guidance and direction of his very able assistant Dr. Peter Bourne, with whom my staff, as former chairman of the Subcommittee to Investigate Juvenile Delinquency, has worked for years on drug control policy matters, to give this problem "special attention" and that he intends to take a "personal interest in this program."

I am confident Dr. Bourne will work closely with the Attorney General in order to effectuate long overdue sensible drug control policies. Mr. Bell has already established a special task force to study ways in which to improve the Department's drug control effort. The bill we are considering today extends DEA for a sufficient period so as to facilitate policy decisions emanating from these activities.

Last summer we heard impressive and alarming testimony about our Nation's inability to focus our drug law enforcement apparatus and our criminal justice resources on even "kingpin" profiteers. While I am especially concerned that the constitutional rights of criminal defendants are fully secured, I am likewise concerned that within such a framework our citizens are fully protected. We must reallocate our resources and sharpen our prosecutorial tools and strengthen our criminal justice system so that it deters, disrupts, and detains these criminals.

A sound drug enforcement policy must reflect the reality that all drugs are not equally dangerous, and all drug use is not equally destructive. The Domestic Council White Paper on Drug Abuse stresses this theme when it concludes that enforcement efforts should therefore concentrate on drugs which have a high addiction potential, and treatment programs should be given priority to those individuals using high-risk drugs, and to compulsive users of any drugs.

Our priorities in drug law enforcement must reflect reasoned judgments based on the facts. The fact is that nationally, arrests for marihuana violations have escalated from 188,682 in 1970 to 450,000 in 1974. This is not nearly as dramatic as the 1,000-percent increase between 1965–70 from 18,815 to 188,682 but it is rather astonishing that this 4-year increase is more than 12 times the total marihuana arrests just 10 years ago.

The fact is that the number of marihuana arrests as a percentage of all drug arrests has increased substantially. In 1970 these arrests amounted to 45.4 percent of total drug arrests. During the 1970–73 period 1,127,389 of the total 2,063,900 drug arrests were for marihuana. And in 1974, the most recent year for which records are available, 70 percent of all drug arrests were for marihuana.

Mr. President, fortunately, I believe that such misplaced drug control policy has finally been rejected. Initially, I was quite pleased by then Attorney General-designate Griffin Bell's response to my inquiry regarding such policy during the confirmation hearings. I ask unanimous consent that the text of that January 11, 1977, exchange be printed at this point in the RECORD.

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

Senator BAYH. A moment ago you mentioned that you were thinking about taking DEA out of its present status and bringing it under the Justice Department.

Judge BELL. Bringing it into the FBI.

Senator BAYH. Yes, the FBI. One of the things that has been apparent and I think sad is that some people have on occasion yielded to the temptation to try to politicize the confrontation against drugs.

We are all against drugs. The question is how we solve them.

When we look at the studies that we conducted in our committee, we found out that last year about two-thirds of all the arrests and convictions in the area of narcotics were for people who possessed small amounts of marijuana.

I would like to ask you if you feel that in light of the fact that we are going to have limited law enforcement resources and also considering State and local and Federal relationship in the area of criminal law enforcement, does it not make more sense in DEA and throughout Government that we focus our efforts on the major traffickers and the major conspiracy cases, the drugs of high abuse potential, that that is really where we ought to put the emphasis?

Judge BELL. The Federal emphasis.

Senator BAYH. The Federal emphasis.

Judge BELL. Exactly. Exactly.

We have got to get away from the idea of making statistics. We have got to find out what it is we want to do and do it. It would be the major traffickers that we would be after.

Mr. BAYH. Mr. President, I cannot agree more. The Federal drug agencies must get out of the business of generating headlines and statistics on lower level traffickers and addicts and focus their efforts on major traffickers of high-risk drugs. I am optimistic that any substantive Carter administration legislation reject the Nixon-Ford shotgun approach which reflected no priorities regarding particular drugs or levels of traffic, not to mention its provisions which repealed the cornerstone of our criminal justice system, the presumption of innocence.

I concur wholeheartedly with Dr. Bourne when he testified last month stressing that the criminal penalties for marihuana use do more damage to people than does the drug itself, but that the Carter administration position is to discourage the abuse of all drugs, including alcohol and tobacco, as a national policy. Coupled with the cost effectiveness of this policy, refocused last month by the LEAA-funded Peat, Marwick, Mitchell & Co. study released by the Governors' conference which found that States that have decriminalized marihuana possession have shown a "substantial" savings of tax dollars, there really are no other sound or humane Federal responses available.

The fact of the matter is that if the American public knew that more dollars are spent each year to prosecute marihuana cases than the Federal Government expends on its combined drug law enforcement and drug treatment program with the results I have outlined, I would speculate that rather than the near deadlock of opinion reflected in the most recent Harris poll—January 26, 1976—on decriminalization showing 43 percent in favor and 45 percent opposed a clear majority would support my approach. Concentrating our Federal drug enforcement resources on high-level heroin and dangerous drug traffickers is sound policy, but will call for a shift in the standards for measuring success.

We in Congress should deemphasize the number of arrests as a criterion of success. I am hopeful in the near future that Congress will take the lead in resolving this issue.

Mr. President, the measure before us today will provide appropriate time to develop the full Carter administration drug prevention and control program and the vehicle to help set the stage for its development. I am further pleased that the Carter administration is supportive of efforts to decriminalize the personal use of small amounts of marihuana and hope, at the earliest possible date, the Senate will be able to consider such a proposal. I would encourage the appropriate House subcommittee to hold hearings on this topic so that Congress may, in the near future, proceed to deal with our Federal responses to the simple possession of marihuana.

During my 6 years as chairman of the Juvenile Delinquency Subcommittee, I especially appreciate the enthusiastic support of the Senate leadership for my efforts and invite my colleagues to assist us in the enactment of a sensible statutory response to high risk drugs and to major drug traffickers. It is about time and it is clear that the taxpayers of this country demand and deserve no less.

The PRESIDING OFFICER. If there be no amendment to be proposed 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:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 709(a) of part F of title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as amended (21 U.S.C. 904(a)), is amended by inserting in lieu thereof:

"(a) There are authorized to be appropriated $182,000,000 for the fiscal year ending September 30, 1978, together with such additional amounts as may be necessary in each year for increases in salary, pay, retirement, and other employee benefits authorized by law, and for other nondiscretionary costs which arise subsequent to the date of enactment of this Act, and such sums as may be necessary for the fiscal year ending September 30, 1979.".

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–151), explaining the purposes of the measure.

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

EXCERPT FROM REPORT

PURPOSE

The purpose of this bill is to extend the authorization for appropriations for the Drug Enforcement Administration for two years through fiscal year 1979. The existing 3-year authorization for this agency will expire at the end of the current fiscal year.

BACKGROUND

Upon introduction of the subject bill, which was introduced at the request of the administration, Senator Bayh commented as follows:

"The President has called for sound drug prevention and control policies. In his February message to the United Nations Commission on Narcotic Drugs he stressed that while we must curb traffic 'we must combine deep compassion for the victim of addiction with a vigorous attempt to eliminate the world supply of illicit drugs through international cooperation. Toward that end, I am making the curtailment of drug abuse a high priority in my administration.'

"I was especially pleased by the President's sensitivity to the special impact on our young people. He said:

"Much of this abuse occurs with young people and with this increased drug use

comes the attendant family disruption and the sapping of strength from our youth.'"

Public Law 91–513, the "Controlled Substances Act of 1970," which is being extended by this bill, was designed to improve Federal efforts toward the elimination of illegal drug traffic and the reduction of drug-related crime. At that time, the primary enforcement rule was under the aegis of the Bureau of Narcotics and Dangerous Drugs (BNDD) within the Department of Justice.

Reorganization Plan No. 2 of 1973 expanded substantially the role of BNDD. The plan was designed to place primary responsibility for Federal drug law enforcement in a single, new agency, the Drug Enforcement Administration (DEA), in the Department of Justice.

At the time, 10 Federal agencies in five Cabinet departments performed drug enforcement functions. Budgeting for these agencies in fiscal year 1974 was proposed at $257 million, a sevenfold increase in funding from $36 million in fiscal year 1969. Several other agencies had related functions. There was no overall coordination.

As specified in the reorganization plan, the new DEA assumed responsibility for the following activities:

(1) All functions of the Bureau of Narcotics and Dangerous Drugs (BNDD), which was abolished as a separate entity in Justice;

(2) All functions of the Customs Bureau related to drug investigations and intelligence, which were transferred from the Secretary of the Treasury to the Attorney General;

(3) All functions of the Office of Drug Abuse Law Enforcement (ODALE), which was abolished in Justice by Executive order; and

(4) All functions of the Office of National Narcotics Intelligence (ONNI), which was abolished in Justice by Executive order.

The Drug Enforcement Administration (DEA) of the Department of Justice is the primary agency to which is assigned the enforcement of the Federal statutes as contained in the Controlled Substances Act.

The initial period following DEA's creation was marked by the rapid development of illicit opium cultivation and processing in Mexico. Within 2 years heroin from Mexico was supplying 90 percent of the U.S. illicit market. The average retail purity of heroin reached 6.6 percent with a price of $1.26 per milligram pure recorded early 1976. But since early 1976 several major changes have been instituted in DEA which are having a successful effect:

1. Implementation of more stringent criteria for classifying violators was accomplished to assure that the agency directed its efforts at the most important violators. While total arrests declined in 1976 over 1975, the arrests of class I and II violators, the major traffickers, increased 43 percent.

2. Centralized control of major investigations has been established. Operation Heroin B was a centrally directed effort targeted at six cities which had been identified as key distribution centers for brown heroin. These cities were Detroit, Chicago, San Antonio, Phoenix, Los Angeles, and San Diego. Five months of investigation resulted in the arrest of approximately 1,900 individuals, of which 30 percent were class I or II violators and the seizure of 600 pounds of heroin.

3. Interagency working relationships have been strengthened. Through mutual agreements with the Bureau of Customs and the Internal Revenue Service, and the creation of various interagency working groups, better utilization of resources and a reduction in duplication of effort has resulted.

The key indicators of heroin availability are reflecting the results of DEA efforts over the past year. By the end of December 1976, the average retail purity of heroin was down to 6.1 percent as compared to the 6.6 percent of March 1976. Interim reports indicate that the March 1977 figure will continue the trend of decreasing purity. At the same time price has increased from $1.26 per milligram pure to $1.40.

Most important has been the dramatic decline in heroin-related deaths. In the most recently reported quarter, heroin-related deaths numbered 392 as compared to 546 for the previous quarter. This is a sharp decrease of 28 percent. This data is provided to DEA and the National Institute on Drug Abuse from reports of the chief medical examiners of 21 major metropolitan areas. The continuation of the present enforcement directions of DEA should further these accomplishments.

The Controlled Substances Act created mechanisms by which the legitimate commerce of controlled substances could be regulated to assure the availability of these substances for medical need and to prevent their diversion for abuse. DEA's administration of these regulatory provisions has proven to be most vigilant and effective. Since May 1971, DEA has controlled 28 drugs, moved 9 drugs to another schedule and has decontrolled 5 drugs. The most recent action, effective March 14, 1977, placed dextropropoxyphene under schedule IV controls.

DEA presently has registered more than 540,000 legitimate handlers of controlled substances in the United States. DEA has a specialized force of compliance investigators who perform on-site investigations of each registered manufacturer and distributor at least once every 3 years. During calendar year 1976, 1,643 compliance investigations were completed, 638 administrative actions of varying degrees were imposed, as well as 22 arrests. Because of DEA's efforts in the administration of the regulatory provisions of the act, diversion of controlled dangerous drugs at the manufacturing and wholesale levels has been virtually eliminated.

As a result of the Narcotic Addict Treatment Act of 1974, DEA conducted in-depth investigations of methadone clinics to assure their compliance with the regulations of that act. Approximately 875 methadone clinics are registered by DEA and each of these clinics is reaudited every 3 years.

DEA is also directing considerable effort to increase the abilities of the States to police the practitioner level of distribution. The total elimination of diversion of legitimate dangerous drugs will depend on the results of these efforts.

The committee is of the belief that the DEA should be continued in existence. It recognizes that a new administration is currently carefully examining the Government's activity in drug control. This bill which is now being reported by extending the life of the DEA for only 2 years will provide appropriate time for the administration to fully develop its goals and standards for a drug control and prevention program.

ANALYSIS OF THE BILL

S. 1232 amends section 709(a) of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as amended, to authorize appropriations for the carrying out of functions under this act for an additional 2 years in the amount of $182,000,000 for the fiscal year ending September 30, 1978, together with such additional amounts as may be necessary in each year for increases in salary, retirement, and other employee benefits authorized by law, and such sums as may be necessary for the fiscal year ending September 30, 1979.

Title 28, section 904, United States Code (Public Law 91–513, as amended).

COST OF LEGISLATION

The premise monetary amounts are specified above. The bill conforms with the appropriations requested by the President in his budget message to the Congress for the next fiscal year.

MR. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRANSFER OF CERTAIN MEASURES TO THE UNANIMOUS CONSENT CALENDAR

Mr. ROBERT C. BYRD. Mr. President, there are three measures on the calendar which may be passed by unanimous consent. They are Calendar Order Nos. 139, 210, and 211. I ask that the clerk transfer those measures to the Unanimous Consent Calendar for further action.

The PRESIDING OFFICER. They will be so transferred.

Mr. ROBERT C. BYRD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business?

PRIVILEGE OF THE FLOOR—S. 1523

Mr. SCHMITT. Mr. President, I ask unanimous consent that Hayden Bryan of my staff have the privilege of the floor during the consideration of S. 1523.

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

Mr. MORGAN. Mr. President, I ask unanimous consent that Joey McConnell of my staff may have the privilege of the floor during the consideration, debating, and votes on the housing bill, S. 1523.

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

Mr. BAYH. Mr President, I ask unanimous consent that Mr. Fred Williams of my staff be accorded the privilege of the floor during the consideration and voting on the housing measure.

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

EXECUTIVE J, 95TH CONGRESS, 1ST SESSION—REMOVAL OF INJUNCTION OF SECRECY

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the protocol, signed March 31, 1977, amending the convention with the United Kingdom for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (Executive J, 95th Cong., 1st sess.), transmitted to the Senate today by the President, and that the treaty with accompanying papers be referred to the Committee on Foreign Relations and ordered to be printed, and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered. The message from the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Protocol signed

at London on March 31, 1977, amending the Convention between the United States of America and the United Kingdom for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at London on December 31, 1975, as amended by Notes exchanged at London on April 13, 1976, and by the Protocol signed at London on August 26, 1976. For the information of the Senate, I also transmit the report of the Department of State with respect to the Protocol.

The Convention, along with the amending Notes and the two Protocols, will effect important and necessary improvements in the imposition of taxes on individuals and corporations falling under both the United States and the United Kingdom taxation systems.

I urge the Senate to give early consideration and its advice and consent to ratification of this Protocol, as well as the Convention, the exchange of Notes, and the Protocol signed on August 26, 1976.

JIMMY CARTER.

THE WHITE HOUSE, *June 6, 1977.*

MESSAGES FROM THE PRESIDENT RECEIVED DURING THE RECESS—PM 85

The PRESIDING OFFFICER laid before the Senate the following message from the President of the United States, received on June 2, 1977, during the recess of the Senate, which was referred jointly, pursuant to Public Law 94–265, to the Committee on Commerce, Science, and Transportation and the Committee on Foreign Relations:

To the Congress of the United States:

In accordance with the Fishery Conservation and Management Act of 1976 (P.L. 94–265; 16 USC 1801), I transmit herewith a governing international fishery agreement for 1978–1982 between the United States and Japan, signed at Washington on March 18, 1977.

This Agreement is significant because it is one of a series to be negotiated in accordance with that legislation. It sets out the principles that will govern fishing by Japan for fisheries over which the United States exercises exclusive management authority. I urge that the Congress give favorable consideration to this Agreement at an early date.

JIMMY CARTER.

THE WHITE HOUSE, *June 2, 1977.*

PM 86

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States received on June 3, 1977, during the recess of the Senate, which was referred to the Committee on Finance:

To the Congress of the United States:

In accordance with section 402(d)(5) of the Trade Act of 1974, I transmit herewith my recommendation that the authority to waive subsections (a) and (b) of section 402 be extended for a further period of twelve months.

This recommendation sets forth the reasons for extending waiver authority and for my determination relating to continuation of the waiver applicable to the Socialist Republic of Romania, as called for by subsections (d)(5)(b) and (d)(5)(c) of section 402.

I include, as part of this recommendation, my determinations that further extension of the waiver authority, and continuation of the waiver applicable to the Socialist Republic of Romania, will substantially promote the objectives of this section.

JIMMY CARTER.

THE WHITE HOUSE, *June 2, 1977.*

MESSAGES FROM THE HOUSE RECEIVED DURING THE RECESS

Under authority of the order of May 27, 1977, the following messages from the House of Representatives were received during the recess of the Senate:

ENROLLED BILLS SIGNED

On June 1, 1977, a message stating that the Speaker had signed the following enrolled bills:

H.R. 4390. An act to authorize appropriations for continuation of construction of distribution systems and drains on the San Luis Unit, Central Valley project, California, to mandate the extension and review of the project by the Secretary, and for other purposes.

H.R. 5040. An act to authorize additional appropriations for the Department of State for fiscal year 1977.

H.R. 5306. An act to amend the Land and Water Conservation Fund Act of 1965, and for other purposes.

The enrolled bills were signed by the Deputy President pro tempore today, June 6, 1977.

On June 3, 1977, a message stating that:

The House has passed the bill (S. 1235) to further amend the Peace Corps Act, with amendments in which it requests the concurrence of the Senate.

The House insists upon its amendment to the bill (S. 602) to extend and revise the Library Services and Construction Act, and for other purposes; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Perkins, Mr. Brademas, Mr. Beard of Rhode Island, and Mr. Quie were appointed managers of the conference on the part of the House.

The House agrees to the amendment of the Senate to the bill (H.R. 2992) to authorize appropriations for fiscal year 1978 for carrying out the Comprehensive Employment and Training Act of 1973 as amended.

The House agrees to the amendment of the Senate to the bill (H.R. 6206) to authorize appropriations for fiscal years 1978, 1979, and 1980 to carry out the Commercial Fisheries Research and Development Act of 1964.

The House agrees to the amendments of the Senate to the bill (H.R. 6774) to make certain technical and miscellaneous amendments to provisions relating to higher education contained in the Education Amendments of 1976.

The House disagrees to the amendment of the Senate to the bill (H.R. 6668) to amend the Age Discrimination Act of 1975 to extend the date upon which the United States Commission on Civil Rights is required to file its report under such Act, and for other purposes; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Perkins, Mr. Brademas, Mr. Beard of Rhode Island, Mr. Miller of California, Mr. Kildee, Mr. Heftel, Mr. Hawkins, Mr. Biaggi, Mr. Quie, Mr. Jeffords, and Mr. Pressler were appointed managers of the conference on the part of the House.

ENROLLED BILL SIGNED

The Speaker has signed the following enrolled bill:

H.R. 6774. An act to make certain technical and miscellaneous amendments to provisions relating to higher education contained in the Education Amendments of 1976.

The enrolled bill was signed by the Deputy President pro tempore today, June 6, 1977.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer 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 the Senate proceedings.)

APPROVAL OF BILLS

A message from the President of the United States announced that he has approved and signed the following bills:

On June 1, 1977:

S. 853. An act to extend the Defense Production Act of 1950, as amended; and

S. 1443. An act to amend the Privacy Act of 1974 to extend the life of the Privacy Protection Study Commission to September 30, 1977.

On June 3, 1977:

S. 36. An act to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1954, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes.

MESSAGES FROM THE HOUSE

At 12:34 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 6161. An act to amend the Clean Air Act, and for other purposes; and

H.R. 6970. An act to amend the Marine Mammal Protection Act of 1972 with respect to the taking of marine mammals incidental to the course of commercial fishing operations, and for other purposes.

The message also announced that the House has passed the bill (S. 826) to establish a Department of Energy in the executive branch by the reorganization

of energy functions within the Federal Government in order to secure effective management to assure a coordinated national energy policy, and for other purposes, with an amendment in which it requests the concurrence of the Senate.

At 1:20 p.m., a message from the House of Representatives announced that:

The House disagrees to the amendments of the Senate to the bill (H.R. 6370) to authorize appropriations to the International Trade Commission for fiscal year 1978, to provide for the Presidential appointment of the chairman and vice chairman of the Commission, to provide for greater efficiency in the administration of the Commission, and for other purposes; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. ULLMAN, Mr. VANIK, Mr. GIBBONS, Mr. ROSTENKOWSKI, Mr. JONES of Oklahoma, Mr. CONABLE, and Mr. STEIGER were appointed managers of the conference on the part of the House.

The House has passed without amendment the bill (S. 1240) to extend the time of conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1978.

ENROLLED BILL SIGNED

The Speaker has signed the following enrolled bill:

H.R. 2992. An act to authorize appropriations for fiscal year 1978 for carrying out the Comprehensive Employment and Training Act of 1973 as amended.

The enrolled bill was subsequently signed by the Deputy President pro tempore.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDING OFFICER laid before the Senate the following communications which were referred as indicated:

EC–1412. A letter from the Deputy Secretary of Agriculture transmitting a draft of proposed legislation to amend Title III of the Bankhead-Jones Farm Tenant Act, as amended, to eliminate the necessity of referring loans made with Resource Conservation and Development funds in excess of $250,000 to Congressional committees for approval (with accompanying papers); to the Committee on Agriculture, Nutrition, and Forestry.

EC–1413. A letter from the Administrator of the Environmental Protection Agency transmitting a draft of proposed legislation to amend the Federal Insecticide, Fungicide, and Rodenticide Act and for other purposes (with accompanying papers); to the Committee on Agriculture, Nutrition, and Forestry.

EC–1414. A letter from the Acting Administrator of the Rural Electrification Administration transmitting, pursuant to law, notice of the approval of an REA insured loan in the amount of $8,250,000 to Chugach Electric Association, Inc., of Anchorage, Alaska (with accompanying papers); to the Committee on Appropriations.

EC–1415. A letter from the Acting Administrator of the Rural Electrification Administration transmitting, pursuant to law notice of the approval of an REA insured loan in the amount of $2,465,000 to Coos-Curry Electric Cooperative, Inc., of Coquille, Oregon (with accompanying papers); to the Committee on Appropriations.

EC–1416. A letter from the Assistant Secretary of the Army, Research and Development, transmitting, pursuant to law, reports on Department of the Army Research and Development Contracts that were awarded during the period 1 October 1976 through 31 March 1977 (with accompanying reports); to the Committee on Armed Services.

EC–1417. A letter from the Deputy Assistant Secretary of Defense, Installations and Housing, transmitting, pursuant to law, notice of 23 construction projects to be undertaken by the Army National Guard (with accompanying papers); to the Committee on Armed Serivces.

EC–1418. A letter from the Director of the Securities and Exchange Commission transmitting, pursuant to law, the Commission's Fifth Report to Congress on the Effect of the Absence of Fixed Rates of Commissions for the period May 1, 1975 through December 31, 1976 (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

EC–1419. A letter from the Vice President for Government Affairs for the National Railroad Passenger Corporation transmitting, pursuant to law, a report on the revenues and expenses for each train for the month of February 1977 (with an accompanying report); to the Committee on Commerce, Science, and Transportation.

EC–1420. A letter from the Vice President for Government Affairs for the National Railroad Passenger Corporation transmitting, pursuant to law, a report on the average number of passengers per day and the on-time performance for each train for the month of March 1977 (with an accompanying report); to the Committee on Commerce, Science, and Transportation.

EC–1421. A letter from the Chairman of the United States Railway Association transmitting, pursuant to law, the first annual report to Congress on the performance of the Consolidated Rail Corporation (Conrail) for 1976 (with an accompanying report); to the Committee on Commerce, Science, and Transportation.

EC–1422. A letter from the Administrator of the Federal Energy Administration transmitting, pursuant to law, the annual report with respect to the officers and employees of the Federal Energy Administration who perform any function or duty under EPCA and who have known financial interest in energy businesses or energy properties (with an accompanying report); to the Committee on Energy and Natural Resources.

EC–1423. A letter from the Acting Secretary of the Interior transmitting, pursuant to law, a report with respect to the public disclosures and actions taken with regard thereto for 1976 (with an accompanying report); to the Committee on Energy and Natural Resources.

EC–1424. A letter from the Administrator of the Federal Energy Administration transmitting, pursuant to law, a report on sales of refined petroleum products for January 1977 (with an accompanying report); to the Committee on Energy and Natural Resources.

EC–1425. A letter from the Chairman of the John F. Kennedy Center for the Performing Arts transmitting, pursuant to law, the annual report of the John F. Kennedy Center for the Performing Arts for fiscal year 1976 (with an accompanying report); to the Committee on Environment and Public Works.

EC–1426. A letter from the Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation to extend for one year the provisions of P.L. 94–401 which permit increased funding for social services under title XX of the Social Security Act and for other purposes (with accompanying papers); to the Committee on Finance.

EC–1427. A letter, dated May 27, 1977, from the Assistant Legal Advisor for Treaty Affairs transmitting, pursuant to law, international agreements other than treaties entered into by the United States within the past sixty days (with accompanying papers); to the Committee on Foreign Relations.

EC–1428. A letter from the Secretary of the Treasury transmitting, pursuant to law, a report for 1976 on the progress being made with regard to the increased use of intermediate technologies in the operation of the Inter-American Development Bank (with accompanying paper); to the Committee on Foreign Relations.

EC–1429. A letter from the Assistant Secretary for Congressional Relations of the Department of State transmitting, pursuant to law, the Sixteenth Annual Report on the East-West Center (Center for Cultural and Technical Interchange Between East and West) in Honolulu, covering the period July 1, 1975 through September 30, 1976 (with an accompanying report); to the Committee on Foreign Relations.

EC–1430. A secret communication from the Comptroller General of the United States tarnsmitting, pursuant to law, a report on the withdrawal of U.S. forces from Thailand: Ways to Improve Future Operations (LCD–77–402) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1431. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Certifying Workers for Adjustment Assistance—The First Year Under the Trade Act" (ID–77–28) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1432. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Examination of Financial Statements of Federal Prison Industries, Inc., Fiscal Year 1976" (FOD–77–03) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1433. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Drugs, Firearms, Currency, and Other Property Seized by Law Enforcement Agencies: Too Much Held Too Long" (GGD–76–105) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1434. A letter from the Administrator of the General Services Administration transmitting, pursuant to law, a report on a proposed altered system of records in accordance with the Privacy Act (with an accompanying report); to the Committee on Governmental Affairs.

EC–1435. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Space Transportation System: Past, Present, Future" (PSAD–77–113) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1436. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Accountability and Control of Warheads in the Custody of the Department of Defense and the Energy Research and Development Administration" (PSAD–77–115) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1437. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Personnel Ceilings—A Barrier to Effective Manpower Management" (FPCD–76–88) (with an accompanying report); to the Committee on Governmental Affairs.

EC–1438. A letter from the Comptroller General of the United States transmitting,

pursuant to law, a report entitled "The Federal Deposit Insurance Corporation's Financial Disclosure Regulations Should be Improved" (FPCD-77-49) (with an accompanying report); to the Committee on Governmental Affairs.

EC-1439. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Results of the Third Law of the Sea Conference, 1974 to 1976," Department of State (ID-77-37) (with an accompanying report); to the Committee on Governmental Affairs.

EC-1440. A letter from the Comptroller General of the United States transmitting pursuant to law, a report entitled "Unauthorized and Questionable Use of Appropriated Funds to Pay Transportation Costs of Non-Appropriated-Fund Activities, Department of Defense" (LCD-76-233) (with an accompanying report); to the Committee on Governmental Affairs.

EC-1441. A letter from the Administrator, General Services Administration transmitting, pursuant to law, a new version of proposed public access regulations implementing Section 104 of Title I of the Presidential Recordings and Materials Preservation Act, P.L. 93-526 (with an accompanying report); to the Committee on Governmental Affairs.

EC-1442. A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Improving Military Solid Waste Management: Economic and Environmental Benefits, Department of Defense" (LCD-76-345) (with an accompanying report); to the Committee on Governmental Affairs.

EC-1443. A letter from the General Counsel of the National Study Commission on Records and Documents of Federal Officials transmitting, pursuant to law, the final version of the Alternate Report of the Minority Members of the National Study Commission on Records and Documents of Federal Officials (with an accompanying report); to the Committee on Governmental Affairs.

EC-1444. A letter from the Acting General Counsel of the Office of Telecommunications Policy, Executive Office of the President, transmitting, pursuant to law, a report on the administration of the Freedom of Information Act for the calendar year 1976 (with an accompanying report); to the Committee on the Judiciary.

EC-1445. A letter from the Commissioner of the Federal Prison Industries, Inc., Department of Justice, transmitting, pursuant to law, a report on the administration of the Freedom of Information Act for the calendar year 1976 (with an accompanying report); to the Committee on the Judiciary.

EC-1446. A letter from the Secretary of the Aviation Hall of Fame, Inc. transmitting, pursuant to law, a report on examination of Financial Statements for years ended December 31, 1976 and 1975 (with an accompanying report); to the Committee on the Judiciary.

EC-1447. A letter from the Acting Director of the United States Water Resources Council transmitting, pursuant to law, a report on the administration of the Freedom of Information Act for the calendar year 1976 (with an accompanying report); to the Committee on the Judiciary.

EC-1448. A letter from the Chairman of the Federal Election Commission transmitting, pursuant to law, a copy of correspondence concerning the 1976 Privacy Act Annual Report which the Commission has sent to the Office of Management and Budget (with accompanying papers); to the Committee on Rules and Administration.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BARTLETT, from the Select Committee on Indian Affairs:

With an amendment:

S. 947. A bill to declare certain federally owned land known as the Yardeka School land to be held in trust for the Creek Nation of Oklahoma (Rept. No. 95-238).

With amendments:

S. 1291. A bill to declare that certain lands of the United States situated in the State of Oklahoma are held by the United States in trust for the Cheyenne-Arapaho Tribes of Oklahoma (Rept. No. 95-239).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Richard N. Cooper, of Connecticut, to be U.S. Alternate Governor of the International Bank for Reconstruction and Development for a term of 5 years; U.S. Alternate Governor of the Inter-American Development Bank for a term of 5 years; U.S. Alternate Governor of the Asian Development Bank and U.S. Alternate Governor of the African Development Fund.

Sam Young Cross, Jr., of Virginia, to be U.S. Executive Director of the International Monetary Fund for a term of 2 years.

Jean Price Lewis, of Virginia, to be an Assistant Administrator of the Agency for International Development, vice Denis M. Neill, resigned.

Abelardo Lopez Valdez, of Texas, to be an Assistant Administrator of the Agency for International Development, vice Eugene N. S. Girard II, resigned.

Herbert Salzman, of the District of Columbia, to be the representative of the United States of America to the Organization for Economic Cooperation and Development, with the rank of Ambassador.

Thomas Byron Crawford Leddy, of Virginia, to be U.S. Alternate Executive Director of the International Monetary Fund for a term of 2 years expiring October 22, 1979.

Marvin L. Warner, of Ohio, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Switzerland.

Melissa F. Wells, of New York, a Foreign Service officer of class 2, to be the representative of the United States of America on the Economic and Social Council of the United Nations, with the rank of Ambassador.

Albert W. Sherer, Jr., of Connecticut, a Foreign Service officer of the class of career minister, for the rank of Ambassador while serving as the head of the U.S. delegation to the preparatory meeting in Belgrade of the Conference on Security and Cooperation in Europe (CSCE) commencing June 15, 1977, and thereafter as a member of the U.S. delegation and head of the delegation's working group at the main CSCE meeting in the autumn.

Arthur W. Hummel, Jr., of Maryland, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Pakistan.

Richard K. Fox, Jr., of Minnesota, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United Statcs of America to the Republic of Trinidad and Tobago.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

POLITICAL CONTRIBUTIONS STATEMENT

The undersigned nominee, Marvin L. Warner, hereby submits the following report of contributions made by the undersigned and members of his immediate family, including their spouses, during the period beginning on January 1, 1973 and ending on the date of nomination of nominee.

Nominee: Marvin L. Warner.

Post: Ambassador to Switzerland.

Contributions by, amount, date, and donee:

1. Marvin L. Warner—see Schedule 1 attached hereto.

2. Spouse—not applicable.

3. Children and Spouses Names: Marlin (Warner) Arky and Stephen W. Arky. See Schedule 2 attached.

Alyson (Warner) Kuppin and Herbert R. Kuppin, Jr.

Marvin L. Warner, Jr. (Mark) none.

4. Parents Names: Mrs. Rose Warner—none.

5. Grandparents Names: Deceased.

6. Brothers and Spouses Names: None.

7. Sisters and Spouses Names: Betty (Warner) Glazer and Harry Glazer—none.

Schedule 1

Donor: In all cases Marvin L. Warner:

Amount, date, and to:

$2,000, 10-21-73, Wallace Campaign (for deficit).

$500, 6-30-74, Burton for Congress.

$500, 8-31-74, Senator Birch Bayh.

$3,000, 9-30-74, Citizens for Glenn.

$1,000, 10-31-74, Ford for Senate.

$200, 10-31-74, James V. Stanton.

$1,000, 1-7-75, Stone Campaign.

$120, 2-4-75, Citizens for John Glenn.

$500, 5-22-75, Committee for Hart.

$1,000, 6-10-75, Jackson for President.

$500, 9-5-75, Durkin for Senate.

$1,000, 10-7-75, Birch Bayh for President.

$1,000, 10-7-75, James Stanton Committee.

$3,500, 12-16-75, Citizens for Glenn.

$250, 2-10-76, Robert Byrd for President.

$250, 2-19-76, Church for President.

$500, 3-2-76. Senator Hart Constituent Service.

$100, 3-11-76, Congressman St Germain Campaign.

$1,000, 3-22-76, Metzenbaum for Senate.

$100, 3-24-76, Rhodes for Congress.

$200, 4-1-76, Frank Mankiewicz.

$500, 4-6-76, Zumwalt for Senate.

$500, 5-17-76, Zumwalt for Senate.

$1,000, 5-18-76, Bowen for Senate.

$1,000, 4-9-76, Jimmy Carter for President.

$100, 7-19-76, Jim Guy Tucker Campaign for President.

$1,000, 8-6-76, Tunney for U.S. Senate.

$1,000, 9-1-76, Senator Bowen Committee.

$1,000, 9-1-76, Metzenbaum for Senate.

$250, 10-12-76, Harnes for Senate.

$5,000, 12-9-76, Metzenbaum Post Campaign Committee.

$100, 3-22-73, National Democratic Committee.

$2,500, 5-24-73, National Democratic Committee.

$100, 5-29-73, National Democratic Committee.

$100, 8-1-73, National Democratic Committee.

$5,000, 8-21-73, National Democratic Committee.

$4,100, 11-1-73, Democratic Executive Committee.

$1,000, 10-74, Democratic Committee.

$2,000, 3-31-74, Democratic Congressional Dinner.

$1,500, 5–75, Democratic Congressional Dinner.
$30, 7–75, Democratic National Committee.
$1,000, 10–75, Democrats United.
$1,000, 6–29–76, Democratic Natl. Committee, Natl. Finance Council.
$10,000, 10–6–76, Democratic National Committee.

Schedule 2

Donor, amount, date, and to:
Stephen Arky, $100, 10/73, Democratic National Party Telethon.
Stephen Arky, $1,000, 5/10/74, Richard A. Pettigrew Testimonial Reception Committee.
Marlin Arky, $1,000, 8/19/74, People for Pettigrew—U.S. Senate.
Stephen Arky, $500, 6/20/75, Henry Jackson for President.
Marlin Arky, $500, 6/20/75, Henry Jackson for President.
Stephen & Marlin Arky, $10, 1975, Lawton Chiles—U.S. Senate.
Stephen Arky, $200, 9/17/75, Democratic National Telethon.
Stephen Arky, $200, 12/9/75, Jimmy Carter Campaign.
Stephen & Marlin Arky, $1,000, 4/5/76, Jimmy Carter Campaign.
Stephen & Marlin Arky, $2,000, 9/22/76, Metzenbaum for Senate.
Stephen & Marlin Arky, $1,000, 5/2/76, Stanton for Senate.
Stephen & Marlin Arky, $20, 9/76, Lawton Chiles—U.S. Senate.
Marlin Arky, $50, 12/28/76, Carter Inaugural Party.
Marlin Arky, $15, 12/18/76, Jimmy Carter Book.

Schedule 3

Donor, amount, date, and to:
Herbert Kuppin, Jr., $250, 11/17/75, John Glenn.
Herbert Kuppin, Jr., $250, 2/11/76, Robert Byrd.
Herbert Kuppin, Jr., $500, 2/18/76, Senator Church for President.
Herbert Kuppin, Jr., $1,000, 10/18/76, Robert Taft, Jr.
Alyson Kuppin, $250, 2/14/76, Robert Byrd.

POLITICAL CONTRIBUTIONS STATEMENT

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee, Melissa Wells.
Post, U.S. Representative to UN Ecosol.
Contributions and amount:
1. Self, none.
2. Spouse, none.
3. Children and Spouses names: Alfred (husband), Christopher and Gregory, none.
4. Parents names: Mme. Milliza Korjus Shector (mother), father deceased, none.
5. Grandparents names, deceased.
6. Brothers and Spouses names: Ernest and Jacque Foelsch, Richard Foelsch, none.
7. Sisters and Spouses names, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

MELISSA WELLS.

Subscribed and sworn (or affirmed) before me this 18th day of March A.D. 1977, at New York, New York.

SOL KUTTNER.
Notary Public—State of New York.
Commission expires March 30, 1978.

POLITICAL CONTRIBUTIONS STATEMENT

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee, Albert W. Sherer Jr.
Post, Chief Delegation Preparatory Meeting CSCE in Belgrade.
Contributions:
1. Self, none.
2. Spouse (Carroll R. Sherer), none.
3. Children and spouses, none; names, Peter and Hollis Sherer, Susan and Peter Osyoz, Anthony Sherer.
4. Parents names, Albert W. Sherer and Linda Van Noshen Sherer, none.
5. Grandparents names, deceased long ago, none.
6. Brothers and Spouses names, none.
7. Sisters and spouses names, Mr. and Mrs. Stanley R. Morton, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

ALBERT W. SHERER, JR.

POLITICAL CONTRIBUTIONS STATEMENT

Nominee: Herbert Salzman.
Post: Ambassador and U.S. Representative (Chief of Mission) to the Organization for Economic Cooperation and Development.
Federal Campaign Contributions—No. 5:
Amount, Date, and Donee:
1. Herbert Salzman:
$2,500, 2/4/74, Javits Dinner Committee.
$2,500, 5/10/74, Javits in 1974.
$500, 8/7/74, Senator Birch Bayh.
$250, 9/29/75, Bayh for President.
$250, 5/5/76, Committee to Re-Elect Senator Edward M. Kennedy.
$100, 5/17/76, Les Aspin for Congress.
$1,000, 5/11/76, Citizens for Carter.
$500, 7/8/76, Committee for Birch Bayh in '76 (deficit).
$1,000, 8/3/76, McGee for Senate Committee.
$250, 7/12/76, Gloria Schaeffer.
$250, 12/3/76, Church for President Committee (deficit).
2. Rita Salzman:
$750, 8/22/74, Scheuer for Congress.
$250, 8/30/75, Shriver for President.
$1,000, 6/29/76, Citizens for Carter.
$250, 12/3/76, Church for President Committee (deficit).
3. Anthony Salzman (son), none (no spouse), Jeffrey Salzman (son), (no spouse);
$25, 2/76, Carter for President.
$100, 4/9/76, Carter for President.
$40, 9/13/76, Jeff Peterson for Congress.
4. William and Minnie Salzman (parents) (deceased).
5. Grandparents (deceased).
6. Alexander and Betti Salzman (brother and spouse):
$300, 2/1/74, Javits Dinner Committee.
$500, 6/12/74, Javits Finance Committee.
$100, 8/9/74, Scheuer for Congress.
$500, 1/1/74, Javits Finance Committee.
$100, 1974, People for Abraham Ribicoff.
$15, 1976, Democratic National Committee.
$250, 1976, Scheuer for Congress.
7. Sara F. Pepper (sister) (no spouse):
$25, 1973, Citizens for Bella Abzug.
$100, 1974, Committee for Jacob Javits.
$100, 1974, People for Abraham Ribicoff.
$50, 1974, Citizens for Fred Richmond.
$100, 1975, National Roosevelt Day Dinner.
$1,500, 1974, Loan to Scheuer for Congress (subsequently repaid).
$100, 1976, Scheuer for Congress.

I have listed above the names of each member of my immediate family, including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

HERBERT SALZMAN.

Subscribed and sworn (or affirmed) before me this 20th day of April, A.D., 1977, at Washington, D.C.

STELLA MAKARA.
Commission expires 7/31/77, Notary Public.

POLITICAL CONTRIBUTIONS STATEMENT

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee, Arthur W. Hummel Jr.
Post, Philippines.
Contributions, amount, date, and donee:
(If none, write none)
1. Self, None.
2. Spouse, $15.00, 1972, dollars for Democrats.
3. Children and Spouses names, none.
4. Parents names, none.
5. Grandparents names, none.
6. Brothers and spouses names, none.
7. Sisters and spouses names none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

ARTHUR W. HUMMEL, JR.

Subscribed and sworn (or affirmed) before me this 7th day of April A.D. 1977, at Washington, D.C.

STELLA MAKARA.

Commission expires July 31, 1977 Notary Public.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

POLITICAL CONTRIBUTIONS STATEMENT

Nominee Richard K. Fox, Jr.
Contributions, Amount, Date, and Donee:
(If none, write none)
1. Self, none.
2. Spouse, $20.00, October 10, 1973, Democratic Nat. Comm.
3. Children and spouses names, none.
4. Parents names, none.
5. Grandparents names, none.
6. Brothers and spouses names, none.
7. Sisters and spouses names, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

RICHARD K. FOX, Jr.

Subscribed and sworn (or affirmed) before me this 13th day of April A.D. 1977, at Washington, D.C.

STILLA MAKARA,

Commission expires July 31, 1977, Notary Public.

Mr. SPARKMAN, Mr. President, as in executive session, I report favorably from the Committee on Foreign Relations sundry nominations in the Foreign Service which have previously appeared in the CONGRESSIONAL RECORD and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

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

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of May 25, 1977, at the end of the Senate proceedings.)

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H.R. 6161. An act to amend the Clean Air Act, and for other purposes; placed on the Calendar.

H.R. 6970. An act to amend the Marine Mammal Protection Act of 1972 with respect to the taking of marine mammals incidental to the course of commercial fishing operations, and for other purposes; to the Committee on Commerce, Science, and Transportation.

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. McGOVERN:

S. 1623. A bill to amend section 107 of the Energy Reorganization Act of 1974 (42 U.S.C. 5817) to delegate power to State legislatures to veto Energy Research and Development Administration site selection for radioactive waste storage, and to provide for a referendum of the people of a State on the question of locating a radioactive waste storage facility in that State; to the Committee on Environment and Public Works.

By Mr. RIBICOFF (by request):

S. 1624. A bill to authorize an additional Assistant Secretary of Commerce; to the Committee on Governmental Affairs.

S. 1625. A bill to amend title 5, U.S.C.; to the Committee on Governmental Affairs.

S. 1626. A bill to amend title 5, U.S.C.; to the Committee on Governmental Affairs.

By Mr. HATHAWAY:

S. 1627. A bill to authorize a career education implementation incentive program; to the Committee on Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. McGOVERN:

S. 1623. A bill to amend section 107 of the Energy Reorganization Act of 1974 (42 U.S.C. 5817) to delegate power to State legislatures to veto Energy Research and Development Administration site selection for radioactive waste storage, and to provide for a referendum of the people of a State on the question of locating a radioactive waste storage facility in that State; to the Committee on Environment and Public Works.

THE NUCLEAR WASTE PROBLEM

Mr. McGOVERN. Mr. President, for many years, we have been told that nuclear power will provide the Nation's energy needs far into the future. The "peaceful atom," we have been told, will be safe, and it will be clean.

But the evidence is mounting up that, environmentally, the nuclear industry might be the dirtiest of them all.

In February of 1976, the National Journal reported that a solution to the problem of nuclear waste disposal was "nowhere in sight." This is no less true today than it was more than a year ago, and yet we are still receiving assurances from the nuclear industry that we have nothing to worry about.

Some wastes lasts for 1,000 years, while other kinds of radioactive wastes remain lethal for over 200,000 years. And the different types of wastes cannot be separated out. Perhaps it is true that "we" do not have anything to worry about, but when you are talking about materials which pose a threat to mankind for hundreds of subsequent generations, we are playing with one of the most malignant cancers ever wrought.

Millions of gallons of nuclear wastes are sitting in temporary storage tanks around the country, waiting for technology to come up with a solution. Such is the consequence of leaving this matter entirely in the hands of the nuclear industrialists and their supporters in the Federal Government. As one of the Nuclear Regulatory Commission's own task forces reported last October, resistance to public input has led to some of the more horrifying results in our waste management history:

> Two themes run through the history of the nation's development of a waste management policy. The first, still widely prevalent, is that technological expertise is alone sufficient to solve the waste management problem. The second is that the consideration of nontechnological problems is not only irrelevant, but in many cases is actually a hindrance to technological progress. There seems to have been an underlying belief that a waste management system would be self-implementing or automatically implemented when needed.

The problem grows as we continue to produce these wastes. As the problem grows, and as we get more desperate for a solution, I fear that our criteria for such a solution will be less stringent than if we felt we had more time to test the current proposals. We must be protective of our standards in this case where the nuclear industry has billions of dollars riding on our professed ability to solve the nuclear waste problem immediately.

The history of nuclear waste disposal presents a sorry picture, indeed. The Government and the industry have constantly tossed the issue back and forth—like a radioactive potato—with the responsible parties constantly ducking the issue. The 500,000 gallon accident, comprised of more than 20 separate leaks, at the Hanford Reservation near Richland, Wash.; the 700-gallon leak of high level wastes at the Savannah plant near Aiken, S.C.; and the countless low-level leaks—at Maxey Flats, Ky.; near Ocean City, Md.; near San Francisco—all point to the truth in a 1966 National Academy of Sciences report on nuclear wastes, that "considerations of long-range safety are in some instances subordinate to regard for economy of operation."

Such a pathetic history demands that the States now being considered for potential permanent waste repositories be given extra assurances that the solutions now being suggested will actually solve the problem, and that they will not simply be another in the series of permanent solutions which led to disaster or near disaster—only to be relabeled "temporary" and "interim" solutions.

Of course, the Energy Research and Development Administration considers its current efforts in this area to be adequate. Just what are they? ERDA is conducting geological studies around the country in search of a permanent nuclear waste respository and a backup site just in case the first one does not work out. The major criterion here seems to be that the site should be geologically stable. But what ERDA seems to forget is that this site is going to have to remain stable for at least 200,000 years.

Meanwhile, the pressure is building for a repository. The current interim and temporary facilities are supposed to run out of room by 1985, which is when the new, permanent, geologically stable repository will take over. And that is if there are no unforeseen problems and construction goes right on schedule. Further, there will not be any time to test the facility; its initial use will be the actual test period. Not much of a dry run for a repository which is supposed to come with at least a 200,000-year guarantee.

I am offering a bill today which will do the following. When ERDA states that it has come up with a "permanent solution," it will have to convince more than a handful of industrialists with billions of dollars invested in an affirmative answer. This bill will allow a State legislature to veto site selection within that State, and it will provide a similar power to the people by statewide referendum.

We must do something to counteract the possibility that site selection and waste treatment will be based on expediency rather than on a thorough review of the possible dangers to a local population. If the Energy Research and Development Administration's plans are as safe as they are claimed to be, then there should be no problem convincing State legislatures and local populations that this is so.

This bill would in no way interfere with ERDA as it continues its studies which should lead to a suitable solution. However, ERDA's decision should be subject to question and, ultimately, to veto if justified, by either the people of a State or their elected representatives.

After more than 30 years of our nuclear agencies ignoring their own advice with regard to public health and safety, I think that the public is owed a bit more than the calm assurances from those who will not have to live with these wastes.

By Mr. RIBICOFF (by request):

S. 1624. A bill to authorize an additional Assistant Secretary of Commerce; to the Committee on Governmental Affairs.

Mr. RIBICOFF. Mr. President, at the request of the administration I am introducing legislation to authorize an additional Assistant Secretary of Com-

merce. The Secretary of Commerce advises that this position is required in order to establish the position of Assistant Secretary for Economic and Statistical Affairs.

I ask unanimous consent that the text of the bill and the accompanying statement of the purpose and need be printed in the RECORD.

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

S. 1624

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be in the Department of Commerce, in addition to the Assistant Secretaries provided by law as of the date of the enactment of this Act, one additional Assistant Secretary of Commerce who shall be appointed by the President, by and with the advice and consent of the Senate. Such Assistant Secretary shall receive compensation at the rate prescribed by law for Assistant Secretaries of Commerce, and shall perform such duties as the Secretary of Commerce shall prescribe.

SEC. 2. Section 5315 of title 5, United States Code, is amended by striking out paragraph (12) and inserting in lieu thereof:

"(12) Assistant Secretaries of Commerce (8).".

STATEMENT OF PURPOSE AND NEED

The attached bill authorizes an additional Assistant Secretary of Commerce.

This position is required in order to establish the position of Assistant Secretary for Economic and Statistical Affairs. The Assistant Secretary would be the principal advisor to the Secretary and to other officials within the Department on economic and statistical affairs; would serve as the Department's liaison with the Council of Economic Advisers and with other high-level economic and statistical officials of the Government; and would exercise policy direction and general supervision over the Bureau of the Census and the Bureau of Economic Analysis.

These functions are currently assigned to the Chief Economist of the Department. Experience with this arrangement has shown, however, that effective performance of these functions requires a top official who has the confidence of the Secretary and the Administration, and who has been appointed by the President, by and with the advice and consent of the Senate. An individual in such a position will be better able to participate in and have an impact upon departmental and government-wide economic and statistical policy decisions.

Subsection (b) of the draft bill would amend 5 USC 5315 (12) to place eight Assistant Secretaries at Level IV. 5 USC 5315 (12) presently specifies six Assistant Secretaries, although the Department is in fact authorized seven by law. Both Public Law No. 91–469 and Public Law No. 91–477, which were approved October 21, 1970, amended title 5, USC to change section 5315 (12) to read "(12) Assistant Secretaries of Commerce (6)" although each law established an additional Assistant Secretary position. Accordingly, subsection (b) actually would increase the number of Assistant Secretaries of Commerce by one.

MAY 19, 1977.

Hon. WALTER M. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed are six copies of a draft bill:

"To authorize an additional Assistant Secretary of Commerce,"

together with a statement of purpose and need in support thereof.

This proposed legislation has been reviewed by the Department in the light of Executive Order No. 11821 and has been determined not to be a major proposal requiring evaluation and certification as to its inflationary impact.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our draft bill to the Congress from the standpoint of the Administration's program.

Sincerely,

JUANITA M. KREPS.

By Mr. RIBICOFF (by request):

S. 1625. A bill to amend title 5, U.S.C.; to the Committee on Governmental Affairs.

Mr. RIBICOFF. Mr. President, at the request of the Department of Defense, I am introducing legislation to amend section 5519 of title 5, United States Code, relating to crediting amounts received for certain reserve or National Guard service.

At present, Federal employees who are members of the National Guard or Reserve receive both civil service pay and military pay when on annual active duty for training, in a military leave status. This legislation would eliminate such dual compensation by providing that such Federal employees would receive active duty pay for their 15 days of annual military leave, plus any difference between the military pay and their civil service pay for that period.

I ask unanimous consent that the text of the bill and correspondence from the Department of Defense setting forth the purpose and need for the legislation be printed in the RECORD.

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

S. 1625

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5519 of title 5, United States Code, is amended by inserting "(a)," following "section 6323".

SEC. 2. This Act is effective on the first day of the first month after the date of enactment.

APRIL 20, 1977.

Hon. ABRAHAM A. RIBICOFF,
Chairman, Governmental Affairs Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to a Department of Defense legislative proposal that was submitted to the Congress on January 18, 1977 and referred to your committee. The draft legislation amends section 5519 of title 5, United States Code, relating to crediting amounts received for certain reserve or National Guard service. It concerns the problem of dual compensation.

I am taking this opportunity to reaffirm the Department's support for this proposal, which was submitted to the Congress by the previous Administration. The Office of Management and Budget has advised its enactment would be in accord with the program of President Carter. It is recommended that the dual compensation proposal be enacted by the Congress.

Sincerely,

L. NIEDERLEHNER,
Acting General Counsel.

JANUARY 18, 1977.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Forwarded herewith is draft legislation to amend section 5519 of title 5, United States Code, relating to crediting amounts received for certain reserve or National Guard service.

This proposal would provide the authority to assist in carrying out the provisions contained in the President's budget for Fiscal Year 1978. On January 17, 1977, the Office of Management and Budget advised that there is no objection to the presentation of this proposal to the Congress and that its enactment would be in accord with the program of the President. It is recommended that the proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

Existing law entitles Federal employees who are members of the National Guard or Reserve to receive both Civil Service pay and military pay while on annual active duty for training with the Guard or Reserve in a military leave status.

The purpose of the proposed legislation is to eliminate such dual compensation by amending section 5519 of title 5, United States Code, so that these Federal employees will receive active duty pay for their 15 days of annual military leave, plus any difference between that military pay and their Civil Service pay for that period. The crediting of military pay against civilian pay would be administratively handled in the same manner as currently applies to those members of a Guard or Reserve Component who are ordered to active duty to enforce the laws of the United States under the provisions of 5 U.S.C. 6323(c). Under current authority, in excess of 100,000 Federal employees who are Guardsmen or Reservists are entitled to receive both Federal civilian and Reserve military pay for 15 days active duty for training annually.

COST AND BUDGET DATA

The enactment of this proposal would result in an estimated savings of $30.0 million for Fiscal Year 1978. The exact savings would depend on the numbers and salaries of Federal employees performing annual active duty for training in the Guard or Reserve in a military leave status.

Sincerely,

L. NIEDERLEHNER,
Acting General Counsel.

By Mr. RIBICOFF (by request):

S. 1626. A bill to amend title 5, United States Code; to the Committee on Governmental Affairs.

Mr. RIBICOFF. Mr. President, at the request of the Library of Congress, I am introducing legislation to exempt the position of Librarian of Congress from the provisions of the Annual and Sick Leave Act of 1951, as amended.

A recent opinion of the Comptroller General, issued at the request of the Assistant Librarian of Congress involving a related matter, held that the Librarian of Congress for purposes of pay is the head of an agency. Heads of agencies and departments of the executive branch, and employees of the Congress, are excluded from the Leave Act, either

by statute or Executive order. However, since the Librarian of Congress is the head of an agency in the legislative branch, and not an employee thereof, the present statutory exclusion does not apply to him.

This bill would amend the Leave Act so as to add the Librarian of Congress to the list of those excluded from the provisions of the act. Thus, the Librarian of Congress will be treated for both pay and leave purposes as the head of an agency.

I ask unanimous consent that the text of the bill, the letter from the Assistant Librarian of Congress requesting this legislation, and the opinion of the Comptroller General be printed in the RECORD.

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

S. 1626

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6301(2)(B) of title 5, United States Code, relating to annual and sick leave is amended by adding:

(XIII) THE LIBRARIAN OF CONGRESS

SEC. 2. The amendment made by this Act shall take effect on the date of the enactment of this Act.

WASHINGTON, D.C.,
April 25, 1977.

HON. ABRAHAM A. RIBICOFF,
Chairman, Committee on Governmental Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR RIBICOFF: I am requesting on behalf of the Library of Congress that remedial legislation be enacted to exempt the position of Librarian of Congress from the provisions of the leave act (5 U.S.C. 6301). I have enclosed draft language to effect such a change.

During the past year, I requested an opinion from the Comptroller General of the United States with respect to payments made to the Librarian of Congress, the Deputy Librarian of Congress, and the Director of the Congressional Research Service during 1973 that were in excess of the statutory pay limits. In that year all employees of the Federal Government who were paid biweekly were paid for 27 pay periods rather than the normal 26 pay periods.

The decision of the Comptroller General (a copy of which is enclosed) was based on whether these individuals are "employees" as defined in 5 U.S.C. 5504 or are agency heads whose compensation is governed by 5 U.S.C. 5505. The Comptroller General ruled that the Librarian of Congress as head of the agency should have his pay computed under 5 U.S.C. 5505 and that the other two Library officials were paid properly. Prior computation of his pay under the computation methods prescribed in 5 U.S.C. 5504 was in error. Computation of pay for employees under this statute is ". . . deemed payment under this ployment during 52 basic administrative work weeks of 40 hours."

The definition of employee under 5 U.S.C. 6301 is inconsistent with respect to the Comptroller General's decision relating to the Librarian of Congress and his salary administration. The leave act (5 U.S.C. 6301 (x)) provides that the President may exclude "an officer in the executive branch" from being included under the leave act. The position of Librarian of Congress, however, is that of an officer in the legislative branch, but not "an employee of either House of Congress or of the two Houses," as excluded under the leave act by 5 U.S.C. 6301 (vi).

The Librarian of Congress, Daniel J. Boorstin, understands the purpose and effects of this change and supports it. We would be happy to answer any questions you or your staff may have on this subject.

Sincerely yours,

DONALD C. CURRAN,
The Assistant Librarian of Congress.

File: B-120604. AUGUST 30, 1976.
Matter of Library of Congress—Pay computation.

Digest 1. Deputy Librarian of Congress and Director of Congressional Research Service, whose compensation was computed and paid on biweekly pay period basis, received 27 payments in calendar year 1973. Although they were paid total in excess of their annual salary rates, they were properly paid since their compensation was correctly computed and paid under 5 U.S.C. 5504 and an employee may receive 27 compensation payments in calendar year under that statute.

Digest 2. Compensation of Librarian of Congress was computed and paid on biweekly basis under 5 U.S.C. 5504. Payment in excess of Librarian's annual pay rate in 1973 was overpayment since Librarian is head of agency and his compensation must be computed on monthly basis as provided under 5 U.S.C. 5505. However, overpayment is waived under provisions of 5 U.S.C. 5584.

This decision is issued in response to a letter dated May 25, 1976, from Mr. Donald C. Curran, the Assistant Librarian of Congress, concerning the computation of pay for certain Library of Congress personnel in the calendar year 1973. Mr. Curran specifically asks whether the Librarian of Congress, the Deputy Librarian of Congress, and the Director of the Congressional Research Service (CRS) were overpaid that year because there was an extra pay period. If so, Mr. Curran requests that the overpayments to those individuals be waived under 5 U.S.C. 5584.

The Library of Congress normally pays its employees for 26 biweekly pay periods in a calendar year. However, due to the fact that a calendar year consists of 52 weeks and 1 or 2 days employees are paid 27 times in certain years. Hence, in calendar year 1973, employees received 27 salary payments, the total of which was, therefore, higher than their regular annual rate of pay.

The statutory provisions setting the per annum rates for the Librarian, the Deputy Librarian, and the Director of the CRS for 1973 read as follows:

"The compensation of the Librarian of Congress shall be at the rate of $38,000 per annum." 2 U.S.C. 136a (1970).

"The compensation of the Deputy Librarian of Congress shall be at the rate of $36,000 per annum." 2 U.S.C. 136a-1 (1970).

"After consultation with the Joint Committee on the Library, the Librarian of Congress shall appoint the Director of the Congressional Research Service. The basic pay of the Director shall be at a per annum rate equal to the rate of basic pay provided for Level V of the Executive Schedule contained in Section 5316 of Title 5." 2 U.S.C. 166(c)(1) (1970).

In 1973 the annual rate of basic pay for Level V of the Executive Schedule was $36,000.

Because of the additional salary payment that year, the Librarian, the Deputy Librarian, and the Director of the CRS were paid $39,463.20, $37,389.60 and $37,389.60, respectively.

Section 5504 of title 5, United States Code (1970), states in pertinent part the following regarding the method to be used to calculate the compensation for "employees" as defined therein:

"(a) The pay period for an employee covers two administrative workweeks. For the purpose of this subsection, 'employee' means—

* * * * *

(2) an employee in or under * * * the Library of Congress * * *

* * * * *

but does not include—

* * * * *

(B) an employee or individual excluded from the definition of employee in section 5541(2) of this title.

"(b) For pay computation purposes affecting an employee, the annual rate of basic pay established by or under statute is deemed payment for employment during 52 basic administrative workweeks of 40 hours. When it is necessary for computation of pay under this subsection to convert an annual rate of basic pay to a basic hourly, daily, weekly, or biweekly rate, the following rules govern:

(1) To derive an hourly rate, divide the annual rate by 2,080.

(2) To derive a daily rate, multiply the hourly rate by the number of daily hours of service required.

(3) To derive a weekly or biweekly rate, multiply the hourly rate by 40 or 80, as the case may be.

Rates are computed to the nearest cent, counting one-half and over as a whole cent. For the purpose of this subsection, 'employee' means—

* * * *

(C) an employee in or under * * * the Library of Congress, for whom a basic administrative workweek is established under section 6101(a)(5) of this title,

* * * * *

But does not include an employee or individual excluded from the definition of employee in section 5541(2) of this title."

Under the compensation method prescribed above the hourly, weekly, or biweekly rate of compensation is fixed by the employee's per annum rate, but the actual compensation received in a calendar year is not necessarily equal to the employee's annual compensation rate. This is so since the actual amount paid is determined by the computation rules on a biweekly pay period basis instead of on a calendar year basis. Therefore, when an employee's compensation is for computation in accordance with section 5504, it is proper for him to receive 27 compensation periods in a calendar year.

However, section 5504 excludes from its scope any individual excluded from the definition of "employee" under 5 U.S.C. 5541(2) (1970). That definition applies to personnel in the Library of Congress as follows:

" 'employee' means—

* * * * *

(C) an employee in or under * * * the Library of Congress * * *

but does not include—

* * * * *

(ii) the head of an agency other than the government of the District of Columbia * * *."

Because heads of agencies are excluded from the provisions of 5 U.S.C. 5504, we have long held that 5 U.S.C. 5505 governs the computation of their salaries. 47 Comp. Gen. 485 (1968).

Section 5505 which prescribes the pay computation rules for those individuals whose compensation is not governed by the provisions of section 5504, reads as follows:

"The pay period for an individual in the service of the United States whose pay is monthly or annual covers one calendar

month, and the following rules for division of time and computation of pay for services performed govern:

(1) A month's pay is one-twelfth of a year's pay.

(2) A day's pay is one-thirtieth of a month's pay.

(3) The 31st day of a calendar month is ignored in computing pay, except that one day's pay is forfeited for one day's unauthorized absence on the 31st day of a calendar month.

(4) For each day of the month elapsing before entering the service, one day's pay is deducted from the first month's pay of the individual.

This section does not apply to an employee whose pay is computed under section 5504(b) of this title."

The actual pay received by an individual whose pay is computed in accordance with the above should, in a calendar year, equal his annual pay rate because the computation is made on the basis of a calendar year rather than on the biweekly pay computation method prescribed by section 5504. While an individual paid under this section should ordinarily be paid on a monthly basis, an agency may pay him on a semi-monthly basis as long as the actual rate is calculated on the monthly basis. 47 Comp. Gen. 485 (1968). However, we find no authority to pay such individuals biweekly. Accordingly, if an individual paid under section 5505 is paid compensation for a calendar year which exceeds 12 times his monthly rate, then he is overpaid.

Therefore, whether the Librarian, the Deputy Librarian, and the Director of the CRS were overpaid due to the additional payday in 1973 depends on whether those individuals are "employees" within the purview of the 5 U.S.C. 5504 or are agency heads whose compensation is governed by the monthly salary limitations in 5 U.S.C. 5505.

The Library of Congress is defined as an "agency" for purposes of pay administration in 5 U.S.C. 5541 (1970). Section 136, title 2 of the United States Code (Supp. III, 1973), establishes the Librarian as the administrative head of the Library of Congress as follows:

"The Librarian of Congress shall be appointed by the President, by and with the advice and consent of the Senate. He shall make rules and regulations for the government of the Library."

Since the Librarian is a head of an agency his compensation is for computation under 5 U.S.C. 5505. 47 Comp. Gen. 485, *supra*. In accordance with 5 U.S.C. 5505, the annual compensation of the Librarian, as the head of his agency, may not exceed 12 times his monthly rate, which should have been $3,166.67 based on the per annum rate of $38,000 in 1973. Accordingly, the Librarian of Congress was overpaid $1,463.16 in the calendar year 1973.

Both the Deputy Librarian and the Director of the Congressional Research Service are appointed by the Librarian and their authority is established as subordinate to his throughout Chapter 5, title 2 of the United States Code (1970). Although 2 U.S.C. 166 (1970) states that the Congressional Research Service is to be maintained in the Library of Congress as a separate department with the "maximum practicable administrative independence consistence with * * */ its/objectives," the Librarian still retains ultimate authority by virtue of the requirement that he assist in the performance of the CRS's objectives and his power to appoint and dismiss employees of the CRS under 2 U.S.C. 166(c). Since neither the Deputy Librarian nor the Director of the CRS can be considered a "head of an agency," and are not excluded from the definition of an "employee" in 5 U.S.C. 5504 or by any other applicable provision, their compensation must be in accordance with the computation method prescribed therein. Therefore, they were entitled to the 27 biweekly compensation payments received in 1973 and were not overpaid.

Our authority to waive collection of the overpayment to the Librarian of Congress under 5 U.S.C. 5584 (Supp. IV, 1974), is contingent on whether the conditions for a waiver of a claim of the United States arising out of an erroneous payment of pay or allowances exist. Section 91.5(c), title 4 of the Code of Federal Regulations (1975), states, in pertinent part, that claims may be waived whenever:

"Collection action under the claim would be against equity and good conscience and not in the best interests of the United States. Generally these criteria will be met by a finding that the erroneous payment of pay or allowances occurred through administrative error and that there is no indication of fraud, misrepresentation, fault or lack of good faith on the part of the employee or member or any other person having an interest in obtaining a waiver of the claim. Any significant unexplained increase in pay or allowances which would require a reasonable person to make inquiry concerning the correctness of his pay or allowances, ordinarily would preclude a waiver when the employee or member fails to bring the matter to the attention of appropriate officials."

There is nothing in the record indicating fraud or lack of diligence on the Librarian's part in this matter. Moreover, under the circumstances we cannot conclude that a reasonable individual, even if charged with the knowledge and responsibility of the Librarian of Congress, would suspect that his salary alone should be computed on a monthly basis rather than a biweekly basis. Accordingly, we hereby waive the collection of the $1,463.16 overpaid to the Librarian of Congress in 1973.

R. F. KELLER,
Acting Comptroller General of the United States.

ADDITIONAL COSPONSORS

S. 514

At the request of Mr. RIBICOFF, the Senator from Wyoming (Mr. HANSEN) was added as a cosponsor of S. 514.

S. 551

At the request of Mr. HUMPHREY, the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 551.

S. 555

At the request of Mr. RIBICOFF, the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of S. 555.

S. 807

At the request of Mr. MCINTYRE, the Senator from Maine (Mr. HATHAWAY) was added as a cosponsor of S. 807.

S. 972

At the request of Mr. NELSON, the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 972.

S. 1120

At the request of Mr. HUMPHREY, the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of S. 1120.

S. 1116

At the request of Mr. MCGOVERN, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 1116.

S. 1177

At the request of Mr. CHILES, the Senator from Kansas (Mr. DOLE) was added as a cosponsor of S. 1177.

S. 1361

At the request of Mr. HELMS, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of 1361.

S. 1614

At the request of Mr. HAYAKAWA, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 1614.

AMENDMENT NO. 316

At the request of Mr. GARN, the Senator from Utah (Mr. HATCH) was added as a cosponsor of amendment No. 316.

AMENDMENT NO. 344

At the request of Mr. HAYAKAWA, the Senator from Idaho (Mr. MCCLURE), the Senator from Utah (Mr. HATCH), and the Senator from Wyoming (Mr. WALLOP) were added as cosponsors of amendment No. 344.

AMENDMENT NO. 353

At the request of Mr. HATHAWAY, the Senator from Vermont (Mr. LEAHY) and the Senator from Arkansas (Mr. BUMPERS) were added as cosponsors of amendment No. 353.

AMENDMENTS SUBMITTED FOR PRINTING

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION AUTHORIZATIONS—S. 1340

AMENDMENT NO. 357

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

Mr. MELCHER. Mr. President, for myself, the Senator from Mississippi (Mr. EASTLAND), and the Senator from Pennsylvania (Mr. HEINZ), I am today submitting a needed amendment to S. 1340 to increase the authorization for the magnetohydrodynamics — MHD — program to $125 million. It is needed because the energy, research, and development capabilities for this national coal conservation and utilization program is much greater than either the administration budget or the committee's modest increase.

The MHD process, when perfected, will save electric consumers billions of dollars, conserve coal through greatly increased efficiency, and solve air pollution problems in coal-fired electrical generation plants across the country.

MHD is a technology whose time has come—and which at the present research and development pace will pass us by without fulfilling its potential of being a true cornerstone of our energy policy. However, if we would fund at a level to use our engineering capabilities, we can have the blueprints for commercial plants within 6 years' time.

The basic MHD process itself is simple. An extremely hot gas derived from burning coal—or other fuel—is turned into an electrical conductor by "seeding" it with another material such as potassium or cesium. The gas moves at very high speed through a channel enclosed by a magnet.

Electricity is produced and tapped by electrodes in the wall of the channel.

I ask you today to consider these points:

MHD promises 40 percent greater electrical generation efficiency for every ton of coal burned than is possible in conventional steam-generating electrical plants;

MHD ends air pollutant emissions; in the case of sulfur dioxide one-twenty-fifth of present EPA standards, nitrogen oxides to less than one-third, and in the case of particulates, one-half of EPA standards to enhance the air quality wherever electricity is being generated;

MHD requires little water and there is no resulting thermal water pollution;

MHD research and engineering is shortchanged in the bill with a loss of its near- and long-term benefits, unless Congress acts to fund ERDA's efforts in this area at a realistic level.

We could have MHD commercially available to utilities in the mid-1980's. The basic scientific and technical information on the process was developed by private industry in the early 1960's, but a lack of Government funding prevented developing a pilot plant.

But the Russians have gone forward and have a pilot plant which has achieved 20 megawatts of electricity. The Soviet Union will have a 500-megawatt commercial demonstration plant operating in the early 1980's.

Efforts in the United States have been miserably slow. ERDA asked for $86 million for this fiscal year and that is a bare bones budget for the national MHD program. The Ford administration budget request of $50 million, acquiesced in by President Carter, allows ERDA to build a component development and integration facility—CDIF—in Butte, Mont., but it does not provide the component parts for integrated coal combustion channel operations.

Work must be accelerated in areas such as combustors, magnets, and other components crucial to MHD development and to allow engineering tests of this technology. This means bringing together and combining efforts of General Electric at Valley Forge, Fluidyne Engineers Corp. in Minneapolis, AVCO, Rocketdyne, TRW, Pittsburgh Energy Research Center, Westinghouse, University of Tennessee, MIT, Stanford, Mississippi State University, and several other universities across the country.

Nor is the committee's recommendation of $75 million adequate which is the amount in S. 1340. The effort to move the national MHD program forward for this fiscal year requires $125 million.

This program promises better use of our most abundant fossil fuel—coal. It has efficiencies far above any existing technology or program efforts now underway within the Fossil Energy Division of ERDA. It is environmentally sound in terms of air and water pollution and water use.

I hope the Senate will approve this amendment to S. 1340 to authorize $125 million and to allow us to capture the potential MHD has to offer to help solve our energy problems.

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

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

AMENDMENT No. 357

On page 19, line 11, strike out "$70,800,000" and insert in lieu thereof "$106,800,000".

On page 24, line 3, strike out "$7,200,000" and insert in lieu thereof "$18,200,000".

On page 24, beginning on line 3, strike out "$12,200,000" and insert in lieu thereof "$23,200,000".

HOUSING AND COMMUNITY DEVELOPMENT ACT—S. 1523

AMENDMENT NO. 358

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

Mr. CHAFEE (for himself, Mr. HUMPHREY, Mr. CRANSTON, and Mr. JAVITS) submitted an amendment intended to be proposed by them to the bill (S. 1523) to amend the Housing and Community Development Act of 1974, to extend certain housing assistance and mortgage insurance programs, and for other purposes.

AMENDMENT NO. 361

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

Mr. MUSKIE. Mr. President, S. 1523, the Housing and Community Development Act of 1977, now pending before the Senate, would authorize and extend a broad range of housing and community development programs. These programs, and the problems they address, have been of particular concern to me throughout my tenure in the Senate. Providing decent housing for all Americans and improving the quality of life in our cities are goals that must be high on our national agenda.

Mr. President, it is as a supporter of these goals that I must express my deep concern that one provision of this bill, section 208, removes tens of billions of dollars of federally assisted housing programs from congressional control by amending the Budget Act to hide the future year costs of these programs. For this year alone, some $34 billion in housing contract obligation would show as less than $60 million in the budget.

The distinguished ranking member of the Senate Banking Committee, Senator BELLMON, has joined me in expressing his concern with respect to section 208, and we intend to propose an amendment tomorrow to strike section 208 in order to preserve the congressional budget process.

Senator BELLMON and I are deeply concerned that this bill would hide the true budget impact of these long-term Federal obligations through cosmetic shifts in accounting that would obscure the real costs of these programs. The administration also has voiced its strong opposition to this change in accounting which violates sound budgetary practice.

Under present practice, which is required by law and supported by the administration and Comptroller General, the full cost of these 15- to 40-year contract obligations is shown in the budget for the year in which the contracts are signed. Under S. 1523 only the first year costs of these long-term obligations would appear in the budget in the year the obligation is incurred. The remainder of the contract costs would appear as uncontrollable costs in future years.

The distortion which flows from the proposed change can be vividly demonstrated. For fiscal years 1976 through 1978, over $75 billion in budget authority will have been approved for these programs by the Congress in appropriation acts. Under S. 1523, this $75 billion would have been disguised as barely $5 billion in budget authority. Under the current method, the full amount of all these commitments would have been subject to prior congressional review and vote in the budget resolutions and appropriation acts before the contracts were signed.

At the current rate, Federal obligations for assisted housing programs will amount to as much as $1 trillion by the year 2005. Under the accounting change S. 1523 would impose, almost none of these obligations would have appeared as controllable budget authority in the year in which the contracts were signed. But the obligation would already have occurred and would have to be paid.

In recommending that the actual costs of Federal housing obligations be obscured, the Banking Committee argues that housing programs suffer because large numbers in the budget scare away potential supporters. The evidence is to the contrary. Indeed, for fiscal 1978, amendments to the first budget resolution to increase housing programs by over $6 billion—to the full administration request of $32.8 billion—were approved by a 57-to-39 margin in the Senate. The more than $75 billion these programs will have received by fiscal 1978 belie any claim that reflecting the full cost of these programs as required by sound accounting practices has driven away support.

Under the Budget Act, the Senate has consistently faced up to the hard choices presented by the true cost of new Federal obligations. Although we support the objectives of S. 1523, we are compelled to oppose the accounting change contained in section 208. It would mark the first retreat by the Senate from its clear commitment to honesty in budgeting.

Only through full disclosure of program costs can Congress expect to maintain control over Federal expenditures. Were each authorizing committee to devise a new method of accounting for its programs to hide the true impact on future years of decisions taken now, the result would signal the end of the budget process—and pure chaos. We should not abandon the truth-in-budgeting principles the Senate has pursued thus far. We should not create this new multi-billion-dollar loophole. We should instead be moving to eliminate whatever anomalies now exist. Accordingly, we intend to offer an amendment to strike section 208 from the Housing bill and urge your support.

Mr. President, the administration is also opposed to section 208 and I ask unanimous consent that letters from OMB Director Lance and Housing and Urban Development Secretary Harris be printed in the RECORD at this point.

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

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., June 2, 1977.

Hon. EDMUND S. MUSKIE,
Chairman, Senate Budget Committee,
Washington, D.C.

DEAR MR. CHAIRMAN. Last week, the Senate Banking, Housing, and Urban Affairs Committee completed action on S. 1523—the "Housing and Community Development Act of 1977." Section 208 of that bill would change the way budget authority is defined under HUD's subsidized housing programs. In my judgment, this provision poses a serious threat to the congressional budget process as well as to the public's ability to understand and influence the setting of national priorities. I believe this matter warrants your personal attention.

Another result of the Committee's action also has disturbing implications for the budget process. I will comment on this as well.

BUDGET AUTHORITY UNDER ASSISTED HOUSING

At the present time, both the legislative and executive branches of the Federal Government recognize as budget authority under HUD's assisted housing programs the maximum Federal payments that could be required pursuant to contractual obligations approved by the Congress in appropriation acts. Such treatment is required by section 3(a)(2) of the "Congressional Budget Act of 1974" which defines "budget authority" to mean authority provided by law to enter into obligations which will result in immediate or future outlays involving Government funds. . . .

Clearly, housing subsidy contracts are legal "obligations" of the Federal Government, and result in the outlay of Government funds.

Section 208 of the Committee's bill would establish a different concept of budget authority for housing subsidy programs, only, and require its use by both the legislative and executive branches. In effect, section 208 would define as budget authority only the payments required to liquidate housing assistance contracts in a given year. Thus, rather than providing a basis for contractual obligations, budget authority would be recognized after such obligations were made—sometimes as long as forty years afterwards. This was the approach taken to budget authority prior to the enactment of the Congressional Budget Act.

Special treatment for the housing subsidy programs in this manner would have the following unfortunate consequences:

1. It would destroy one of the important bases for budget scorekeeping, on which both the Congress and the executive branch depend. If we are to keep track of actions that affect budget outlays now and in the future, we must have a reliable measure of authority to enter into obligations. Establishing different measures for different programs would greatly impair our ability to plan and implement sound budget policies over time.

2. It would seriously mislead the public. The definition of budget authority implied by section 208 would allow the executive branch to propose and the Congress to provide major subsidies for housing without having to acknowledge the taxpayers' legal obligation to finance these subsidies over a 15–40 year period.

3. It would undermine the process of establishing priorities among competing national needs by understating the budget consequences of selected programs.

I can appreciate the concern of those who are bothered by the large sums that must be shown as budget authority for the subsidized cepts. However, arbitrarily changing the definition of budget authority to make the numbers smaller will not make the housing subsidy programs any less costly, or change in any way the nature of the Government's legal obligation to pay these subsidies.

In sum, while the Congress clearly has the right to change the definition of budget authority for any program, I believe it would be most regrettable if the Senate approved legislation containing a provision along the lines of section 208. The requirements set forth in this section are totally inconsistent with both the spirit and letter of the Congressional Budget Act, and would only serve to conceal from the public the financial burden to which it is being committed by its elected representatives.

FEDERAL GUARANTEES FOR TAX-EXEMPT BORROWING

A second feature of S. 1523 that warrants your attention is section 107 which would amend an existing provision of law authorizing HUD to guarantee loans for certain purposes in connection with community development grant programs. These amendments would pave the way for a major expansion in the volume of tax-exempt borrowing backed by a Federal guarantee.

It would not be appropriate for me to comment on the objectives that section 107 is intended to achieve. I do wish to comment on the means for achieving them, and its implications for the budget process and debt management.

Increasing the volume of federally guaranteed tax-exempt securities would:

1. Make it more difficult to manage the national debt by significantly increasing a class of securities superior even to Treasury's own debt issue.

2. Increase Treasury borrowing costs and Federal outlays—through the backdoor—by raising the yield that Treasury would have to offer in order to attract funds.

3. Increase the budget still further—again through the backdoor—as defaults occur.

4. Add to the upward pressure on the budget by allowing block grant recipients to, in effect, get future year grants now by borrowing against them.

In the name of helping central cities, section 107 would commit additional Federal resources to a form of subsidy that is widely recognized to be highly inefficient since it costs the Treasury more in revenue than the borrower saves in interest costs. The difference becomes a subsidy for high-bracket taxpayers.

For these reasons, guarantees of tax-exempt obligations have been opposed by each of the last four administrations. I urge that section 107 of the bill be modified to avoid the problems noted above, or deleted.

Your assistance in bringing these concerns to the attention of your colleagues in the Senate would be appreciated.

Sincerely,

BERT LANCE,
Director.

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C.

Hon. EDMUND S. MUSKIE,
Chairman, Senate Budget Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your inquiry regarding the position of the Department of Housing and Urban Development on certain provisions contained in S. 1523 relating to the way in which budget authority is defined under specified HUD subsidized housing programs. This letter will address two such provisions of S. 1523: Section 208, relating to budget authorization under assisted housing, and the proposed treatment for Section 202 housing for the elderly and handicapped.

This Department opposes Section 208 of the Committee's bill, which would define as budget authority only those payments for assisted housing required to liquidate housing assistance contracts in a given year.

In part, the Committee's action may reflect a view which I have stated publicly that, in the case of subsidized housing programs, reliance on the concept of budget authority alone can be misleading. For internal HUD purposes, and as an additional presentation to the Appropriations Committees, the Department has continued to use the concept of appropriations as a useful way to measure the amount the Department is actually asking to be provided from the Treasury.

Because of the scorekeeping procedure required for budget authority under the Congressional Budget Act of 1974, however, and the basic definitions set forth in that Act, I do not support a change in the present method of computing budget authority. Since the payments obligate the Federal government to pay annual outlays over the life of the contract, the current definitions would appear to be necessary.

We are also opposed to the action taken by the Committee in not putting the Section 202 program back on-budget as was requested by the Administration. There is no difference between this direct loan program and other direct loan programs in HUD and elsewhere. We continue to believe, therefore, that the revenues and outlays of this program should be included in the budget totals and not arbitrarily excluded.

The Office of Management and Budget has advised that there is no objection to the presentation of these views from the standpoint of the Administration's program.

Sincerely,

PATRICIA ROBERTS HARRIS.

AMENDMENTS NOS. 362 AND 363

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

Mr. BARTLETT submitted two amendments intended to be proposed by him to the bill (S. 1523), supra.

FINANCIAL ASSISTANCE TO EDUCATIONAL INSTITUTIONS—S. 701

AMENDMENT NO. 359

(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. 701) to provide Federal financial assistance to educational institutions in order to assist such institutions to meet the emergency caused by the high cost of fuel and fuel shortages and harsh weather conditions, and for other purposes.

CLEAN AIR ACT—S. 252

AMENDMENT NO. 360

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

Mr. RIEGLE (for himself, Mr. GRIFFIN, Mr. BARTLETT, Mr. BELLMON, Mr. DANFORTH, Mr. GARN, Mr. HATCH, Mr.

LUGAR, Mr. SASSER, and Mr. TOWER) submitted an amendment intended to be proposed by them to the bill (S. 252) to amend the Clean Air Act, as amended.

Mr. RIEGLE. Mr. President, I am pleased to insert in today's RECORD a section-by-section summary of the mobile source emissions control amendment that Senator GRIFFIN and I and others will offer to title II of the Clean Air Act amendments (S. 252). The amendment itself is also printed in today's RECORD.

Our amendment has as its base S. 919, which we introduced on March 4 with the support of Leonard Woodcock and the UAW. It includes the same auto emissions schedule, antitampering section, and warranty and parts certification language that was in S. 919. To strengthen our amendment we have added a production line test and a mandatory inspection and maintenance program.

Mr. President, I ask unanimous consent that the bill and this analysis be printed in the RECORD.

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

AMENDMENT No. 360

On page 93, strike out line 24 and all that follows down through line 10 on page 95 and insert in lieu thereof the following:

SEC. 20. (a) Subparagraph (A) of section 202(b)(1) of the Clean Air Act is amended to read as follows:

"(A) The regulations under subsection (a) applicable to emissions of carbon monoxide and hydrocarbons from light-duty vehicles and engines manufactured during model year 1977 through 1979 shall contain standards which provide that such emissions from such vehicles and engines may not exceed 1.5 grams per vehicle mile of hydrocarbons and 15 grams per vehicle mile of carbon monoxide. The regulations under subsection (a) applicable to emissions of carbon monoxide from light-duty vehicles and engines manufactured during or after the model year 1980 shall contain standards which provide that such emissions do not exceed 9 grams per vehicle mile. The regulations under subsection (a) applicable to emissions of hydrocarbons from light-duty vehicles and engines manufactured during or after model year 1980 shall contain standards which require a reduction of at least 90 per centum from emissions of such pollutant allowable under the standards under this section applicable to light-duty vehicles and engines manufactured in model year 1970.".

(b) Subparagraph (B) of section 202(b)(1) of such Act is amended to read as follows:

"(B) The regulations under subsection (a) applicable to emissions of oxides of nitrogen from light-duty vehicles and engines manufactured during model years 1977 through 1981 shall contain standards which provide that such emissions from such vehicles and engines may not exceed 2.0 grams per mile. The regulations under subsection (a) applicable to emissions of oxides of nitrogen from light-duty vehicles and engines manufactured after the model year 1981 shall contain standards which provide that such emissions from such vehicles and engines may not exceed 1.0 grams per mile except in the case of a revision or waiver by the Administrator under paragraph (5) or (6).".

(c) Section 202(b) of such Act is amended by striking out paragraph (5) thereof and substituting the following:

"(5)(A) Upon the petition of any manufacturer or on his own motion, the Administrator, after notice and opportunity for public hearing, shall revise the standard required under subparagraph (B) of paragraph (1) with respect to light-duty vehicles and engines manufactured during any period of two or more model years beginning after the model year 1981 if he determines that such standard should be revised due to (i) the lack of available, practicable, emission control technology to meet such standard during such period, (ii) the cost of compliance with such standard, and (iii) the impact of such standard on motor vehicle fuel consumption. No such revision may be made if the Administrator determines that such revision would endanger public health.

"(B) A revised standard established under this paragraph shall provide for such reduction of emissions of oxides of nitrogen from light-duty vehicles and engines as the Administrator deems appropriate based on (i) technology which is available and practicable during the period for which such standard applies, (ii) the cost of compliance, (iii) the impact on motor vehicle fuel consumption, and (iv) the need to protect public health. No such standard shall permit emissions of oxides of nitrogen in excess of 2.0 grams per vehicle mile.

"(C) A revised standard promulgated under this paragraph shall apply for a period of not less than two model years.

"(D) A revised standard established under this paragraph shall take effect beginning with the third model year which begins after the model year during which it is promulgated. In the case of a petition submitted by a manufacturer under this paragraph within such period as may be appropriate for purposes of this subparagraph, the Administrator shall promulgate a revision, or refuse to promulgate such a revision, within ninety days after the receipt of such petition.

"(6)(A) Upon the petition of any manufacturer, the Administrator, after notice and opportunity for pulbic hearing, may waive the standard required under subparagraph (B) of paragraph (1) for any class or category of lightduty vehicles and engines manufactured by such manufacturer during any four or more model years beginning after the model year 1981 if he determines that such waiver is necessary to permit the use of an innovative power train technology in such class or category which use can produce a substantial energy saving for such class or category as compared to conventional power trains incorporating spark ignited, gasoline, internal combustion engines. No such waiver may be granted if the Administrator determines that such waiver would endanger public health.

"(B) Upon granting a waiver under this paragraph respecting any class or category of vehicles or engines, the Administrator shall promulgate an interim standard applicable to such class or category such as will (i) permit the use of the innovative power train technology on the basis of which such waiver was granted and (ii) take into account the need to protect public health. No such interim standard shall permit emissions of oxides of nitrogen in excess of 2.0 grams per vehicle mile.

"(C) A waiver under this paragraph shall apply for a period of not less than four model years.

"(D) An interim standard promulgated under this paragraph shall take effect beginning with the third model year which begins after the model year during which it is promulgated. In the case of a petition submitted by a manufacturer under this paragraph within such period as may be appropriate for purposes of this subparagraph, the Administrator shall grant a waiver or refuse to grant such a waiver within ninety days after the receipt of such petition.

"(7)(A) Following each model year, the Administrator shall report to the Congress respecting the motor vehicle fuel consumption consequences, if any, of the standards applicable for such model year in relationship to the motor vehicle fuel consumption associated with the standards applicable for the immediately preceding model year.

"(B) The Secretary of Transportation and the Federal Energy Administration shall each submit to Congress, as promptly as practicable following submission by the Administrator of the fuel consumption report referred to in subparagraph (a), separate reports respecting such fuel consumption.

"(8) The Administrator shall undertake a study and, not later than June 30, 1980, submit a report to Congress respecting whether or not a standard for emissions of oxides of nitrogen from light duty vehicles and engines which provides for a lower level of emissions than the level otherwise required under this section is necessary in order to protect public health.".

And renumber the following sections accordingly.

Page 97, strike out line 9 and all that follows down through line 6 on page 98 and insert in lieu thereof the following:

SEC. 26. (a) Section 203(a)(3) of the Clean Air Act is amended by inserting "(A)" after "(3)" and by adding the following new subparagraph (B) at the end thereof:

"(B) for any person engaged in the business of repairing, servicing, selling, leasing, or trading motor vehicles or motor vehicle engines, or who operates a fleet of motor vehicles, knowingly to remove or render inoperative any device or element of design installed on or in a motor vehicle or motor vehicle engine in compliance with regulations under this title following its sale and delivery to the ultimate purchaser, or".

(b) Section 203(a) of such Act is amended by adding the following at the end thereof: "Nothing in paragraph (3) shall be construed to require the use of manufacturer parts in maintaining or repairing any motor vehicle or motor vehicle engine. For the purposes of the preceding sentence, the term 'manufacturer parts' means, with respect to a motor vehicle engine, parts produced or sold by the manufacturer of the motor vehicle or motor vehicle engine.".

(c) Section 205 of such Act is amended to read as follows:

"PENALTIES

"SEC. 205. Any person who violates paragraph (1), (2), or (4) of section 203(a) or any person, manufacturer, or dealer who violates paragraph (3)(A) of section 203(a) shall be subject to a civil penalty of not more than $10,000. Any person who violates paragraph (3)(B) of such section 203(a) shall be subject to a civil penalty of not more than $2,500. Any such violation with respect to paragraph (1), (3), or (4) of section 203(a) shall constitute a separate offense with respect to each motor vehicle or motor vehicle engine.".

Page 98, strike out line 7 and all that follows down through line 20 and insert in lieu thereof the following:

SEC. 27. (a) Section 207(b)(2) of the Clean Air Act is amended by adding the following at the end thereof: "No such warranty shall be invalid on the basis of any part used in the maintenance or repair of a vehicle or engine if such part was certified as provided under subsection (a)(2).".

(b) Section 207(a) of such Act is amended by striking out "(1)" and "(2)" and inserting in lieu thereof "(A)" and "(B)" respectively, by inserting "(1)" after "(a)" and by adding the following new paragraph at the end thereof:

"(2) In the case of a motor vehicle part or motor vehicle engine part, the manufacturer or rebuilder of such part may certify that use of such part will not result in a failure of the vehicle or engine to comply with emission standards promulgated under section 202. Such certification shall be made only under

such regulations as may be promulgated by the Administrator to carry out the purposes of subsection (b). The Administrator shall promulgate such regulations no later than two years following the date of the enactment of this paragraph.".

(c) Section 207(b) of such Act is amended by striking out "its useful life (as determined under section 202(d))" in each place it appears and inserting in lieu thereof "a period of eighteen months or eighteen thousand miles (or the equivalent), whichever first occurs".

(d) Section 207(c)(3) of such Act is amended by inserting after the first sentence thereof the following: "The manufacturer shall provide in boldface type on the first page of the written maintenance instructions notice that maintenance, replacement, or repair of the emission control devices and systems may be performed by any automotive repair establishment or individual using any automotive part which has been certified as provided in subsection (a)(2).".

(e) Section 207 of such Act is amended by adding the following new subsection at the end thereof:

"(g) Nothing in this section shall be construed to provide that any labor required to be provided at the cost of the manufacturer pursuant to warranty under regulations under subsection (b)(2) may be performed by any persons other than persons specified by the manufacturer or that any part required to be provided at the cost of the manufacturer under such warranty may be other than a part specified by the manufacturer.".

(f) Section 214 of such Act is amended by adding the following new paragraph at the end thereof:

"(7) The term 'emission control device or system' means, for purposes of section 207, a catalytic converter, thermal reactor, or other component installed on or in a vehicle for the sole or primary purpose of reducing vehicle emissions. Such term shall not include those vehicle components which were in general use prior to model year 1968.".

Page 98, strike out line 25 and all that follows down through line 18 on page 99 and substitute:

"(B) The Administrator shall by regulation prescribe an inspection or testing procedure applicable to a representative sample of new motor vehicles in various classes or categories. Such inspection or testing procedure shall be consistent with the regulations of the Administrator under section 215, and shall be applicable to new light-duty vehicles and engines manufactured during and after model year 1980.

Page 100, strike out line 16 and all that follows down through line 13 on page 104 and renumber the following sections accordingly.

Page 127, strike out line 13 and all that follows down through line 7 on page 128 and renumber the following sections accordingly.

Page 104, strike out line 14 and all that follows down through line 22 and renumber the following sections accordingly.

Page 104, strike out line 23 and all that follows down through line 12 on page 105 and renumber the following sections accordingly.

Page 130, after line 22 insert the following:

SEC. 49. (a) Section 110(a)(G) of the Clean Air Act is amended by inserting the following before the semicolon at the end thereof: ", and it complies with applicable provisions of section 215 respecting the annual inspection and maintenance of motor vehicles registerd in such State".

(b) Part A of title II of the Clean Air Act is amended by inserting the following new section after section 214:

"INSPECTION AND MAINTENANCE

"SEC. 215. (a)(1) Each applicable implementation plan which, as in effect on June 30, 1975, contained transportation control measures applicable to any air quality control region in a State, shall provide for the annual inspection and maintenance, and may provide for the testing of all light-duty vehicles (other than new vehicles) to which this section applies which are registered in such region by any person whose residence or principal place of business (or both) is located in such air quality control region. Such program of inspection, and maintenance (and, if applicable, testing) shall be conducted in accordance with regulations of the Administrator which—

"(A) shall require that emission control systems and devices are properly installed and operative,

"(B) may require that the vehicle or engine components which are necessary for the proper operation of such systems and devices are restored to the settings specified by the manufacturer, and

"(C) may require that inoperative or malfunctioning parts which are necessary for the proper operation of such systems and devices are replaced.

Such plan shall, except as permitted under subparagraph (A) or (B) of paragraph (2), prohibit the registration and operation of vehicles (other than new vehicles) subject to such inspection and maintenance (and, if applicable, testing) in such State unless such vehicles comply with such program.

"(2) The regulations of the Administration shall—

"(A) provide for the exemption from the inspection and maintenance (and, if applicable, testing) required under this section of such antique and other vehicles as the Administrator deems appropriate, and

"(B) authorize the operation of vehicles which have not met the requirements of regulations under paragraph (1) for such temporary period as may be appropriate to repair or adjust the vehicle in order to meet such requirements.

"(b) For purposes of complying with the provisions of subsection (a), the plan may require testing for emissions using testing procedures and equipment approved by the Administrator and shall permit the use of existing State motor vehicle inspection and testing facilities and procedures so long as they are consistent with such requirement. The Administrator shall approve testing procedures and equipment for purposes of this paragraph only if he determines that such procedures and equipment comply with such standards respecting calibration, instrumentation, and maintenance as he deems appropriate.

"(c)(1) Each applicable implementation plan required under subsection (a) to prohibit the registration and operation of noncomplying vehicles may permit the registration and operation of any such vehicle if—

"(A) following the inspection and maintenance (and, if applicable, testing) by reason of which such vehicle was determined to be a noncomplying vehicle, any measures required under the regulations promulgated under subsection (a)(1) have been taken with respect to such vehicle.

"(B) with respect to such vehicle, any nonconformity covered by section 207 (a), (b), or (c) has been remedied,

"(C) such vehicle has (for purposes of providing statistical information only) been reinspected and, if testing was originally required, retested under this section following the actions referred to in subparagraphs (A) and (B) of this paragraph.

Nothing in the preceding sentence shall be construed to prohibit the Administrator from approving any implementation plan which contains any requirement prohibiting the registration and operation of any noncomplying vehicles.

"(2) The requirements or authority contained in this section shall not be deemed to affect or impair any requirement contained in any other provision of this Act.

"(d) Regulations of the Administrator under this section shall provide for retest of any vehicle which initially was tested and failed to meet applicable requirements of the program.".

(c) Section 210 of such Act is amended by adding the following at the end thereof: "Grants may be made under this section by way of reimbursement in any case in which amounts have been expended by the State before the date on which any such grant was made. Any grant under this section may be reduced or suspended by the Administrator upon his determination, following notice and opportunity for a public hearing, that a State vehicle inspection and maintenance program is not equal to or more stringent than the requirements established pursuant to section 215".

(d) Not later than six months after the date of enactment of this Act, the Administrator shall notify each State which will be required to revise the applicable implementation plan to include an inspection and maintenance program for purposes of compliance with the amendments made by this section, and each such State shall submit to the Administrator a revision of such plan as provided by section 110(h)(2)(F) as amended by section 7 of this Act. In any event the requirements of this section shall be implemented no later than 30 months after the date of enactment of this Act.

And renumber the following section accordingly.

SECTION BY SECTION SUMMARY: RIEGLE-GRIFFIN MOBILE SOURCE EMISSION CONTROL AMENDMENT TO BE OFFERED TO TITLE II OF THE CLEAN AIR ACT AMENDMENTS—S. 252

LIGHT-DUTY MOTOR VEHICLE EMISSIONS

The schedule of emission standards in this section, already adopted by the House of Representatives, May 26, in a 255 to 139 vote on the Dingell-Broyhill substitute to H.R. 6161, reflects the agreement reached by Representatives Dingell and Broyhill and Senators Riegle and Griffin, and Mr. Leonard Woodcock and Mr. Douglas Fraser of the United Auto Workers.

This agreement provides that automobiles manufactured during model years 1978 and 1979 meet the same emission standards applicable for model year 1977, that is: 1.5 grams per mile hydrocarbons, 15.0 gpm carbon monoxide, and 2.0 gpm oxides of nitrogen. For 1980 and subsequent model years the hydrocarbon standard requires a full 90 percent reduction from the levels emitted in model year 1970, or .41 gpm hydrocarbons. For 1980 and subsequent model years the carbon monoxide standard is 9.0 gpm. For 1980 and 1981 the oxides of nitrogen standard is 2.0 gpm.

For 1982 and subsequent model years the NO_x standard is 1.0 gpm which the EPA Administrator is permitted to revise up to 2.0 gpm for periods of two or more model years if he determines in a suspension proceeding that such standard should be revised due to (1) the lack of available, practicable, emission control technology to meet such standard during such period, (2) the cost of compliance with such standard, and (3) the impact of such standard on motor vehicle fuel consumption. No such revision may be made if the Administrator determines that it would endanger public health.

Additionally, the Administrator may waive the standard of 1.0 gpm NO_x up to 2.0 gpm during any period of four or more model years beginning with the model year 1982 if he determines that a waiver is necessary to permit the use of an innovative power train technology that can produce a substantial energy saving compared to conventional power trains. No waiver may be granted if the Administrator determines it would endanger public health.

Auto emissions schedule, Riegle-Griffin/Fraser-Woodcock (UAW)

	HC (gpm)	CO (gpm)	NO_x (gpm)
1978–79	1.5	15.0	2.0
1980–81	.41	9.0	2.0
1982 and thereafter	.41	9.0	[1] 1.0–2.0

[1] Suspension or waiver for NO_x based on EPA Administrator decision, if public health would not be endangered.

This auto emission schedule provides certainty in the industry and job certainty. It is environmentally balanced with the energy conservation demands of the nation and provides savings for consumers while improving air quality and protecting public health.

The Riegle-Griffin auto emission amendment will replace Sections 20, 21, and 22 of S. 252.

ANTITAMPERING PROVISION

This section of the amendment, taken from S. 919, extends existing prohibition against knowing removal cr tampering with automotive emission controls to cover independent repair and service businesses, and selling, leasing, trading, and fleet operations. A civil penalty of up to $2500 per vehicle is established for violations of this prohibition. It has been adopted by the House. It replaces section 26 of S. 252.

WARRANTIES AND MOTOR VEHICLE PARTS CERTIFICATION

This provision, which the automotive aftermarket, small business parts industry, describes as critical to their continued existence as a viable force in the free marketplace, would do the following: (It is contained in S. 919, Riegle-Griffin, and H.R. 6161, the House-passed bill.)

1. Reduce the current federally mandated performance warranty from 5 years to 50,000 miles to 18 months or 18,000 miles.

2. Provide for a self-certification program under regulations to be promulgated by EPA, through which the independent parts manufacturer or rebuilder may continue to serve its traditional role in the automotive aftermarket.

3. Require the motor vehicle manufacturer to prominently disclose in its maintenance instructions "notice that maintenance, replacement, or repair of the emission control devices and systems may be performed by any automotive repair establishment or individual using any automotive part which has been certified . . ."

4. Provide a meaningful and rational definition of the term "emission control device or system" as a catalytic converter, thermal reactor, or other component installed on or in a vehicle for the sole or primary purpose of reducing vehicle emissions, excluding those vehicle components which were in general use prior to model year 1968.

This warranty section replaces the aftermarket provisions of S. 252, sections 27, 28, 30, 31, 32, 33, and 45.

PRODUCTION LINE TESTING

This section amends S. 252, Section 28, and requires the Administrator to prescribe regulations which would require automobile manufacturers to implement a program of inspection or testing of a representative sample of the various classes or categories of new motor vehicles. In order to allow the Administrator sufficient time to develop meaningful and workable regulations in this area and in order to allow the manufacturers sufficient lead time to adequately comply with such regulations, the requirements of this provision would be applicable to vehicles manufactured during model year 1980 and thereafter. The inspection or testing program prescribed by the Administrator is required to be consistent with the requirements for inspection or testing under the State programs for emission control inspection and maintenance. The use of a representative sample will give a clear indication of whether cars are actually meeting the required standards without imposing upon consumers the needless costs that would be attendant to an unnecessary requirement of testing all new motor vehicles.

PRESALE TESTING BY STATES

Section 34 of S. 252 grants authority to require the testing of new motor vehicles by the automobile dealer prior to sale. The Riegle-Griffin amendment strikes this section inasmuch as it would require unnecessary, costly, repetitive, and burdensome responsibilities on our thousands of automobile dealers. The Riegle-Griffin amendment already provides for this type of test at the end of the production line and it would be disservice to our consumers to require them to bear the costs of a repetitive test even before the car has ever been sold. This type of regulatory overkill is clearly unnecessary and unwise as a matter of national policy.

PREEMPTION

Section 35 of S. 252, which provides that the States may require that model year 1979 automobiles meet the more stringent 1980 standards, is clearly unworkable. Realistically, this bill will not be enacted into law until July of this year or later. By the time the States would have an opportunity to conclude their decision-making process and develop and compile the data and information necessary to make the required showings to the Administrator, and allow adequate time for the Administrator to render a decision, it would be October at best and probably later. Inasmuch as the year-long EPA certification process for the 1979 model cars begins in midsummer of this year, there is already an inadequate lead time for designing, planning, engineering, building of prototypes, testing and retooling for 1979 models if standards are changed for that year. If the automobile manufacturers are required to change their production patterns that late in the year, full production would become impossible. Such a situation will result not only in disruption within the automobile industry, but may also result in substantial unemployment to automotive workers. As we have recently observed, the effect of such an occurrence is to produce significant adverse impacts throughout our national economy. It is just not worth the risk.

VEHICLE INSPECTION AND MAINTENANCE

This section would add to and considerably strengthen S. 252 by requiring an annual emission inspection of light duty vehicles which are registered to persons who live or maintain their principal place of business in an area where transportation control measures were required as of June 30, 1975. This provision allows flexibility to the EPA Administrator to structure an inspection program that is workable, effective, and requires only necessary adjustments to vehicles. These programs shall be implemented not later than 30 months after date of enactment of this Act.

NOTICES OF HEARINGS

CIVIL RIGHTS OF INSTITUTIONALIZED PERSONS—S. 1393

Mr. BAYH. Mr. President, the Subcommittee on the Constitution has scheduled hearings on S. 1393, a bill to grant the U.S. Justice Department standing to initiate and to intervene in suits brought to enforce constitutional and Federal statutory rights of persons confined in State institutions, on the following dates:

Friday, June 17, at 10 a.m., in room 2228 Dirksen;

Wednesday, June 22, at 10 a.m., in room 2228 Dirksen;

Thursday, June 23, at 10 a.m., in room 1202 Dirksen;

Thursday, June 30, at 10 a.m., in room 2228 Dirksen;

Any persons wishing to submit written statements for the hearing record should send them to the Subcommittee on the Constitution, room 102B Russell Senate Office Building, Washington, D.C. 20510.

FOREIGN INTELLIGENCE SURVEILLANCE ACT OF 1977

Mr. McCLELLAN. Mr. President, I wish to announce that the Subcommittee on Criminal Laws and Procedures of the Committee on the Judiciary will hold open hearings on S. 1566, a bill to amend title 18, United States Code, to authorize applications for a court order approving the use of electronic surveillance to obtain foreign intelligence information, on June 13 and 14, 1977.

The hearings will begin on June 13 at 2 p.m., and on June 14 at 10 a.m., in room 2228, Dirksen Senate Office Building.

Additional information on the hearings is available from the subcommittee staff in room 2204–DSOB, telephone AC 202–224–3281.

COMMITTEE ON GOVERNMENT AFFAIRS

Mr. RIBICOFF. Mr. President, I wish to announce that on June 7 and June 9, 1977, the Committee on Governmental Affairs will hold hearings on blind trusts, related conflict of interest matters, and S. 695, the "Defense Production Act Amendments of 1977." The hearings on Tuesday, June 7, will begin at 10:30 a.m. in room 3302 Dirksen Senate Office Building. The hearings on Thursday, June 9, will begin at 10 a.m. in room 3302, Dirksen Senate Office Building.

HUMAN RESOURCES SUBCOMMITTEE ON ALCOHOLISM

Mr. HATCH. Mr. President, I wish to announce that a field hearing will be held by the Subcommittee on Alcoholism and Drug Abuse of the Human Resources Committee on June 20, 1977, pertaining to the impact of alcoholism on the family.

The hearing will commence at 9 a.m. in the Governor's board room located in the Utah State Capitol in Salt Lake City.

Further information can be obtained from the subcommittee's minority counsel, Mr. Robert P. Hunter, in room 6317, Dirksen Office Builidng, telephone 224–5251.

ASSOCIATE ADMINISTRATOR FOR WOMEN'S ENTERPRISE

Mr. NELSON. Mr. President, I wish to announce that the Senate Small Business Committee will hold a hearing on S. 1526, a bill to establish an Associate Administrator for Women's Business Enterprise within the Small Business Administration on June 16 in room 424, Russell Senate Office Building, beginning at 10 a.m.

Senator BARTLETT of Oklahoma has been designated as chairman of this hearing. A representative of the Small Business Administration as well as representatives of various small businesses and association have been invited to testify.

Further information can be obtained from the committee offices, room 4244, Russell Senate Office Building, telephone 224–5175.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. JACKSON. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Committee on Energy and Natural Resources.

The hearing is scheduled for Wednesday, June 15, beginning at 10 a.m., in a room to be announced.

The subject of the hearing will be:

H.R. 6550—To authorize certain appropriations for the territories of the United States, to amend certain acts relating thereto, and for other purposes.

S. 1033—To amend section 2 of the act of June 30, 1954, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, and for other purposes;

S. 950—To authorize the appropriation of $12,400,000 for rehabilitation and resettlement of Enewetak Atoll, Trust Territory of the Pacific Islands, and for other purposes;

S. 1192—To provide for the relief of certain residents of the Trust Territory of the Pacific Islands;

S. 1193—To authorize $15,000,000 for the Government of Guam;

S. 1032—To authorize a program of grants to the government of Guam for capital improvements of public facilities, and for other purposes;

S. 1327—To amend section 2 of the act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands, and for other purposes.

For further information regarding the hearing you may wish to contact Mr. James P. Beirne of the committee staff on 224–2564. Those wishing to submit a written statement for the hearing record should write to the Committee on Energy and Natural Resources, Dirksen Senate Office Building, Washington, D.C. 20510.

SUBCOMMITTEE ON MONOPOLY

Mr. NELSON. Hearings by the Senate Small Business Committee, Subcommittee on Monopoly, on the safety and efficacy of the over-the-counter sleep-aids and daytime sedatives, of which 2 days were held on October 29 and 30, 1975, will be concluded on June 14 and 21. The 2 days of hearings will be in room 6202 Dirksen Building at 9:30 a.m. each day. Witnesses will be announced at a later date.

ADDITIONAL STATEMENTS

SINGLAUB FIRING A WARNING TO JOINT CHIEFS ON SALT?

Mr. HATCH. Mr. President, it seems only yesterday that the military were criticized for allowing themselves and the country to be sold out in Vietnam by civilian politicans in Washington. The question was asked whether the military people in the know expressed themselves loudly and clearly enough that the civilian decisionmakers understood. Or did they put their careers first, thereby allowing politicians to put politics first?

General Singlaub, until recently Chief of Staff in the U.S. Forces Korea headquarters, is obviously in the know. He is, also, obviously a man of integrity, who put the interests of world peace ahead of his military career, although he perhaps underestimated the personal risk by taking too seriously President Carter's rhetoric about candor and openness.

General Singlaub went public with the same message that his commander in chief, General Vessey, expressed directly to President Carter and Defense Secretary Brown: withdrawal of U.S. troops in Korea is a mistake that will end in war. He went public after the advice of the military people in the know was ignored by politicians, apparently for political reasons. It cost him his job. So much for the candor and openness of the Carter administration.

What is the political reason for which world peace is being endangered? The leftwing of American politics has worked hard to set up South Korea to be sold out. Is Carter fulfilling a campaign promise to the leftwing of his party? Is that the politics that is overruling the advice of the military men in the know?

Mr. President, to sell out another ally is a serious business. Those who remain are no doubt wondering who is next. To have the military muzzled by inexperienced civilian politicians is also serious business. And it is a serious business to punish a distinguished military man for abiding by the tenets of post-Watergate morality.

But what is really ominous about the harsh action taken against General Singlaub is that it may be a warning to the Joint Chiefs about SALT. If so, the message of intimidation is clear: Politics comes before national security, so do not blow the whistle on SALT. Have General Singlaub's concerns about Korea played into the administration's hands, and has he been used to send a message to the military: if you value your career, do not worry about the Nation's security.

The Wall Street Journal raises these questions in a thoughtful editional. I ask unanimous consent for the Wall Street Journal's editorial of May 24 to be printed in the RECORD.

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

BEYOND GENERAL SINGLAUB

The public humiliation of Maj. Gen. John K. Singlaub seems at first glance a curious presidential overreaction. Over the last decade hundreds of generals have complained about Washington in interviews with thousands of journalists. General Singlaub voiced his complaints more candidly than most, and no doubt should have been told not to do it again. But why the show of presidential force majeure, why the trans-Pacific flight, why the public meeting? Why the media event?

General Singlaub's prediction that war would result from withdrawing U.S. forces from Korea of course came at an awkward moment, just as other U.S. officials were arriving there to negotiate the planned withdrawals. President Carter has demonstrated considerable ability to tolerate such embarrassments when they are perpetrated by his Ambassador to the United Nations. But with the general, he chose to turn the matter into a MacArthur case, which it surely is not. General MacArthur disobeyed a direct order to clear policy statements; General Singlaub pledged "enthusiastic" execution of the orders despite any personal disagreement.

Both cases do raise, though, the broad question of the role of military experts in a democratic system of government. We certainly do want civilian control and a chain of command. We do not want military men trying to sabotage a President's foreign policy or leading a political campaign against it. On the other hand, the ultimate sovereign is not the President but the public. And if generals on the scene really do believe a President's policy would lead to war, this is cetainly something the public has a right to know.

These principals do not rest easily together, but some balance needs to be struck. In practice, the American error has not been on the side of military intrusion into politics. Even General MacArthur faded away. The practical problem, rather, has been political intrusion into the military.

In the early days of Vietnam, the enthusiasts tended to be Pentagon whiz kids, the skeptics career officers. Even as late as 1965 the generals were not taken seriously on their estimates of the size of the commitment needed to succeed; the estimates suggested too large a war to suit political convenience. In more recent years, generals privately distressed about the growing Soviet threat have allowed themselves to be paraded before Congress to testify that U.S. defenses are adequate. The effect has been to free Presidents to follow the dictates of domestic politics, and to blame the generals if things go wrong.

General Singlaub's offense was to take this option away from President Carter in the case of Korea. While in no meaningful sense insubordination, his public expression of the military view does force Mr. Carter to take responsibility for his own decision, which after all was made not after deliberating on military advice but to please a particular constituency at a particular point in a political campaign. If war does come in the Korean peninsula, Mr. Carter cannot plead that his best military advice was that the withdrawals were safe.

The massive retaliation against General Singlaub will close down the one avenue military men had for edging their views into the public domain. For the duration of the Carter Presidency, journalists can forget about interviewing generals. Even if an officer is willing to risk an interview, no candor can be expected. Secretary of Defense Brown declared on Sunday that once a policy is set, an officer is expected "to support that policy publicly if he plans to stay in the military," even if he has advised against it and in fact privately dissents. So the journalists, and for that matter the public and the Congress, will be dealing with officers who may be facing the blunt choice: Resign or lie.

And it is by no means merely a matter of the Korean withdrawals. In the most recent round of strategic arms talks in Geneva, the Joint Chiefs representative was excluded until the final day. The Chiefs themselves learned of some U.S. initiatives only after the

Russians had. Yet if a treaty is reached, the Chiefs will be paraded once again to say that it is militarily acceptable.

Suddenly the extent of the fuss over General Singlaub makes sense. It is not a flap over one general in Korea; it is about imposing a gag on the entire officer corps. Indeed, about turning the officers into pawns to advance policies they oppose. In the interests of the generals, and in the interests of the public, there is only one answer. The generals will have to show some exceptional courage. They will have to take up Secretary Brown's advice, and for the first time start a tradition of resignation over points of principle.

Mr. HATCH. Mr. President, other editorials have raised the question of the wisdom of withdrawing our troops from Korea in the face of contrary military judgment. It has been asked if it is worth the risk of war to appease the American left-wing. Others wonder if American foreign policy is now operating on the basis of a widened "Sonnenfeldt doctrine." Sonnenfeldt, a top aide to Henry Kissenger, expressed the doctrine that European stability would be furthered by the Russians exercising tighter control over Eastern Europe. Mr. Young, our Ambassador to the U.N. has now extended this doctrine to Africa where he says the Communists have brought stability to Angola. Is the Carter administration now counting on the Communists to bring stability to Korea in the way they brought it to Indo-China? Where next shall we have this stability? Taiwan? Japan? Western Europe?

In his speech at Notre Dame University, a speech that was sharply criticized by the Detroit News, the President said that we can now go forward as a nation free of our old "inordinate fears" of communism. What does this mean? Does it mean that we no longer pay any attention to military facts? Does it mean that General Singlaub and his commander, General Vessey, are expressing "inordinate fears" of communism and not the facts of the Korean military situation? Is General Ellis, a NATO commander, expressing "inordinate fear" when he points out, as he recently did, that the Soviet Union's military capacity far outweighs its defensive requirements? Does it mean that we do not need the Mark 12A warhead, the B–1, the Trident?

Mr. President, Soviet leaders speak of their military forces as the most powerful ever assembled on Earch. What are they assembled for? Is it President Carter, or just his speech writers who are out of touch with reality?

Perhaps a moralistic foreign policy can be effective if our opponents share the moral tenets that it is built upon. But if they believe, as they show every indication of believing, that violence is the only effective force in history, then a moralistic foreign policy may be just another name for selling out our people and other peoples who do not want to be dominated by the Communists. Idealism detached from realities is dangerous, particularly for a nation that may have to face the most powerful military forces ever assembled on Earth.

I ask unanimous consent for editorials from the Wall Street Journal and the Columbus Dispatch to be printed in the RECORD.

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

[From the Wall Street Journal, May 31, 1977]

REVIEW KOREA PULLOUT

We're glad to see that the House subcommittee that heard Maj. Gen. John Singlaub last week focused less on the prerogatives involved in his firing than on the substance of his views. Will in fact the planned withdrawal of U.S. troops from Korea lead to a war?

While we hesitate over anything so definite as General Singlaub's statement that war "will" result, it does seem to us that an American withdrawal would significantly increase that likelihood. Beyond that, even without a new war on the Korean peninsula, Mr. Carter's withdrawal plans are likely to do considerable damage to the American position in the world.

South Korea is of course scarcely a popular nation in current American opinion, and for no small reasons, given bribery in this country and the Park regime's violations of human rights at home. But while the withdrawal promises appeal to a certain sector of Mr. Carter's constituency, they seem a strange way to retaliate for bribery and human rights violations, for they put the entire South Korean population at a military and psychological disadvantage against a well-armed neighbor that consistently threatens invasion, and pays even less respect to human rights. Opposition leaders and other Korean critics of the Park regime are also strongly opposed to a U.S. troop pullout.

Withdrawal of U.S. ground troops would remove an important psychological deterrent to North Korea. Under the Carter plan American airpower would remain, but as one U.S. source in Korea told the Washington Post, "War-planes are like geese. They can honk and fly away." If that should happen, North Korea would add air superiority to its growing list of military advantages over its southern neighbor.

The North, which has undertaken a massive military buildup during the past year, already leads in tanks, armored personnel carriers, artillery pieces, multiple rocket launchers, submarines and naval coastal vessels. South Korea lags in all these areas precisely because U.S. defense policy has been to integrate Seoul's conventional forces beneath a U.S. defense umbrella. That is, Washington has deliberately limited the ROK's offensive capability, while the Soviets and Chinese have practiced no such restraint in arming the North.

The spectacle of the U.S. withdrawing in the face of these risks would reach beyond the Korean peninsula. In particular, it would greatly unnerve Japan. The Japanese government is paying lip service to the Carter plan, because of pressure from Washington. But the nation's real feelings were expressed in a recent resolution sponsored by seven Japanese cabinet ministers and more than 235 legislators from the nation's two leading political parties. The resolution declared that a pull-out would be "an invitation to instability in the Korean peninsula . . . and northeast Asia as a whole."

Mainland China, somewhat similarly, publicly supports North Korean ambitions. But its foreign policy, and above all its relations with the U.S., are dominated by the need for a counterweight to the Soviet Union. A unilateral U.S. withdrawal from Korea, on the heels of the American flight from Vietnam, could scarcely be a good omen as seen from Peking. The show of American irresolution might even nudge a reluctant China back toward the Soviets.

The Carter administration is making a mistake to treat our 1954 mutual defense treaty with South Korea as something that can be altered without risk by applying the proper cosmetic. The purpose of that treaty is not to keep U.S. troops in Asia forever but to keep them as long as necessary to curb Communist aggression, maintain the regional balance of power and give South Korea the chance to work out its own political system free from outside domination. It is the same reason U.S. troops have been in Europe for more than 30 years, not out of habit but because they are an anchor of stability that serves American interests.

[From the Columbus Dispatch, May 25, 1977]

EDITORIAL

White House policy to withdraw American ground troops from South Korea deserves a careful and impartial congressional review.

President Carter's decision to sack Maj. Gen. John Singlaub for public statements critical of administration policy may tighten military discipline, but the episode raises several issues about the wisdom of U.S. policy.

The general, third-ranking U.S. Army official in Korea, believes, as do a number of other military leaders, that the planned withdrawal of 33,000 U.S. ground troops "will lead to war," inviting another North Korea invasion of the South.

Although the White House would retain air support for the South Korean government and renew its defense commitment, U.S. Army officers evidently think these measure inadequate.

And, so do the South Koreans who recall how withdrawal of American ground troops from Indochina brought reduced U.S. support for the South Vietnamese government.

The presence of American Army forces, it is argued, serves as a trip wire, assuring that Washington will assist the Koreans to repulse another attack from the North.

Since the Korean War in 1950, a U.S. military presence has brought stability to the region, preventing war and permitting the economic recuperation of both Korea and Japan.

Circumstances change, however, and some Defense Department planners think this country can maintain peace in Asia without the need for a permanent ground presence.

And, while Congress is reviewing this defense commitment, it should explore another Korean issue.

Majority Democrats, eager to investigate Republican wrongdoing, have exhibited little interest in probing charges of illicit gifts to congressmen from South Korea sources.

This matter, too, deserves a full airing.

PAUL GRASS WINS ESSAY CONTEST ON GOOD CITIZENSHIP

Mr. STENNIS. Mr. President, a young Mississippian, Mr. Paul Grass, of Clarksdale, Miss., recently won an essay contest on the subject of good citizenship. The contest was held among high school students and was sponsored by the Civitan Club. Paul's essay shows an exceptional knowledge and appreciation of the founding ideals and principles of America, as well as the rights and responsibilities of our citizens. This understanding is rarely so well stated, especially by someone of this young man's age. Mr. President, I ask unanimous consent that Mr. Paul Grass' essay on American citizenship be printed in full in the RECORD.

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

PAUL GRASS CAPTURES CIVITAN ESSAY CONTEST

(By Paul Grass)

A citizen of the United States of America lives in an environment of almost boundless freedom. He enjoys numerous rights and liberties and is under the protection of a Constitution which guarantees him freedom of speech, press, and religion. He is granted the opportunity to take part in government by electing persons to represent him in making the nation's decisions or by running for a government position himself. His native land, known around the globe as the "land of opportunity," is recognized as the leader of the free world. Throughout her history, America has stood firmly for individual liberty against colonial empires, totalitarian dictators, and communist aggressors. She has been subjected to trials both from within and without and has consistently emerged triumphant as the stronghold of freedom.

However, a well-worded Constitution and a noble heritage have not made the United States the greatest nation in the world. America has become great through the willingness of the people to pay the price of democracy, to fulfill basic responsibilities, to preserve the ideals of liberty. The fortitude of the people throughout the history of America has raised the United States from a set of colonies to a world power. America has had great leaders and outstanding statesmen, but her strength lies in the fundamental readiness of the common man to perform certain duties in his own home town to "secure the blessings of liberty for ourselves and our posterity." My generation of America's youth must be willing to assume these responsibilities if we want to keep our country proud, free, and strong.

At the age of eighteen, the young citizen of the United States acquires the right to vote, the basic power which makes America a "government by the people." Frequently public officials are elected by a very narrow margin simply because only a fraction of the qualified voters bother to cast a ballot. If every citizen does not vote or does not register to vote, the outcome of the election does not reveal the attitude of all the people. If the people are to remain sovereign in America, we must exercise our right to vote; therefore, each of us is obligated to vote in every election.

The Constitution assures all Americans freedom of speech and press. Thus we must be willing to speak out to protest our freedom and to stand for what we believe is right in the face of what is wrong. A strong America is one in which the voice of the people, young and old, is the voice heard and obeyed. When the government is in a state of indecision, it is the duty of the governed to correct the mistake or to make the proper decision through free speech and press. Only in exercising our freedom can we keep free speech and a free press.

Television, radio, and the newspaper are amazing devices which few American homes lack; yet the basic purpose of the media is too frequently overlooked. These inventions are methods of communication meant to keep us informed of what goes on beyond our daily scope of events. Many youth misuse radio and television by showing indifference to newscasts, and a large number do not read newspapers at all. We, the youth of the United States, must keep ourselves aware of happenings at home and abroad in order to safeguard our precious freedom from all forms of assault. President Franklin Roosevelt once said, "The only sure bulwark of continuing liberty is a government strong enough and well enough informed to maintain its sovereign control over its government." Around the world, tyrannous governments refuse to tell the people what they are doing; but in America, we are informed several times a day of events in the Capitol, the White House, and foreign lands. This is a privilege that all Americans should cherish and use to the fullest.

Many young people today feel that they are free to do anything that makes them feel good. The result is a shocking number of teenage alcoholics, an increase in drug abuse, and a so-called "new morality" in regard to sex. Although the Constitution does not forbid such behavior, it does not include freedom for self-destruction. The German philosopher Immanuel Kant once said that "morality is not properly the doctrine of how we make ourselves happy, but how we make ourselves worthy of happiness." Is a proud nation one in which the citizens have immoral habits? On the contrary, "Righteousness raises a people to honour; to do wrong is a disgrace to any nation." One of the most valuable gifts that we, the youth of America, can give our country is pure minds and lives for her service

The Constitution provides Americans with freedom of religion. Every person in the United States is free to worship as he pleases, but it pleases too many Americans not to worship at all. The present generation of young Americans prefer not to worship at all. The present generation of young Americans must return to God if we are to continue to be blessed with a strong, free land. The greatest contribution we can make to the future of America is to live by our national motto, "In God we Trust."

The first Amendment to the United States Constitution is the foundation of our American liberty; but it is not worth the sacrifices of the Founding Fathers if we do not fully practice every freedom it grants. We, the youth of the United States, are obliged to unite in exercising our liberties at all times if we are to remain "one nation, under God, indivisible, with liberty and justice for all."

HUCK BOYD

Mr. DOLE. Mr. President, on Sunday, May 29, the town of Phillipsburg, Kans., turned out to honor their long time friend, community leader, and local newspaper publisher, McDill "Huck" Boyd.

Last week's celebration was designed to honor his contributions to Phillipsburg—he has been responsible for an increase in the number of local doctors and growth in local industrial development. However, it would be impossible for me to talk about Huck Boyd without acknowledging his contributions to our State of Kansas and to national Republican politics.

Huck was a member of the Kansas Board of Regents for 4 years and served as its chairman in 1958. He served on the board of directors of the National Association for Mental Health and has worked to expand the family doctor program in Kansas. In 1975, he was cited by the Kansas Press Association for his work in reforming rural Kansas health care.

Currently our Republican National Committeeman from Kansas, Huck has worked in countless political campaigns. He was twice a candidate for Governor and served as executive secretary to Gov. Edward Arn and as executive secretary to Kansas Republican State Committee.

I have outlined a few of Huck's contributions and accomplishments this far in his life—I have no doubt that there will be many more.

I also want to mention the element of Huck Boyd best known to the people of Phillipsburg and to me—a very dear friend. He has had an immeasurable impact on my life as well as my political career. He has helped me learn about people and the needs of people.

Huck exemplifies the highest in personal service toward unselfish goals and he symbolizes the best in politics.

I ask unanimous consent that an article about Huck Boyd Day by Laura Scott of the Kansas City Star be printed in the RECORD.

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

[From the Kansas City Star, May 30, 1977]

PHILLIPSBURG, KANS., TURNS OUT TO HONOR A FRIEND, "HUCK" BOYD

(By Laura Scott)

PHILLIPSBURG, KANS.—In this small northwestern Kansas town yesterday one thing was very evident: They love McDill (Huck) Boyd, publisher, longtime Republican and Phillipsburg's friend.

Traditional Memorial weekend activities honored this town's most famous living son, who is known throughout the State for his contributions to the Republican party and to Phillipsburg.

About 500 persons turned out in the bright sunshine yesterday at Phillipsburg High School to give Boyd what one resident termed "a living memorial." They ranged from some of the big names in state political circles, includng Sen. Bob Dole (R–Kan.) and former Gov. Frank Carlson, to the local residents who made cookies for a reception.

Although Boyd probably is best known for his work in Republican politics, including his own two unsuccessful races for governor, Phillipsburg people made it clear they were honoring their local publisher for what he has done for them. His contributions most recently have meant five new doctors for a town which several years ago was short of medical personnel.

It was their chance to say thanks to Boyd, 70, a native son whose parents, Frank and Mamie Boyd, started the newspaper which he now publishes, the Phillips County Review. After many failures to convince the modest Boyd to let them honor him, the townspeople finally went ahead without asking him.

"Huck has done more than anyone else for his community and we thought we should do something for him," said Louis Prohaska, business manager for the newspaper and a member of the arrangements committee for "Huck Boyd Day."

Besides being a candidate for governor, Boyd has worked in many Kansas political campaigns, including most of Dole's. Long active in Republican politics, he was executive secretary to former Gov. Edward Arn, executive secretary to the Republican state committee and is a Republican national committeeman.

Boyd was a member of the Kansas Board of Regents for one 4-year term and was chairman in 1958. He has served on the board of directors of the National Association for Mental Health. In 1975 he was named Kansan of the Year by the Kansas State Society in Washington and was cited by the Kansas Press Association for bringing about reforms in rural Kansas health care.

He has directed media operations for three national political conventions, including the Republican National Convention last August in Kansas City.

Professionally, he has won the William Allen White Foundation Award for journalistic merit in Kansas.

Phillipsburg residents know him best for his work for their community, including his

campaign recently to expand the family doctor program in Kansas. His work resulted in solving the physician shortage for the community.

The observation yesterday included a dinner for the Boyd family at the Vista Room of Martha's Cafe; speeches by friends, politicians and newspapermen at the high school. and a punch and cookies reception at the school. The city also had the local welcome flags out for Huck Boyd Day.

The event was organized by Phillipsburg residents, including employees at the newspaper. Mayor Bud Broun, one of the organizers, served as master of ceremonies. He read a proclamation designating yesterday as Huck Boyd Day in Phillipsburg.

Broun sounded the keynote of the day's events when he told the audience that "the Phillipsburg community has been interwoven with the Huck Boyd story."

Dole, who arrived with his wife, Mrs. Elizabeth Dole, credited Boyd with keeping him informed about problems back in Kansas.

"I never looked upon Huck Boyd as a Republican," Dole said. "We talk about people and the needs of people.

"Huck exemplifies the highest. He symbolizes the best in politics. He symbolizes what the rest of us strive to do—serve the people."

Carlson, a former governor and U.S. senator, told the audience he was indebted to Boyd because of the Phillipsburg man's past political help. Carlson recalled that at the 1968 G.O.P. convention Carlson's name was put in nomination for President "with Huck's engineering."

Longtime Boyd friends who reminisced included Gene Henderson, now of Scott City, who recalled Boyd's support of a new city park for Phillipsburg several years ago. The city got its new park, Henderson said, and then lightheartedly pointed out that Boyd "now has gotten a refinery located there."

Townspeople cited Boyd's work to get a site for a major office of Kansas-Nebraska Natural Gas Company as another of Boyd's contributions to the city.

Boyd, dressed in a powder-blue suit and sitting next to his wife, Mrs. Marie Boyd, at the speaker's table, grinned when a joke was told about him. And he seemed touched by the community interest. But Huck Boyd Day organizers revealed that he was a reluctant honoree. In the past, friends have asked Boyd's permission to have an event in his honor and he has declined every time, Mrs. Grace Brown, a former society editor at the newspaper, said. "We just went ahead this time without asking his permission," she said.

When it was Boyd's turn to talk, he told the audience. "It seems about incredible that my family, friends and associates to whom I already owe so much could have planned and carried out such an occasion."

Then, in what friends said was typical of his desire not to grab the spotlight, Boyd talked about his family—his father and mother; his wife; his brother, "Bus" Boyd, now deceased, and his staff—calling them "the highlights of my life."

"It is obvious I would have been disowned if I hadn't achieved something in community affairs," he said.

Attending the ceremonies yesterday were the Boyds' two daughters, Mrs. Patricia Hiss, of Palto Alto, Calif., and Mrs. Marcia Krauss, of Phillipsburg, and Boyd's five grandchildren.

Residents of Phillipsburg presented the Boyds with a scrapbook containing letters from friends and professional colleagues, including former President Gerald Ford; Gov. Robert Bennett; Ronald Reagan, and Mrs. Mary Louise Smith, former Republican national chairwoman.

STUDY EMPHASIZES NEED FOR SPINAL CORD INJURY REHABILITATION

Mr. HUMPHREY. Mr. President, earlier this year I proposed an amendment to the Rehabilitation Act of 1973, S. 1120, to increase funding for support of spinal cord injury research and rehabilitation.

At that time, I stressed the value of investing in a system that has proven effective in demonstration projects authorized under the Rehabilitation Act. The model regional centers to be expanded under my bill provide early and comprehensive rehabilitation services to victims of spinal cord injuries.

A recent independent study dramatically illustrates the huge, measurable, direct and indirect losses both to society and to the individuals affected, of spinal cord injuries which result from motor vehicle accidents alone.

This study, "The Costs of Motor Vehicle Related Spinal Cord Injuries," was prepared by Charles N. Smart and Claudia R. Sanders of Policy Analysis, Inc., Boston, an organization that specializes in health economics. It was sponsored by the Insurance Institute for Highway Safety.

Mr. President, I ask unanimous consent that the foreward to this book, and a summary of its findings, be printed in the RECORD.

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

THE COSTS OF SPINAL CORD INJURIES

FOREWORD

Our brains maintain most of their communications with the rest of our bodies through the thousands of tiny circuits contained in our spinal cords. Many of these circuits carry incoming sensory information that lets us know how our bodies feel, what postures they are in, and whether they are operating properly: Many other circuits carry outgoing, "motor" information by which we signal our bodies what to do, such as which muscles to relax, and which to contract. It is small wonder that injuries to this remarkable communications pathway are among the most devastating that we can sustain, especially since most are permanent, being repairable neither by our bodies themselves, nor by the most advanced medical science of our day.

Physicians and others who care for persons with paraplegias and similar results of damage to the spinal cord have known for decades that large proportions of such injuries are produced in motor vehicle crashes, a fact which has not, however, been widely appreciated outside the medical community. Moreover, although improving greatly in recent decades, statistical information concerning many aspects of this field has remained inadequate, especially from the standpoint of its suitability for use as the basis of governmental and private decisions related both to the allocation of relevant resources and to the actions, such as requiring better vehicle "crashworthiness," which would decrease the number of new cases.

Since we in the Insurance Institute for Highway Safety work to identify the kinds of losses that burden the public as a result of motor vehicle use, and the steps that can be taken to reduce their frequency, severity and cost, it was logical for us to address the spinal cord injury problem, and in ways that would build on and augment the extensive work already done in the United States and other countries. Consequently, in 1971, we first arranged with the Departments of Community Health and Orthopaedic Surgery, School of Medicine, University of California, Davis, to marshal all practical resources to determine the incidence, sources, and many other characteristics of new spinal cord cases in 18 contiguous but highly diverse northern California counties with a combined population of nearly six million people.

This has resulted in an increasing number of important additions to knowledge in this field, the reports of which are identified in the Selected Bibliography of this volume. Especially noteworthy are rates of occurrence of spinal cord injuries per capita by age and sex, counting both those who reach hospital care alive and the many who die before such care is reached. The California work also confirmed that the spinal cord injuries produced in motor vehicle crashes do indeed far outnumber those produced in any other way, a pattern that holds among both males and females of all ages.

Among the many additional results of this work to date are detailed data on survival. These confirm that spinal cord injury patients who survive the early post-injury period may be expected, typically, to survive for many years. As is well known to specialists, this reflects the great advances made in recent decades in the care of persons with such injuries, and especially in the prevention and treatment of infection.

When the results of the work in California were sufficiently available, we next contracted with Policy Analysis, Incorporated, an organization specializing in health economics, to estimate the losses our society sustains each year from the spinal cord injuries produced in motor vehicle crashes, both in relation to individual cases and in relation to all cases combined. The resultant estimates have used both conservatively modified data from the California work and the best information that could be obtained from the many other specialized sources.

The conclusions are staggering.

Each year the spinal cords of some five thousand three hundred Americans are severed, crushed, or otherwise seriously injured in motor vehicle crashes. Of these damaged people, two-thirds are less than thirty-six years of age, and more than two-thirds are male. A large majority, more than six out of ten, do not die, but only a small minority of these ever functionally recover. Most, some two thousand six hundred each year, further increase the already huge number of other Americans with similar injuries. The process continues year after year.

Yet from an economic standpoint, it is noteworthy that the costs of this damage to people remain largely external to the balance sheets of many whose actions, of both commission and omission, substantially influence the numbers of Americans whose spinal cords will be injured in some of the millions of motor vehicle crashes that occur, for all sorts of reasons, in the United States each year. Such costs cannot therefore, be expected to directly produce, through the medium of balance sheets, much corrective, dampening influence on the occurrence of such injuries.

In illustration, when an intersection or curve is designed and built in such a way that serious crashes are produced, those responsible only rarely suffer an economic penalty. The situation is the same in the case of organizations and individuals that line roads with utility poles (which would be recognized instantly as likely to produce very serious injuries if placed closely along runways for aircraft) that each year convert thousands of off-road mishaps from minor events into disasters. Similarly, manufac-

turers of motor vehicles suffer no substantial penalty from an economic standpoint when they do not provide the greatly improved levels of automatic crash injury protection that have long been practical. Analogous points can be made concerning many others whose actions either needlessly augment, or fail to help reduce, such injuries among vehicle occupants, pedestrians, cyclists and other travelers.

Among its many analyses and conclusions, this work very strongly supports the long-standing emphasis of specialists on bringing persons with spinal cord injuries very early into thoroughly modern centers specializing in the expert care and rehabilitation of such cases. It is well known that patients in these centers do far better, and are more likely to receive and profit from suitable rehabilitative therapy. Morevover, since the authors believe that such care is probably less costly in the long run, and find that a substantial fraction of the societal cost is in foregone productivity, such handling has very strong economic as well as humanitarian justification.

The authors of this report have made a major contribution to knowledge of the human tragedy of spinal cord injuries. Let us hope that it will aid in bringing the forces to bear that will both greatly reduce the incidence of such injuries and improve the care and rehabilitation of those that still cannot be prevented.

SUMMARY

Spinal cord injury (SCI) provides a graphic example of a low incidence catastrophic disease resulting in extreme physical and emotional deprivation to the afflicted individual. From an economic perspective it also accounts for unusually large direct and indirect costs that must be borne both by the individual and by society in general. Typical SCI patients may be expected to generate high initial hospitalization costs, often followed by substantial annual maintenance charges that continue over their remaining lifetimes. While forced to cope with new physical limitations, the spinal cord injured may also have to accept social and vocational constraints that will radically change and, perhaps, seriously limit their former contribution to society as homemakers, students, or productive members of the labor force.

Motor vehicle injuries

Aproximately 50 percent of the spinal cord injuries suffered annually in the United States occur in motor vehicle crashes, making this by far the principal source of such injuries. The purpose of the analysis described in this report was to estimate the annual incidence of SCI occurring as a result of motor vehicle crashes for a recent year (1974) and to project both the total direct and indirect costs associated with those injuries. The findings of the analysis provide valuable insights into the dimensions of this aspect of motor vehicle crashes.

In 1974, an estimated 5,315 spinal cord injuries occurred in motor vehicle crashes in the United States; this corresponds to an average annual incidence rate of 25.1 per million population. Of the 5,315 SCI cases, 1,938 were classified as dead either at the crash scene or upon arrival at an emergency medical facility (DOA), while the remaining 3,377 survived to hospital admission.

Hospital admissions

The 3,377 hospital admissions were subclassified into the following impairment categories: 1,091 quadriplegics with permanent impairment, including both complete and incomplete lesions; 1,501 paraplegics with permanent impairment, including both complete and incomplete lesions; 447 in-hospital fatalities; and 338 patients who were functionally recovered at discharge.

TABLE 27.—SUMMARY OF TOTAL EXPECTED SOCIETAL COSTS OF MOTOR VEHICLE RELATED SCI: UNITED STATES, 1974

Cost category	Present value of societal costs [1]	
	Discounted at 6 percent	Discounted at 10 percent
Direct costs:		
Initial hospitalization	$69,578,460	$69,578,460
Institutional and attendant care	66,761,170	47,144,840
Rehospitalization	45,543,930	31,648,020
Drugs and medical supplies	26,352,440	18,065,240
Miscellaneous services	15,759,010	10,760,180
Home modifications	9,892,260	9,892,260
Medical equipment and appliances	8,950,410	6,158,100
Vocational rehabilitation	3,703,870	3,569,200
Emergency assistance	2,087,240	2,087,240
Subtotal	248,628,790	198,903,540
Indirect costs:		
Foregone productivity	558,399,440	340,366,370
Legal and court services	15,581,220	15,581,220
Insurance administration	4,848,270	3,878,640
Subtotal	578,828,930	359,826,230
Total societal costs	827,457,720	558,729,770
Number of patients	5,315	5,315
Average cost per patient	155,680	105,120

[1] Costs are in 1974 dollars.

Societal costs

Table 27 provides a summary overview of the total societal costs resulting from the 5,315 SCI cases. The present value of total expected societal costs was approximately $28 million at a 6 percent discount rate and $559 million at a 10 percent rate. Table 28 summarizes the average societal costs per case, both for the 5,315 SCI cases and for the 2,592 permanently impaired survivors. The relatively high value obtained for overall societal costs compared to the relatively low number of patients in the incidence sample generating these costs emphasizes the enormity of the expected costs associated with an individual occurrence of spinal cord injury—approximately $156,000 at 6 percent and $105,000 at 10 percent.

Direct costs

The direct costs of SCI include a variety of treatment expenditures paid for by the patient, the patient's family, and in many cases by third party reimbursement agencies. Direct costs analyzed in this report include the costs of emergency assistance following the crash, initial hospitalization, home modifications, vocational rehabilitation, institutional and attendant care, medical equipment and appliances, special drugs and medical supplies, rehospitalization care, and miscellaneous services and supplies. For 1974, the estimated present value of these direct costs measured over lifetimes of all patients was approximately $249 million, based on a 6 percent discount rate and $199 million at a 10 percent rate. This translates into an average cost per patent of $47,000 at 6 percent at 10 percent.

Indirect costs

The indirect costs of SCI are not directly tied to the treatment of the injury but are related nevertheless to its occurrence. As a proportion of total societal costs, indirect costs dramatically outrank direct costs. Furthermore, the overwhelming majority of indirect costs consists of losses attributable to the net foregone productivity of SCI patients. For 1974, the estimated present value of these indirect costs was approximately $579 million when discounted at 6 percent and $360 million at 10 percent. This corresponds to an average loss of about $109,000 per patent at 6 percent and $68,000 at 10 percent.

TABLE 28.—SUMMARY OF AVERAGE SOCIETAL COSTS PER PATIENT OF MOTOR VEHICLE RELATED SCI: UNITED STATES, 1974

Cost category	Present value of societa costs [1]	
	Discounted at 6 percent	Discounted at 10 percent
Number of patients	5,315	5,315
Average direct costs per patient	$46,780	$37,420
Average indirect costs per patient	108,900	67,700
Average total societal costs per patient	155,680	105,120
Number of permanently impaired patients	2,592	2,592
Average direct costs per permanently impaired patient	$92,410	$73,230
Average indirect costs per permanently imparied patient	88,910	57,710
Average total societal costs per permanently impaired patient	181,320	130,940

[1] Costs are in 1974 dollars.

Demographic trends

Several demographic trends common to SCI populations were reflected in the 1974 motor vehicle crash group. Males predominated over females in the ratio of 2.2 to 1. Approximately 55 percent of the injured were between the ages of 16 and 35 while this age group comprises only 32 percent of the general population. This emphasizes the disproportionately high SCI incidence rates among young people. The economic ramifications of high incidence rates among young people in general, and males in particular, are significant. Since the expected lifetime costs of SCI are strongly influenced by both the direct and indirect costs accruing to the patient during the years following onset of injury, younger patients with relatively longer life expectancies may be expected to generate larger societal costs. In addition, for the indirect costs due to a patient's foregone productivity, the average male currently accounts for a far greater loss than the corresponding female.

Patient mortality

In general, patients with spinal cord injuries have higher mortality rates and, hence, lower average life expectancies than individuals of similar age and sex in the general population. The reasons for the patients' increased mortality lies primarily in their greater susceptibility to complications such as urinary tract infections and decubitus ulcers that can lead to more serious complications and death. Not surprisingly, patients with more severe impairments such as complete quadriplegia are found to have average life expectancies that are noticeably lower than those of members of the general population of equivalent age and sex. Even in the case of paraplegics, a less severely injured group, the life expectancies remain lower than those of the general population.

The reduction in value of life expectancies has both human and economic consequences. From a human perspective, the increased likelihood of premature death and the unpleasant medical complications leading to death constitute a tremendous physical and emotional burden for the patient and his family. From an economic standpoint, the

decrease in life expectancy reduces the span of time over which many injury related costs may accrue and certain costs, such as those associated with expected foregone productivity, may be recouped.

The permanently impaired

In the assessment of total direct costs, the contribution made by permanently impaired quadriplegics and paraplegics assumes great significance since these patients generated close to 95 percent of all such costs. When the approximately 5 percent of overall direct costs generated by DOAs, in-hospital fatalities, and the functionally recovered is excluded, permanently impaired SCI patients average about $92,400 per patient in direct costs discounted at 6 percent, compared to $47,000 for the complete sample.

It is important to recognize that some indirect costs of spinal injury that are conceptually important, such as those associated with the pain and emotional suffering experienced by the patient and the patient's family, are not measured in the analysis. Furthermore, the information base used to estimate both direct and indirect costs included in the analysis was limited and tended to yield conservative approximations of these costs. Hence, from a cost-benefit perspective, the cost estimates presented in this study, although very large, should be considered as only first order approximations of the total economic benefits that could be obtained by reducing the magnitude, severity and consequences of motor vehicle related spinal cord injuries.

SENATOR NUNN WARNS OF SOVIET OFFENSIVE CAPABILITY IN EUROPE

Mr. HATCH. Mr. President, our distinguished colleague, SAM NUNN, who is widely recognized as a military expert has published an article in a recent issue of the Conservative Digest. Senator NUNN outlines changes in NATO defenses that are needed if Europe is to be prepared to withstand a Soviet blitzkrieg attack.

The article is noteworthy also for two wider issues. How does such extraordinary Soviet offensive capability relate to defense of the homeland? A blitzkrieg force structure reveals a great deal that we seem content to ignore. We also seem content to ignore that détente and "the end of the cold war" have done nothing to shorten the Soviet shadow over Europe.

I ask unanimous consent that Senator NUNN's article be printed in the RECORD.

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

THE SOVIET SHADOW OVER EUROPE

(By Senator SAM NUNN)

NATO today could not resist a Soviet blitzkrieg attack on Central Europe without using nuclear weapons. Our forces in that region are numerically inferior, and we are geared for a long war rather than a Soviet blitzkrieg.

Soviet blitzkrieg-type forces and strategy are designed to overwhelm NATO forces before reinforcements, which are widely dispersed through Europe and America and are less battle-ready than Soviet troops, can arrive on the scene.

Here's the evidence of Soviet commitment to blitzkrieg tactics:

The sheer magnitude of Soviet forces in Eastern Europe, ready to move into Western Europe on short notice.

Concentration of these forces—some 20 crack divisions—in East Germany, astride the North German Plain and within comparatively easy reach of critical objectives in the NATO Central Europe region.

Almost total reliance on mobile armor and mechanized infantry divisions for ground maneuvering.

Seven airborne divisions ready to move (compared with our one airborne division).

An unsurpassed ability to ford rivers and other water obstacles.

A high ratio of combat-to-support personnel (a blitzkrieg requires many combat troops, since there will be heavy losses, but relatively fewer support personnel, since the war will be short).

Frequent military exercises featuring preparatory missile and tactical air strikes followed by rapid exploitation by armor and mechanized infantry forces.

Preparation for advancing an extraordinary 70 miles per day for a week against the enemy (at the height of his offensive, Patton moved 35 miles per day).

Ignoring this overwhelming evidence of Soviet blitzkrieg plans, NATO war plans assume sufficient warning time to mobilize against a Soviet attack. We have a comparatively low ratio of combat-to-support troops and a shortage of ammunition and other war materiel. And our troops are positioned so far back from the border between East and West Germany that a Soviet attack would have reached the Rhine by the time our troops were functioning effectively.

Soviet power relative to ours is expanding. Their forces in Eastern Europe have substantially increased in the last five years, while NATO forces immediately available for combat in Central Europe have remained comparatively static.

MASSIVE LOSSES

Soviet weapons are becoming as sophisticated as our own. The spread of "smart" electronic-guided bombs and artillery shells makes the communists' superior numbers even more important, since smart bombs will mean massive losses of men and materiel in combat.

A major revision of NATO strategy and capabilities is therefore in order. Most importantly, we must rethink the timing of a Eurcpean war. The Defense Department now projects 23 days warning time before a Soviet attack, followed by a war of 30 days to six months. This should probably be cut to a few days' warning time and an intense war of two or three weeks.

Second, NATO must move its troop concentration further north and forward, to be directly opposite the bulk of communist troops, located in the North German Plain. We now expect to lose much of Germany to a Soviet attack befcre launching a successful counterattack.

But is it realistic to imagine that retreating NATO forces, which had suffered the agony of defeat, could successfully halt, regroup, and drive back a vastly larger enemy flushed with victory? Trading space for time works only if one has abundant space to trade and plenty of time to trade it. NATO has neither.

Moving our troops forward would force the communists to wage the main battle along the East and West Germany border. This would preserve German territory and eliminate the need to mount a major counterattack to expel Soviet forces from the Ruhr and along the Rhine.

It would also compel communist forces to deploy for battle before crossing the West German border and would thereby permit NATO ground forces to launch local counterattacks across that border.

NATO must also increase fire-power available to its ground forces—artillery, antitank and air defense systems, and ammunition stockpiled at the front. We should consider further shift of U.S. Army personnel in Europe from support to combat units. This would require U.S. troops to rely on European troops for logistical support.

Finally, standardization of arms and equipment within NATO must be pushed. In this regard, the Defense Department should be commended for delaying the selection of the new mainbattle tank, in order to give time for standardizing more parts with the new West German main battle tank.

INADEQUATE DETERRENT

In sum while NATO's nuclear arsenal can deter Soviet strategic and tactical nuclear warfare, and while our vast industrial and manpower resources can deter a long war fought with conventional weapons, we do not have an adequate deterrent to a short, intense war fought with conventional weapons.

The changes outlined above would go far towards correcting this problem. While they do guarantee an ability to "git thar fustest with the mostest," they would enhance NATO's capacity to get there in time with enough.

IS THERE STILL A NEED FOR THE GENOCIDE CONVENTION?

Mr. PROXMIRE. Mr. President, it has been over 15 years since the Genocide Convention was first presented to the Senate. It has been over 20 years since the U.S. Ambassador to the United Nations helped to draft that convention. During the past two decades, has this issue lost its urgency? Is there still a need to take a stand against genocide?

To evaluate the need for the Genocide Convention, we must explore the reasons for which it was proposed and ask whether those reasons remain valid. The convention was composed in the aftermath of World War II. The extermination of over 6 million Jews by Hitler during that global conflict dramatized the need to commit all nations, for all time, to oppose genocide. But the drafters of the convention did not only have in mind the slaughter of the Jewish people when they composed their document. The convention's authors also recalled the extermination by the Turkish Government of over 1.5 million Armenians between 1915 and 1916. The convention sought to forever prevent a recurrence of such arocities.

Is the massacre of Jews by Hitler's Reich and of Armenians by Turks during the First World War to be considered aberrations in world history? Has a world conscience evolved which will prohibit genocide? I think not. Mr. President, as long as organizations exist which can implement programs of extermination and as long as there may be individuals willing to do so, genocide will remain a possibility. The abuses of Uganda's Idi Amin should remind us that genocide continues to be a threat, now as much as ever before.

Our past failure to condemn genocide is deplorable. Let us hesitate no longer to attack this crime against humanity by ratifying the Genocide Convention.

ROLLA CLYMER

Mr. DOLE. Mr. President, my State of Kansas suffered a great loss Saturday with the death of Rolla Clymer, a distinguished newspaperman, accomplished historian, and valiant political activist.

Rolla Clymer began his journalism career as a student reporter for the Emporia Gazette working under the famous editor William Allen White. He remained there from 1907 until 1914, the latter years as city editor. In 1918, he merged two rival newspapers to form the El Dorado Times, continuing as its outspoken editor until his death last week.

Mr. President, 88 years of outstanding accomplishment and contribution to his community and his State cannot be easily summarized. However, Mr. Clymer's stature as journalist and as civic leader was well recognized and much honored throughout Kansas. He received the William Allen White Foundation Award for Journalistic Merit in 1957. The Native Sons and Daughters of Kansas named him Kansan of the Year in 1960. He was the past president of the Kansas Press Association.

Rolla Clymer also was a respected historian of the Blue Stem area of Kansas. He did more than any other individual to celebrate the colorful history of that scenic region of Kansas.

We live in an age when fiercely independent newspaper editors who do their own thinking are sorely needed. William Allen White was just such a valuable servant of democracy. The many great newspapermen who learned their standards of integrity seated at his elbow are about gone now. Rolla Clymer, son of Kansas, was just such an editor. He will be missed by all of us.

FOOD AND AGRICULTURE ACT OF 1977

Mr. BAYH. Mr. President, the farm bill which the Senate has passed this year is an extremely important piece of legislation. On balance, I am pleased with the bill. While there are a few measures in the bill about which I have some questions, overall, the bill is a great improvement over prior and existing legislation. It represents a healthy step in the right direction in the interest of farmers, consumers, and the health of the American economy.

I was gratified during the course of debate on the bill to hear the number of remarks by my colleagues in the Senate acknowledging the vital, central role that American agriculture and our American family farms serve in our economy. Those of us who grew up on farms and know farming first hand find great satisfaction in knowing that many other persons now realize the value and worth of the farmer's work.

Farming is a demanding business, in terms of time, energy, resources, and risk. Over the course of the past several years the demanding nature of farm work has increased. Farmers have faced skyrocketing increases in the cost of production, including fertilizer, chemicals for pesticides and herbicides, and farm equipment. The cost of farmland has skyrocketed—a whopping 30 percent in the last year alone in my home State of Indiana. Yet the prices that farmers may expect to receive for their crops and livestock products are very insecure. The market for farm products is weak. There have been some good years for some farmers recently, but even for those who benefited from the farm economy boom, there now is a threatened bust.

Mr. President, neither our farmers nor the rest of the American people can tolerate a boom or bust economy in agriculture. Our Nation's agricultural produce is the central element of our entire international export economy as well as the central feature of our domestic economy. We must have stability and predictability. We must be assured that our efficient family farmers can operate in a relatively free economy with an assurance that their hard work and effective management will bring a decent living for them and their families. Only with that kind of expectation can we expect the American farmers to continue to produce the quality and abundance of farm products that our country must have.

The Food and Agriculture Act of 1977, as passed by the Senate, represents a sound foundation for establishing and maintaining a stable agriculture economy. Farm loan prices and support prices in the bill, in general, are set at reasonable and fair rates. Rates that will not offer a windfall to farmers, but will give enough security in light of burgeoning production costs that farmers will be able to make production decisions with confidence that their hard work and planning offers a reasonable prospect of a fair return.

A major disappointment in the bill is that it fails to provide a reasonable and, I believe, necessary increase in the corn support price for the current crop year. While producers of other crops benefit from target price increases this year, our corn farmers must survive this year of increased production costs and the threat of drastically reduced market prices this fall without any increase whatsoever in the 1977 target price. I supported the amendment offered by Senator CLARK to increase the 1977 target price for corn from $1.70 to $1.85. I regret that the majority of the Senate failed to recognize the needs of corn farmers.

Mr. President, an item in the bill of which I am particularly pleased is title X, dealing with grain reserves. For many years I have urged the creation of a system of strategic grain reserves. Finally we in the Senate have taken the first major step in this direction. Title X permits the creation of grain reserves of as much as 300 million to 700 million bushels. The grain will be stored by farmers on their home farms under loan programs supervised by the Secretary of Agriculture. This provision, which is limited to wheat but which we may see fit to extend to other important grains in the future, provides for loans of not less than 3 or more than 5 years to cover the cost of storage. Redemption of the loans will occur regardless of their maturity whenever the market price reaches a specified level between 140 and 160 percent of the then current wheat price support level. This is a good step in providing a storage system that will increase price stability without threatening farmers with the dumping of Government-held reserves.

Importantly, title X also authorizes the President to negotiate a system of food reserves for humanitarian food relief and to maintain such a reserve of food commodities as a contribution of the United States to the system. The Secretary of Agriculture is directed to build stocks of food of 2 million tons or to the levels which may be established under an international agreement but not greater than 6 million tons. Important safeguards have been added so that this important international emergency food reserve program will not be used to depress domestic farm product prices. In light of shortfalls in world grain production during recent years, without such grain and food reserve systems, we have been perilously approaching vulnerability where a domestic shortfall in grain production could cause a crisis of inadequate grain—at any price—to satisfy all of our food needs.

I will be looking at these grain reserve proposals very carefully as they are implemented by the Department of Agriculture. We must be sure that all of our goals are being pursued: assuring security and stability of farm product prices, establishing protection for domestic shortfalls in production, and satisfying the humanitarian need to provide food to as many as possible of the hungry people of the world.

Mr. President, the food and agricultural research provisions of the bill also signal an important forward-looking development in our agricultural policy. Title XIII would provide an opportunity for food and agricultural research grants to promote the research partnership between the Department of Agriculture and land-grant colleges and State agricultural experiment stations. It would direct the Secretary of Agriculture to develop and implement a national human nutrition research and extension program—a long needed area of emphasis. It would specifically authorize the Secretary of Agriculture, in cooperation with States, to carry out animal health research programs. Research of animal health has been too long neglected under the last administration, as evidenced by the very small amount of research on such animal diseases and pseudorabies, TGE, and brucellosis. I have been urging increased appropriations for this kind of animal health research which is so important to the continuing vitality of our food production economy and our family farms.

Title XIII also provides for small farm research and extension programs, a matter of great importance in light of the continuing crisis that is posed to our family farm system by outside concentrations of economic power. This research effort is consistent with my longtime support programs to benefit the family farmer. I hope this research will

lead to solutions to the threats of farm land buy-out programs by nonfarm economic interests, the threats of skyrocketing capital requirements which make it extremely difficult for young farmers to get a start, and the threats that are posed by vertical integration in some critical parts of our agricultural economy. While it is extremely important, this research should not be seen as a substitute for important and necessary legislation in these areas, and I intend to continue fighting for important legislation on the behalf of family farmers.

I have studied the numerous other provisions in the farm bill, including changes in the food stamp program, Public Law 480, rural development and conservation and the restrictions on USDA advisory committees. While there are specific items on which I would have preferred different conclusions, on balance the bill is a satisfactory compromise. It clearly is a step in the right direction. As the Senate and House conferees work out differences between the House bill and the Senate bill, I hope the healthy compromise can be preserved in a final bill that the President also finds satisfactory.

PRELIMINARY NOTIFICATION PROPOSED ARMS SALES

Mr. HUMPHREY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that such notifications were received on May 17, and May 20, 1977.

Interested Senators may inquire as to the details of this preliminary notification at the offices of the Committee on Foreign Relations, room S-116, in the Capitol.

TAX CREDITS FOR COLLEGE TUITION

Mr. RIBICOFF. Mr. President, earlier this year Senator ROTH and I introduced legislation to provide tax relief to parents who pay college tuition for their children. This tuition tax credit would provide assistance to middle-income families who are "too wealthy" for scholarship aid but who find themselves squeezed by arising tuition costs.

Recently the Wall Street Journal published an article detailing this burden on middle-income families. I should like to share this column with my colleagues.

I ask unanimous consent that the article by Mitchell Lynch 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, May 25, 1977]

AS COLLEGE COSTS SOAR, MIDDLE-CLASS FAMILIES ARE CAUGHT IN SQUEEZE

(By Mitchell C. Lynch)

Harvey and Dorothy Doss, a Michigan couple making about $26,000 a year, thought they had a formula for sending their four children through college. With scholarship aid and other financial assistance, they figured that their own outlays could be held to $3,000 a year per child.

Barbara, their oldest, went off to Kenyon College in Gambier, Ohio, where she now is a sophomore. Tuition, room, board and other fees total about $5,700. She got enough scholarship and other aid to bring her parents' bills down to $3,650, including spending money. "That's more than we figured on," Dorothy Doss said, "but we think we can still do it."

Now, however, the Dosses have run into trouble. Their next oldest, Jean, has been accepted for admission next fall to Syracuse University. Tuition, room, board and fees there total $5,770. Like her sister, Jean applied for enough financial help to bring the family's expense down to $3,000. Syracuse said no. It wouldn't come close to what the Dosses wanted.

The reason: At $26,000 a year, the Dosses have too big an income to qualify for so much aid from Syracuse. But they figure that without that much aid, they can't afford to send Jean to Syracuse.

COSTS UP 70 PERCENT SINCE 1970

Like millions of other American families making from $12,000 to say, $40,000 a year, the Dosses are caught in a tightening squeeze in higher education. Because of the skyrocketing costs of college, these families need help. Because of their incomes, they can't get it—at any rate, not enough of it.

Since 1970, total costs of college, not counting spending money, have climbed more than 70 percent to a median of $2,790 a year at state-run schools and $4,568 at private colleges, according to the College Scholarship Service, the branch of the College Entrance Examination Board that establishes the generally accepted standards on financial-aid eligibility. Parents usually file income and savings statements with the service, which makes the statements available to the colleges.

There are a variety of college, state, federal and company aid programs designed to help meet the soaring costs. They are based on need, which means that the lion's share goes to students from lower-income families, with little left over for the middle class. (It is assumed that upper-income families don't need any help.)

Generally, bright students with grades of B-minus and up from families making less than $12,000 a year are eligible for enough scholarship aid, low-interest loans and straight grants to carry them through all four years without dipping into the family wallet. Starting at about $12,000, the higher your income the harder it is to get help. The crunch really begins at $20,000 a year. Those making at least $30,000 can rely on little outside help at all, except for the local Rotary, Kiwanis or Woman's Club scholarship, which usually isn't based on need.

An exception to all the difficulty should be noted: The straight A student active in school affairs can get plenty of aid, no matter what his family's income, authorities say. "Those kids don't apply to college; they get recruited by the colleges," a high-school guidance counselor says.

But for the families of most college-bound students, the already tight financial situation is likely to get worse. Oakland Financial Group Inc., a personal-finance consulting firm, estimates that the higher-education bill for today's 14-year-old high-school freshman will be $5,522 a year at a state college and $9,665 at a private university. For today's 8-year-old, the firm calculates, the annual cost will be $7,677 at a state college and $12,662 at a private one. These projections don't include pin money and they assume no increase in the inflation rate.

"ADMIT-DENY" FORMULA

Clearly, college-financing problems have reached "worrisome proportions," says John Kemeny, president of Dartmouth College. He says that most schools, unable to provide all the help that families seek, end up adopting what he calls a destructive "admit-deny" formula; that is, they admit the students but deny them the required financial assistance. "It's tantamount to denying admission in the first place," he says.

Dartmouth, Harvard and some other colleges are trying to do something about this. Dartmouth has a "custom-tailored" financial aid program intended to make sure that any student admitted for academic reasons won't have to opt out for financial reasons. "It's the opposite of the admit-deny formula," Mr. Kemeny says.

After seeing a 10 percent drop in middle-income students last year, Harvard started a pilot program of low-interest loans—8 percent, compared with about 12 percent for conventional loans—to families earning between $15,000 and $50,000 a year. The loans are repayable over six years.

At least five other schools are phasing in loans similar to Harvard's and carrying interest rates of 8 percent to 3¾ percent. They are Amherst, Bryn Mawr, Cornell University's School of Hotel Administration, Pomona College and Stanford. Yale has come up with a program it calls "tuition postponement option," which allows a student to repay loans after college at a rate based on his income.

One reason that more people are feeling the higher-education squeeze is simply that more people are demanding a college education. The Conference Board, a nonprofit economic-research organization, estimates college enrollment at 11 million and climbing, compared with just three million in 1960. "More people expect to send their children, so more people are aware that it is costly," says Michael McPherson, an economist at Williams College who studies higher-education costs.

William Brennan of Longmeadow, Mass., is more than aware of the situation; he is bitter about it. "Sometimes I think my kids would be better off if I made less money," he says. Mr. Brennan, the father of three children, is a section manager at a roller-chain plant in nearby Springfield. He makes between $30,000 and $35,000 a year. By most people's reckoning, that's a good paycheck. Mr. Brennan says, "I may be a good manager at the plant, but I must be a poor manager at home." He has little savings in the bank.

After paying federal and state taxes, the Brennans are hit with more than $2,000 a year in mortgage payments, another $2,000 for property taxes and "one heck of a lot of money" for such necessities as food, heating fuel and insurance. (The Brennans own two cars—a 1966 Chevrolet and a 1971 Oldsmobile, both paid for.) Indeed, a rundown of the Brennan family ledger shows little surplus, "and we don't live the high life," Mr. Brennan says.

Still, his income precludes any state, federal or college financial aid for the Brennan's son, Bill, completing his second year at Holy Cross College in Worcester, Mass. The tab for tuition, room, board and "pocket money, which really builds up," is more than $5,000 a year, Mr. Brennan says. Last summer Bill made about $1,200 as a clerk in a bookstore and used some of his meager savings. This brought the Brennan family's tab down to $3,600.

Mr. Brennan borrowed this from his company's credit union at 10% interest to be paid in one year, in monthly installments of about $320. The crunch, though, will come next year when the Brennans' daughter, Sheila, an honor student in high school, also tries to attend Holy Cross. If she can't get financial aid and if costs rise as expected, Mr. Brennan could be facing a monthly bill of well over $750, or more than $9,000 a year, for the two collegians.

"What really gets me is Sheila gets good marks in school because she wants to get scholarships," Mr. Brennan says. "But if she can't get a scholarship because of my income, then what kind of incentive is that for a kid to study hard?"

A CASE OF OVERREACH?

While many may sympathize with the plight of the Dosses and Brennans, some others don't. Many college administrators and other authorities say the situation isn't nearly so bad as it's often painted. For one thing, they say, some parents could be suffering a classic case of middle-class overreach by trying to send two or more of their children through college at the same time, without being willing to make such personal sacrifices as remortgaging their homes or selling one of the family cars.

"I'm alarmed at the changing attitude in this country," says Jonathan D. Fife, associate director of a higher-education study group at George Washington University in Washington. "People in the middle class used to be willing to give up anything to help, but today they won't give up anything."

Richard Z., a $25,000-a-year store manager outside Los Angeles, bemoaning the high cost of putting his two sons through college, says he can't contribute anything from his personal savings account because "we finally have enough to renovate our basement." The renovation includes transforming the basement into a 1920s-style speakeasy. "We entertain a lot," Mr. Z. says.

Parents who have conscientiously saved money for college are frequently jarred to find the savings taken into account by college-aid administrators. The savers are entitled to less assistance than families who haven't salted away a penny.

"I was really surprised when I found that out," says Mrs. Victoria Lodoly of St. Louis, whose two sons commute to St. Louis University. She says she and her husband, George, a brewer for Anheuser-Busch, "always tried to put a little away because we knew our children would be going to college some day." One of her sons received a small scholarship, but neither was entitled to other help, principally because the Lodolys' income is around $30,000 a year and they have a savings account.

Some observers discount the talk of overreach and unwillingness to sacrifice. "We're talking about the term liquidity" says William Cavanaugh, an official of the College Scholarship Service. "People appear to be richer, but their resources aren't liquid, they're tied up with bills and other payments." What's more, the term "middle class" covers a wide area, says Nicholas Ryan, financial aid director at Grinnell College, situated amid cornfields outside Des Moines. "What about the farmer? What's he supposed to do, sell a couple of acres a year to put his children through college?"

DECLARATIONS OF INDEPENDENCE

One way to fight back is to declare your children independent. A student who lives away from home can use his own income, not his parents', as the basis for seeking financial aid. This technique hasn't spread much. The College Scholarship Service says the percentage of students declared self-supporting has risen—but only slightly, and mainly because more people in their middle or late 20s are beginning college these days.

Cutting the apron strings can pay off, says John McGrath of Springfield, Mass. His daughter Sherry wasn't eligible for financial aid when she entered Framingham (Mass.) State College three years ago. She married a student at the school, and now, her father says, "she can get financial help from the school or state if she wants."

Most authorities agree that, severe or not, the middle-class squeeze is forcing parents to become more selective—and realistic—about the colleges their children can attend. Typical of such families are the Dosses of Michigan. After denial of aid from Syracuse, daughter Jean has decided to go to the University of Michigan, which is in her home town of Ann Arbor and has a tuition of $904 a year for state residents. Still, her parents, Harvey Doss, a pilot for an air-freight carrier, and Dorothy, a nurse, say they are "a little crushed."

Michigan is a good school, "but we always felt that part of the education process was to live away from home, to meet new people in a different environment," Mrs. Doss says. "I guess we'll have to give that up."

THE SPECTER OF DEREGULATION: TO THINK IT WILL WORK IS NONSENSE

Mr. McGOVERN. Mr. President, the continuing discussion over airline deregulation has surfaced a number of thoughtful articles on both sides of this issue which is so basic to our commercial airline service.

Writing as a guest editor in the May 1977 edition of Air Transport World, Mr. Morten S. Beyer, president of Avmark, Inc., presents a compelling case against airline deregulation. I ask unanimous consent that his article be printed in the RECORD.

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

THE SPECTER OF DEREGULATION: TO THINK IT WILL WORK IS NONSENSE

(A guest editorial by Morten S. Beyer, president of Avmark Inc. and one of the industry's most astute appraisers of airline costs.)

The specter of deregulation has cast a pall of doubt, uncertainty and fear over the U.S. airline industry.

Investor confidence has been seriously undermined. Financial institutions are cold to new debt and equity funding for modern aircraft. The aggressive and confident spirit that sparked the growth of the airline industry has been all but snuffed out. New high-technology aircraft promising greater economy, lower energy consumption and a quieter environment languish on manufacturers' drawing boards.

Promising the public a pie-in-the-sky 25% to 50% reduction in air fares, the deregulators (or reformers if one prefers to call them that) simply don't know what they are talking about. The basic premise they advance is that deregulation will bring lower fares to the public and higher load factors (and profits) to the airlines.

They repeatedly cite the example of Texas and California intrastate airlines which operate outside Civil Aeronautics Board control and which offer their passengers fares that are 35% to 50% lower than those of the CAB-regulated trunks and local service carriers. On the surface their case makes sense: If PSA, Air California and Southwest can do it, why can't TWA, United or Allegheny?

This simplistic comparison has been eagerly and unquestioningly accepted as gospel by the advocates of deregulation. It has been rejected equally emphatically as economic heresy by the airline industry.

No one has bothered to determine the answers to two basic questions:

How do the unregulated intrastate carriers do it?

Can the trunks and locals achieve the same fares and profits if they are deregulated?

Avmark Inc. has just completed a comparison of the operations of two of the major unregulated intrastate carriers, Air California and Southwest, with those of the regulated local and Hawaiian carriers.

The operations of Southwest and Air California are not dissimilar to those of the local and Hawaiian airlines. True, the former do not have the responsibility of serving small communities, but the locals receive some $75 million in subsidy annually to finance this service.

Both groups of carriers use the same aircraft types—Boeing 737s and McDonnell Douglas DC–9s. Fuel, maintenance and financing costs are comparable, as are expenses for landing fees and airport charges. Both groups provide ticketing and reservations, and offer minimal inflight service. Air California is strongly unionized. So why the big discrepancy in operating costs and fares?

There are three major areas of difference between the two groups of carriers:

The intrastate operators install 15–20 more seats than the locals in similar aircraft.

The intrastates have average load factors of 68.75% compared to 53.45% for the locals.

Employee wages on the intrastates are 19.3% lower while productivity is 40% higher.

These factors combine to give the intrastates a seat-mile cost of 4.33¢ compared to 6.47¢ for the locals. Revenue passenger-mile cost differs even more dramatically—6.29¢ for the intrastates vs. 12.10¢ for the locals.

Significantly, aircraft-mile cost for the two groups is substantially the same: $4.92 for the intrastates, $5.30 for the locals. By what alchemy will deregulation bring about major reductions in costs for presently regulated operators?

SEATING CAPACITY

The trunks and locals could, if they wanted, install as many seats in their aircraft as the intrastates do—or more. Aloha and Hawaiian have 115 seats in their DC-9-30s and 737-200s, the same number as Air California and Southwest. The locals, on the other hand, configure their DC-9s and 737s with between 94 and 104 seats. Piedmont even uses only five-abreast seating in its 737–200s—and probably is the only one in the world to do so.

The locals feel these low densities are necessary to meet trunkline competition. Their reasoning is condoned by CAB's economists in subsidy and ratemaking computations. The locals aggressively promote their "Wide Ride" and "First-Class Legroom" in their advertising.

But DC–9–30s and 737–200s are certificated for up to 125 or 130 passengers, and are operated in this configuration in Europe and other parts of the world.

FIRST-CLASS MUST GO!

Similarly, the trunks generally utilize space that would accommodate 30 or more seats on a Boeing 727–200 (and up to 120–150 seats on a 747, DC–10 or L–1011) for such ameni-

ties as first-class sections, coatrooms, carry-on baggage racks, galleys and so forth. To match intrastate seating densities, these amenities would have to go—particularly first-class sections, which contributed more than $1.5 billion to trunk revenues in 1976.

But to the extent that the regulated carriers can see their way clear to increase seating densities, costs per seat-mile can be comparably reduced.

LOAD FACTOR

The reformers seem to believe that the magic wand of deregulation will somehow result in a 25% jump in load factor. But nothing could be further from the truth in the highly competitive markets of the locals and trunks. History has shown that increased competition brings *lower* load factors, not higher.

The highest load factors in the regulated part of the airline industry are achieved by the Hawaiian carriers. These load factors, ranging in the mid-60s, are achieved because Aloha and Hawaiian share their market and practice an oligopolistic restraint in their scheduling. Neither seeks to put the other out of business.

In the California and Texas intrastate markets, PSA, Air California and Southwest have what amounts to monopolies, carrying virtually all of the local traffic in the markets they serve. The California Public Utilities Commission, which regulates that state's intrastate carriers, has been careful to protect them from each other, and trunks and locals have long since abandoned more than token competition.

Prior to CAB sanction of capacity limitation agreements, the trunks drove load factors in the major multicompetitor transcontinental markets below 40%. Today we are witnessing the start of a new low-fare battle among American, United and TWA aimed at filling excessive numbers of empty seats on these same routes.

To the degree that deregulation will create more competition and bring new entrants into the marketplace, history tells us to expect lower load factors—at least until the weakest carriers are driven out and schedule restraint (if not monopoly) takes over.

WAGES AND PRODUCTIVITY

Wages and related costs comprise 40% of the scheduled airlines' expenses. These carriers are all heavily unionized, and the individual wages of airline employes are higher than those in any other major industry in the U.S.

Larger, more efficient aircraft, coupled with fare increases, have blunted the impact of rising wage scales and increasingly restrictive union work rules.

But the fact remains that the major economic advantage enjoyed by the relatively new intrastates arises from their lower wage scales and the higher productivity of their employes. While locals as a group pay their employes an average of $18,533 a year, the intrastates pay only $14,882. A pilot for Southwest flies 775 hours a year, while his counterpart at Allegheny flies only 579 hours. A Hughes Airwest flight attendant serves 6805 passengers a year while an Air California attendant serves 12,554. All of these figures are as of mid-1976.

In summary, Avmarks analysis indicates that intrastate airline employes produced 88% more revenue ton-miles, handled 101.7% more passengers and serviced 56.8% more weighted departures than their local service counterparts.

Some of this higher productivity is due to route structure and equipment as well as management effectiveness. The intrastates *must* operate at this level of efficiency in order to survive.

However, the bulk of the difference comes from labor contract conditions.

The only trunk whose labor costs approach those of the intrastates is Northwest Airlines. In 1975, 29.71% of Northwest's total operating expense was for labor, a figure which compares favorably with the 28.10% estimated for Southwest. If the other trunks emulated Northwest's example, they would have approximately 67,000 fewer employes and their annual wage costs would be reduced by $1.4 billion.

HOW TO REDUCE COSTS

What would happen to the costs of the local service airlines if they were to match the seating density, load factors and wages of Air California or Southwest?

Assuming that revenue passenger-miles stayed the same and that aircraft miles, employment and wages were reduced in order to bring about desired improvements in costs, Avmark has concluded that:

Increased seating density would reduce local service costs 10%, from 12.10 cents per passenger-mile to 10.89 cents.

An increase to intrastate levels in load factors would cut costs per passenger-mile 13.3%, to 10.49 cents.

Higher density seating and higher load factors together would reduce operating costs by a total of $298 million for local industry, dropping passenger-mile cost to 9.62 cents.

A 40% improvement in employe productivity among the locals would eliminate 8541 of the present 29,975 jobs.

Reducing wages to intrastate levels would cut average salary and related costs by $4381 per employe. Total cost reduction for the local industry would be $276.4 million, and passenger-mile costs would drop 20%.

The lower wage costs which give the intrastate carriers such a large economic advantage really have nothing to do with regulation or its absence.

Additional seats and/or higher load factors must assume either a sharp curtailment of scheduled miles flown or a substantial increase in passengers to fill the added capacity.

Most of this won't happen. Higher seating density can reduce seat-mile costs, and lower fares will probably stimulate additional traffic. But some increase in airline income is needed just to stay ahead of inflation, higher wages and increased fuel costs.

Improved load factors can be realized only through more capacity limitations and more monopoly markets—an obvious anathema even in today's regulated industry.

Finally, it is grossly unrealistic to expect deregulation to turn back the clock. Airline labor unions, their members, and managements alike would be loathe to give up hard-won wage benefits and work rules to satisfy reformers' dreams of a deregulated industry. Not surprisingly, labor is solidly opposed to deregulation.

Although today the risk seems minimal that knowledgeable investors will put large amounts of financing at the disposal of new entrants into the airline business, it is possible that the country will again be swept by the "airline fever" that emerged after World War II. In this case, new deregulated airlines could spring up like mushrooms to challenge incumbents with low-cost, non-union operations.

Half of the fare cuts promised by reformers would be possible only if wages were to be rolled back. The other half is dependent on wildly unrealistic dreams of higher load factors, as well as on the increased seating density which already is needed just to absorb continually rising costs.

It is nonsense to think that deregulation will work.

ELECTION DAY REGISTRATION

Mr. HUMPHREY. Mr. President, among the recommendations for election reform submitted by the President to Congress in March, perhaps the most uncertainty has surrounded the operation and results of election day registration. I personally believe this measure would strengthen and invigorate our political institutions by increasing participation. Because the voice of experience is often our most reliable guide, I ask unanimous consent that a letter from the Board of Hennepin County Commissioners be printed in the RECORD.

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

BOARD OF HENNEPIN COUNTY COMMISSIONERS,
Minneapolis, Minn., May 23, 1977.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HUMPHREY: Hennepin County has found that election day and postcard registration substantially increase voter registration and voting. After eight elections in which these methods were used, election day registration was found essential to maintaining a high level of voting.

Local government registration officials elsewhere have expressed concern over whether these methods work well and they question the possibility of fraud. Fears about registration fraud have not been proven to be real and the increased vote indicates that it is not citizen apathy that keeps voting down but the barriers which are put in the way of citizens who might otherwise come to the polls. The strength of local government and democracy are in question when less than half the constituency vote. When pre-registration closes 20 days prior to the election it is a denial of citizenship rights and as unjust as the poll tax and literacy tests.

While election day registration does generate minimal additional costs, the increased turnout and constituent satisfaction are considered worthwhile. Our nation is only as strong as its citizen participation in its elections.

On the basis of the success of the program in Hennepin County we strongly recommend that Congress approve election day and postcard registration.

Sincerely,

JEFF SPARTZ,
Commissioner.
NANCY OLKON,
Commissioner.
THOMAS E. TICEN,
Commissioner.
SAM S. SIVANICH,
Commissioner.
JOHN DERUS,
Chairman of the Board.

CHILES DISCLOSES INCOME TAX RETURN AND FINANCIAL STATEMENT

Mr. CHILES. Mr. President, when I came to the Senate in 1971, I adopted a policy of making public my financial status so that anyone who desired could be aware of my financial interests and could utilize that information in judging my performance as a Senator.

I felt then—and do now even more strongly—that such personal financial disclosure by public officials is vitally important to regaining public confidence in the integrity of those who conduct the people's business. Therefore, I have each year voluntarily made public the finances of my wife and myself. In addition, I have sponsored and cosponsored financial disclosure legislation since early 1971. I continue to hope such legislation will gain congressional approval soon.

At this time, Mr. President, I am again voluntarily submitting a statement of the financial status of my wife and myself. This includes our joint income tax return for 1976 and a statement of holdings.

I ask unanimous consent to have printed in the RECORD the statement of financial status for my wife and myself and our joint income tax return for 1976.

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

WASHINGTON, D.C.,
May 25, 1977.

Hon. STAN KIMMITT,
Secretary of the Senate,
The Capitol,
Washington, D.C.

DEAR MR. SECRETARY: My purpose in writing is to send to you a copy of the joint income tax return filed by my wife and myself for the year 1976 and a statement of financial status. This statement includes holdings and liabilities and is compiled as of the end of December, 1976.

ASSETS

Cash in checking and savings accounts approx	$3,000.00
Stocks and other securities (See Schedule A).	
Real Estate (See Schedule B).	
Miscellaneous Assets (See Schedule C).	

LIABILITIES

Accounts payable	$500.00
Notes payable	$130,000.00

Most sincerely,

LAWTON CHILES.

SCHEDULE A

STOCK AND OTHER SECURITIES

	Shares
Unlisted securities:	
Lake Bonny Properties, Inc. (⅓ equity)	875
Industrial Development, Inc	5
Wild Animal Kingdom	5,000
Over-the-counter stock:	
Anchor Investment Corporation of Florida (⅓ equity) less liabilities	4,728
Founder's Financial Corporation	3,153
Hardwicke Companies, Inc	7,200
Auto Train Corporation	5,350
Mattel	104
Listed securities:	
American Telephone & Telegraph	200
American Home Products	300
Royal Trust Company (TOR)	14
Mobil Oil Company	163
Mobil Oil Bond (8½ due 6/15/2001)	$30,600

SCHEDULE B

REAL ESTATE

The Colonial Building, 910 S. Florida ave., Lakeland, Fla. Completed August 1966; 6 units, 5000 sq. ft. ½ ownership. Mortgage—$34,859.54

Red Lobster Inns—½ ownership of buildings and property which are leased to the restaurant corporation (in which I have no interest):

Red Lobster Inn, Lakeland, Fla. Completed January 1968 with addition November 1968. Mortgage—$120,878.93

Red Lobster Inn, Daytona Beach, Fla. Completed June 1969. Mortgage—$193,237.75

Red Lobster Inn, Tampa, Fla. Completed June 1969. Mortgage—$67,709.06

Red Lobster Inn, St. Petersburg, Fla. Completed October 1969. Mortgage—$188,044.15

Secondary financing obligation on two of four units: $25,940.49

From above properties, income received in 1976 was: $100,572.00

Manatee County, Fla. Property—An undivided ½ interest in the N.W. ¼ of S.W. ¼ of Sec. 34, Township 34 South, Range 18 East. 40 acres in submerged land in Manatee County.

Real estate mortgage receivable—James I. Black, Jr. et ux—16⅔% ownership.

Residence: 940 Lake Hollingsworth Drive, Lakeland, Fla. Mortgage—$31,049.39

Residence: 6612 Malta Lane, McLean, Va. Mortgage—$84,255.53

Residence: Gulf Place, 6700 Gulf Drive, #10, Holmes Beach, Fla., Mortgage—$55,271.28

Real estate contracts receivable: Max Leider, et ux—16⅔% ownership Philip Holland

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SCHEDULE C

MISCELLANEOUS ASSETS

Furnishings.

U.S. INDIVIDUAL INCOME TAX RETURN

Lawton M. Jr. & Rhea G., Federal Building, Lakeland, Florida 33801.

Last name: Chiles.

Your social security number: [redacted] XXXX

Spouse's social security no: [redacted] XXXX

Occupation: Yours and spouse's, U.S. Senator; Housewife.

2. Married filing joint return (even if only one had income).

6a. Regular: Yourself and spouse: 2.

b. First names of your dependent children who lived with you: Rhea Gay, Edward: 2.

d. Total (add lines 6a, b, and c): 4.

f. Total (add lines 6d and e): 4.

8. Presidential Election Campaign Fund: Do you wish to designate $1 of your taxes for this fund? Yes.

If joint return, does your spouse wish to designate $1? Yes.

9. Wages, salaries, tips, and other employee compensation: $44,600.

10a. Dividends: $3,551; 10b. less exclusion, $200. Balance: $3,351.

11. Interest income: $2,705.

12. Income other than wages, dividends, and interest (from line 37): $101,685.

13. Total (add lines 9, 10c, 11 and 12): $152,341.

14. Adjustments to income (such as moving expense, etc. from line 42): $5,290.

15a. Subtract line 14 from line 13: $147,051.

c. Adjusted gross income. Subtract line 15b from line 15a, then complete Part III of back. (If less than $8,000, see page 2 of Instructions on "Earned Income Credit."): $147,051.

16. Tax, check if from: Schedule G: $50,205.

17a. Multiply $35.00 by the number of exemptions on line 6d: $140; b. Enter 2% of line 47 but not more than $180 ($90 if box 3 is checked): $180: $180.

18. Balance. Subtract line 17c from line 16 and enter difference (but not less than zero): $50,025.

20. Balance. Subtract line 19 from line 18 and enter difference (but not less than zero): $50,025.

22. Total (add lines 20 and 21): $50,025.

23a. Total Federal income tax withheld: $11,451.

b. 1976 estimated tax payments: $30,100.

d. Amount paid with Form 4868: $13,449.

24. Total (add lines 23a through e): $55,000.

26. If line 24 is larger than line 22, enter amount overpaid: $4,858.*

28. Amount of line 26 to be credited on 1977 estimated tax: $4,858.

Part I: Income other than Wages, Dividends and Interest:

30a. Net gain or (loss) from sale or exchange of capital assets (attach Schedule D): ($1,000).

31. Net gain or (loss) from Supplemental Schedule of Gains and Losses (attach Form 4797): $1,913.

32. Pensions, annuities, rents, royalties, partnerships, estates or trusts, etc. (attach Schedule E): $100,572.

36. Other (state nature and source—see page 11 of Instructions) Reader's Digest: $200.

37. Total (add lines 29 through 36). Enter here and on line 12: $101,685.

Part II: Adjustments to Income:

39. Employee business expense (attach Form 2106), see attached schedule: $5,290.

42. Total (add lines 38 through 41). Enter here and on line 14: $5,290.

Part III: Tax Computation:

43. Adjusted gross income (from line 15c). If you have unearned income and can be claimed as a dependent on your parent's return, check here, and see page 9 of Instructions: $147,051.

44a. If you itemize deductions, check here, and enter total from Schedule A, line 40, and attach Schedule A:

2 or 5, enter the greater of $2,100 or 16% of line 43—but not more than $2,800: $35,669.

45. Subtract line 44 from line 43 and enter difference (but not less than zero): $111,382.

46. Multiply total number of exemptions claimed on line 6f by $750: $3,000.

47. Taxable income. Subtract line 46 from line 45 and enter difference (but not less than zero): $108,382.

SCHEDULES A AND B—ITEMIZED DEDUCTIONS AND DIVIDEND AND INTEREST INCOME

Lawton M. Jr. and Rhea G. Chiles. Your social security number: 265-36-4818.

Schedule A—Itemized deductions (Schedule B on back)

Medical and Dental Expenses (not compensated by insurance or otherwise) (See page 13 of Instructions.):

1. One half (but not more than $150) of insurance premiums for medical care. (Be sure to include in line 10 below): $150.

10. Total (add lines 1 and 9). Enter here and on line 34: $150.

12. Real estate: $967.

13. State and local gasoline (see gas tax tables): $298.

14. General sales (see sales tax tables): $475.

15. Personal property: $169.

16. Other (itemize) Sales tax auto $152.

17. Total (add lines 11 through 16). Enter here and on line 35: $2,061.

Interest Expense (See page 14 of Instructions):

18. Home mortgage: $7,411.

19. Other (itemize) Gulf Life: $1,568.
Internal Revenue Service: $57.
County Bank: $846.
Gulf Place: $4,194.
First National Bank of Lakeland: $8,640.
Casa Del Mar: $299.
Charge Accounts: $41.

20. Total (add lines 18 and 19). Enter here and on line 36: $23,056.

Contributions (See page 15 of Instructions for examples.):

21. a. Cash contributions for which you have receipts, cancelled checks or other written evidence $5,889.
Church: $160.

24. Total contributions (add lines 21a through 23). Enter here and on line 37: $6,049.

Miscellaneous Deductions (See page 15 of Instructions):

32. Other (itemize):
Dues $336.
Business gifts: $174.
Entertainment: $3,823.
Political contribution: $20.

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*Penalty for underpayment: $117 (Form 2210).

33. Total (add lines 30 through 32). Enter here and on line 39: $4,353.

Summary of itemized deductions

34. Total medical and dental—line 10: $150.
35. Total taxes—line 17: $2,061.
36. Total interest—line 20: $23,056.
37. Total contributions—line 24: $6,049.
39. Total miscellaneous—line 33: $4,353.
40. Total deductions (add lines 34 through 39). Enter here and on Form 1040, line 44: $35,669.

Part I: Dividend Income:
Anchor Investment: $473.
Founders Financial: $158.
American Home Products: $300.
A.T. & T., $740.
Royal Trust: $13.
Mobil Oil: $292.
Marcor Corp.: $1,575.
2. Total of line 1: $3,551.
6. Dividends before exclusion (subtract line 5 from line 2). Enter here and on Form 1040, line 10a: $3,551.

Part II: Interest Income:
Leider-Skipper: $247.
Mobil Oil: $1,409.
Phil Holland: $873.
Prudential Insurance Co.: $83.
Lawyers Guaranty Fund: $25.
County Bank: $68.
8. Total interest income. Enter here and on Form 1040, line 11: $2,705.

Part III: Foreign Accounts and Foreign Trusts:

1. Did you, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (except in a U.S. military banking facility operated by a U.S. financial institution)?: No.

2. Were you the grantor of, or transferor to, a foreign trust during any taxable year, which foreign trust was in being during the current taxable year, whether or not you have any beneficial interest in such trust? If "Yes," attach Form 4683 (For definitions, see Form 4683): No.

CAPITAL GAINS AND LOSSES

Part I: Short-term Capital Gains and Losses—Assets Held Not More Than 6 Months:

4. Short-term capital loss carryover attributable to years beginning after 1969 (see instruction 1): ($30,000).
5. Net short-term gain or (loss), combine lines 3 and 4: ($30,000).

Part II: Long-term Capital Gains and Losses—Assets Held More Than 6 Months.

6. 1020 shares Marcor, Inc.: $20,749.
1965 installment sale—1976 collections at 84.13%: $134.
1971 installment sale—1976 collections at 88.13%: $3,597.
8. Enter gain, if applicable, from Form 4797, line 4(a)(1) (see instruction A): $25,505.
11. Net gain or (loss), combine lines 6 through 10: $49,985.
12. Long-term capital loss carryover attributable to years beginning after 1969 (see instruction 1): ($34,722).
13. Net long-term gain or (loss), combine lines 11 and 12: $15,263.

Part III: Summary of Parts I and II (If You Have Capital Loss Carryovers From Years Beginning Before 1970, Do Not Complete This Part. See Form 4798, Parts III, IV and V.):

14. Combine lines 5 and 13, and enter the net gain or (loss) here: ($14,737).
16. If line 14 shows a loss—

a. Enter one of the following amounts: (iii) If line 5 and line 13 are net losses, enter amount on line 5 added to 50% of amount on line 13: ($14,737).

b. Enter here and enter as a (loss) on Form 1040, line 30a, the smallest of: (iii) Taxable income, as adjusted (see instruction J): ($1,000).

Part IV: Computation of Alternative Tax (See Instruction S to See if the Alternative Tax Will Benefit You):

Note: Enter your capital loss carryovers from 1976 to 1977: Short-term (from Form 4798, Part II or Part V): Post-1969: $13,737.

SUPPLEMENTAL INCOME SCHEDULE

Part II: Rent and Royalty Income:

Have you claimed expenses connected with your vacation home rented to others?: Yes.
8. Net rental income or (loss) (from Form 4831): ($3,785).
10. Total rent and royalty income (add lines 7, 8, and 9): ($3,785).

Part III: Income or Losses From Partnerships, Estates or Trusts, Small Business Corporations:

Chiles & Ellsworth: (P) 59-6232705: $104,357.
11. Totals: $104,357.
12. Income, or (loss). Total of column (d) less total of column (e): $104,357.
13. Total (add lines 5, 10, and 12). Enter here and on Form 1040, line 32a: $100,572.

INCOME AVERAGING

Taxable Income and Adjustments:

1. Taxable income (see Specific Instructions on page 4):
(a) Computation year 1976: $108,382.
(b) 1st preceding base period year 1975: $93,189.
(c) 2nd preceding base period year 1974: $85,182.
(d) 3rd preceding base period tax year 1973: $76,035.
(e) 4th preceding base period year 1972: $68,313.
4. Adjusted taxable income (line 1 less line 3.) If less than zero, enter zero: $108,382.
(a) Computation year 1976: $108,382.
5. Base period income (line 1 plus line 2). If less than zero, enter zero:
(b) 1st preceding base period year 1975: $93,189.
(c) 2d preceding base period year 1974: $85,182.
(d) 3rd preceding base period year 1973: $76,035.
(e) 4th preceding base period year 1972: $68,313.

Computation of Averagable income:

6. Adjusted taxable income from line 4, column (a): $108,382.
7. 30% of the sum of line 5, columns (b), (c), (d), and (e): $96,816.
8. Averagable income (line 6 less line 7): $11,566.

Computation of Tax:

9. Amount from line 8: $96,816.
10. 20% of line 8: $2,313.
11. Total (add lines 9 and 10): $99,129.
13. Total (add lines 11 and 12): $99,129.
14. Tax on amount on line 13:* $44,657.
15. Tax on amount on line 11:* $44,657.
16. Tax on amount on line 9:* $43,270.
17. Difference (line 15 less line 16): $1,387.
18. Multiply the amount on line 17 by 4: $5,548.
19. Tax (add lines 14 and 18). Enter here and on Form 1040, line 16. Also check Schedule G box on Form 1040, line 16: $50,205.

SALE OR EXCHANGE OF PERSONAL RESIDENCE

1(a) Date former residence sold: 1-16-76.
(b) Have you ever deferred any gain on the sale or exchange of a personal residence?: No.
(c) Have you ever claimed a credit for purchase or construction of a new principal residence? (If you answered "Yes," see Form 5405, Part II.): No.
(e) Were any rooms in either residence rented or used for business purposes at any time? (If "Yes," explain on separate sheet and attach.): No.

(f) If you were married, do you and your spouse have the same proportionate ownership interest in your new residence as you had in your old residence? (If "No," see the Consent on other side.): Yes.
2(a) Date new residence bought: 11-26-75.
(b) If new residence was constructed for or by you, date construction began: N/A.
(c) Date you occupied new residence: 1-16-76.
(d) Were both the old and new properties used as your principal residence? Yes.
3(a) Were you 65 or older on date of sale? (If you answered "Yes," see Note below.): No.

Computation of Gain and Adjusted Sales Price

4. Selling price of residence. (Do not include selling price of personal property items.): $110,000.
5. Less: Commissions and other expenses of sale (from Schedule I on other side): $6,706.
6. Amount realized: $103,294.
E. Less: Basis of residence sold (from Schedule II on other side): $78,114.
8. Gain on sale (line 6 less line 7). If line 7 is more than line 6, there is no gain, so you should not make further entries on this form: $25,180.
9. Fixing-up expenses (from Schedule III on other side): $118.
10. Adjusted sales price (line 6 less line 9): $103,176.

Computation of Gain to be Reported and Adjusted Basis of New Residence—General Rule

11. Cost of new residence: $110,899.
13. Gain on which tax is to be deferred (line 8 less line 12): $25,180.
14. Adjusted basis of new residence (line 11 less line 13): $85,719).

Schedule I—Commissions and Other Expenses of Sale (Line 5):
Commission: $6,600.
Settlement Fee: $50.
Document Preparation: $56.
Total: $6,706.

Schedule II—Basis of Old Residence (Line 7):
Purchase Price: $72,200.
Expenses of Purchase: $936.
Improvements: $4,678.
Total: $78,114.

Schedule III—Fixing-up Expenses (Line 9):
Miscellaneous: Date work performed: 12-75. Date paid: 12-75: $118.
1. 1976 tax (from Form 1040, line 22): $50,025.
9. Balance (line 1 less line 8): $50,025.
10. Enter 80% of the amount shown on line 9: $40,020.
11. Divide amount on line 10 by the number of installments required for the year (see Instruction B). Enter the result in appropriate columns: Apr. 15, 1976: $10,005; June 15, 1976: $10,005; Sept. 15, 1976: $10,005; Jan. 15, 1977: $10,005.
12. Amounts paid on estimate for each period and tax withheld (see Instruction E): Apr. 15, 1976: $2,862; June 15, 1976: $17,913; Sept. 15, 1976: $2,863; Jan. 15, 1977: $17,913.
13. Overpayment of previous installment (see Instruction F): Sept. 15, 1976: $765.
14. Total (add lines 12 and 13): Apr. 15, 1976: $2,862; June 15, 1976: $17,913; Sept. 15, 1976: $3,628; Jan. 15, 1977: $17,913.
15. Underpayment (line 11 less line 14) or Overpayment (line 14 less line 11): Apr. 15, 1976: $7,143; June 15, 1976: $7,908; Sept. 15, 1976; $6,377; Jan. 15, 1977: $7,908.

Exceptions Which Avoid the Penalty (See Instruction D):

16. Total amount paid and withheld from January 1 through the installment date indicated: Apr. 15, 1976: $2,862; June 15, 1976: $20,775; Sept. 15, 1976: $23,638; Jan. 15, 1977: $41,551.

*If the amount on which the tax is to be computed is $20,000 or less use the Tax Table: if more than $20,000 use Tax Rate Schedule X, Y, or Z.

17. Exception 1.—Prior year's tax. 1975 tax: $40,756.

25% of 1975 tax: $10,189

25% of 1975 tax: $10,189.

50% of 1975 tax: $20,378.

75% of 1975 tax: $30,567.

100% of 1975 tax: $40,756.

How to Figure the Penalty (Complete lines 21 through 25 for installments not avoided by an exception):

21. Amount of underpayment (from line 15): $7,143; and $6,377.

22. Date of payment or April 15, 1977, whichever is earlier (see Instruction G): 6/15/76, and 10/12/76.

23. Number of days from due date of installment to date shown on line 22: 61 and 27.

24. Penalty (7 percent a year on the amount shown on line 21 for the number of days shown on line 23): 84 and 33.

SUPPLEMENTAL SCHEDULE OF GAINS AND LOSSES

Part I: Sales or Exchanges of Property Used in Trade or Business, and Involuntary Conversions (Section 1231):

Section A.—Involuntary Conversions Due to Casualty and Theft (See Instruction E):

1. Jewelry: a. Date acquired (mo., day, yr.), 1954; c. Date sold (mo., day, yr), 1976; d. Gross sales price: $18,000; f. Cost of other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale: $5,953; g. Gain or loss (d plus e less f): $12,047.

2. Combine the amounts on line 1. Enter here, and on the appropriate line as follows: $12,047.

Section B.—Sales or Exchanges of Property Used in Trade or Business and Certain Involuntary Conversions (Not Reportable in Section A) (See Instruction E):

3. From line 2: $12,047.

Gain from Part III, Line 23: $13,458.

4. Combine the amounts on line 3. Enter here, and on the appropriate line as follows: $25,505.

Part II: Ordinary Gains and Losses:

7. Gain, if any, from page 2, line 22: $1,913.

9. Combine amounts on lines 5 through 8. Enter here, and on the appropriate line as follows: $1,913.

(b) For individual returns:

(2) Redetermine the gain or (loss) on line 9, excluding the loss (if any) entered on line 9(b)(1). Enter here and on Form 1040, line 31: $1,913.

Part III: Gain from Disposition of Property Under Sections 1245, 1250, 1251, 1252, 1254—Assets Held More than Six Months (See Seperate Instructions):

(A) Apartment—Casa Del Mar: Date acquired: 9/20/72; Date sold: 12/15/76.

(B) Furnishings—Casa Del Mar: Date acquired: 1973; Date sold: 12/15/76.

Relate lines 10(A) through 10(D) to these columns: Property (A) and Property (B):

11. Gross sales price: $43,500 and $4,000.

12. Costs or other basis and expense of sale: $34,305 and $3,024.

13. Depreciation (or depletion) allowed (or allowable): $3,287 and $1,913.

14. Adjusted basis, line 12 less line 13: $31,018 and $1,111.

15. Total gain, line 11 less line 14: $12,482 and $2,889.

16. If section 1245 property:

(a) Depreciation allowed (or allowable) after applicable date (see instructions): $1,913.

(b) Enter smaller of line 15 or 16(a): $1,913.

Summary of Part III Gains (Complete Property columns (A) through (D) through line 20(b) before going to line 21):

21. Total gains for all properties (add columns (A) through (D), line 15): $15,371.

22. Add columns (A) through (D), lines 16 (b), 17(i), 18(d), 19(f), and 20 (b). Enter here and on line 7: $1,913.

23. Subtract line 22 from line 21. Enter here and on line 7: $1,913.

23. Subtract line 22 from line 21. Enter here and in appropriate Section in Part I (See instructions E and G.2): $13,458.

CAPITAL LOSS CARRYOVER

Part I: Post-1969 Capital Loss Carryovers to 1976 (Complete this part if the amount on your 1975 Schedule D (Form 1040), line 16 (a), is larger than the loss deducted on your 1975 Form 1040, line 29a.):

Section A.—Short-term Capital Loss Carryover:

1. Enter loss shown on your 1975 Schedule D (Form 1040), line 5; if none, enter zero and ignore lines 2 through 6—then go to line 7: $31,000.

2. Enter gain shown on your 1975 Schedule D (Form 1040), line 13. If that line is blank or shows a loss, enter a zero: None.

3. Reduce any loss on line 1 to the extent of any gain on line 2: $31,000.

4. Enter amount shown on your 1975 Form 1040, line 29a: $1,000.

5. Enter smaller of line 3 or 4: $1,000.

6. Exess of amount on line 3 over amount on line 5: $30,000.

Section B.—Long-term Capital Loss Carryover:

7. Line 4 less line 5 (Note: If you ignored lines 2 through 6, enter amount from your 1975 Form 1040, line 29a): None.

8. Enter loss from your 1975 Schedule D (Form 1040), line 13; if none, enter zero and ignore lines 9 through 12: $34,722.

9. Enter gain shown on your 1975 Schedule D (Form 1040), line 5. If that line is blank or shows a loss, enter a zero: None.

10. Reduce any loss on line 8 to the extent of any gain on line 9: $34,722.

11. Multiply amount on line 7 by 2: None.

12. Excess of amount on line 10 over amount on line 11: $34,722.

Part II: Post-1969 Capital Loss Carryover from 1976 to 1977 (Complete this part if the amount on your 1976 Schedule D (Form 1040), line 16a, is larger than the loss deducted on your 1976 Form 1040, line 30a.):

Section A.—Short-term Capital Loss Ca.ryover:

1. Enter loss shown on your 1976 Schedule D (Form 1040), line 5; if none, enter zero and ignore lines 2 through 6—then go to line 7: $30,000.

2. Enter gain shown on your 1976 Schedule D (Form 1040), line 13. If that line is blank or shows a loss, enter a zero: $15,263.

3. Reduce any loss on line 1 to the extent of any gain on line 2: $14,737.

4. Enter amount shown on your 1976 Form 1040, line 30a: $1,000.

5. Enter smaller of line 3 or 4: $1,000.

6. Excess of amount on line 3 over amount on line 5: $13,737.

Section B.—Long-term Capital Loss Carryover:

8. Enter loss from your 1976 Schedule D (Form 1040), line 13; if none, enter zero and ignore lines 9 through 12: None.

RENTAL INCOME

1. Kind and Location of Property:

Property A: Lake Hollingsworth, Florida: Residential.

Property B: Casa Del Mar, Lake Worth, Florida: Residential.

Income:

2. Rents received: Property A: $5,400; Property B: $2,525.

3. Total (add amounts on line 2): $7,925.

6. Cleaning: Property B: $98.

7. Commissions: Property A: $540; Property B: $253.

8. Gardening: Property A: $211.

9. Insurance: Property A: $151; Property B: $51.

10. Interest: Property A: $2,200; Property B: $1,303.

15. Repairs (list): Roofing: Property A: $92.

Plumbing: Property A: $122.

Maintenance: Property B: $467.

Deductions:

18. Taxes and licenses: Property A: $822; Property B: $1,199.

19. Telephone: Property B: $117.

20. Utilities: Property B: $488.

21. Other (list): Land Rent: Property B: $14.

Miscellaneous: Property A: $373.

22. Add lines 4 through 21: Property A: $4,511; Property B: $3,990.

23. Total (add amounts on line 22): $8,501.

24. Depreciation expense (from page 2, line 28, column (g): $3,209.

25. Total deductions (add lines 23 and 24): $11,710.

26. Net income (or loss) from rents (line 3 less line 25). Enter here and in Schedule E (Form 1040), Part II, line 8: $(3,785).

Schedule for Depreciation Claimed on Page 1, Line 24:

27. Total additional first-year depreciation (do not include in items below):

Property A—House: $1,600.

Property A—F and F: $382.

Total: $1,982.

Property B—Building: $776*.

Property B—F and F: $451*.

Total: $1,227.

28. Totals: $84,149: $3,209.

APPLICATION FOR AUTOMATIC EXTENSION OF TIME TO FILE U.S. INDIVIDUAL INCOME TAX RETURN

1. Total tax you expect to owe for 1976 (see instruction C): $55,000.

2. Federal income tax withheld: $11,451.

3. 1976 Estimated tax payments (include 1975 overpayment allowed as a credit): $30,100.

5. Total (add lines 2, 3, and 4): $41,551.

6. Balance due (subtract line 5 from line 1). Pay in full with this application: $13,449.

Signature and Verification:

If Prepared by Taxpayer.—Under penalties of perjury, I declare that to the best of my knowledge and belief, the statements made herein are true and correct:

Lawton Chiles, 4/14/77.

Rhea Chiles, 4/14/77.

Receipt for certified mail:

Sent to: IRS Center, Southeast Region, Chamblee, Georgia 30006.

Lawton M. Jr. and Rhea G. Chiles: 1976; XXXX

Schedule of congressional reimbursements and expenses:

Reimbursements:	
Travel	$2,446
Official expense	26,200*
Total reimbursements	28,646
Expenses:	
Travel	4,736
Official expense	26,200*
Cost of living, Washington, D.C.**	3,000
Total expenses	33,936
Excess expenses over reimbursements	5,290

*Includes $2,117 excess campaign contributions used to pay office expenses in 1976.

**See attached affadavit.

Vacation home (Casa Del Mar):

The vacation home was rented by taxpayer for sixty-one days and used personally for fourteen days. Expenses have been reduced by the ratio of personal use days to total use days.

I hereby certify that I was in a travel status in the Washington area, away from

*Depreciation for 11 months. (See attached statement.)

home, in the performance of my official duties as a Member of Congress, for 178 days during the taxable year, and my deductible living expenses while in such travel status amounted to $3,000.

NONDEGRADATION FACTSHEET

Mr. MUSKIE. Mr. President, when the Senate considered the Clean Air Amendments of 1976 last year, the most controversial issue was the nondegradation provision. This is an important policy first contained in the 1967 Air Quality Act. It is a policy I helped develop and one I continue to support.

Last year the Senate voted 31 to 63 to embrace the committee's nondegradation proposal. New opposition on this issue is likely to occur when the Senate considers the Clean Air Amendments of 1977 later this week. In order to provide further information on this subject, I have developed comments on the newest proposals to weaken the nondegradation provision which have been circulating. In addition I have had last year's nondegradation factsheet updated for inclusion with this statement because it provides the basic information which is relevant to consideration of nondegradation policy.

A. EXEMPTION FOR 18 DAYS (5 PERCENT) OF THE YEAR

ALLEGATION

An exception should be made to the class I and class II increments which would allow them to be exceeded 18 days of the year. This would allow siting of large plants that are needed for energy production but would not have significant impact on air quality.

FACT

An exemption for 18 days of the year—approximately 5 percent of the year—virtually eliminates any of the air quality protection provided by the nondegradation increments scheme. The opponents of the nondegradation provision last year attempted to eliminate or suspend the entire provision. That failed by an overwhelming vote 31 to 63. It appears that this year the opponents of this provision will propose amendments that appear less damaging but in actuality cut the heart out of the nondegradation provision and leave no protection for air quality.

Where air quality values would not be adversely affected by emissions greater than the class I increments allow, the Senate bill already provides a flexible mechanism to allow approval of such projects. The owner of the proposed source may apply for approval to construct in such a case, and if the Governor and the Federal Land Manager agree that air quality would not be adversely affected, then the plant can receive approval. This is a flexible system based on the analysis of the specific land area and project. To put in place a more rigid, destructive, and difficult to implement exemption system is unnecessary and unwise.

Exempting 18 days—5 percent of the year—would allow an increase in total emissions of up to 400 percent in flat areas and 1,000 percent in rugged terrain. If average daily visibility were 70 miles, then on the exempted 18 days, visibility could decline to 19 miles. It would also decline substantially for the entire year. The allowable plant size would be increased by 4 to 10 times by this seemingly small exemption.

How could what appears to be a small exemption have such a large effect on air quality, total emissions, and expanded plant size? An 18 day—5 percent—exemption has the effect of allowing a huge increase in pollution. This occurs because all air quality control programs rest on the approach of catching the peak periods of emissions and thereby controlling total emissions to a more moderate level. If the ability to capture these peak periods is eliminated by such an exemption, then the principal technique for controlling total emissions is lost.

This would also be true for the national ambient air quality standards which protect public health. For example, if the 18 worst days of pollution in Washington, D.C., were eliminated from consideration each year, Washington, D.C., would be declared a virtually "pollution-free" city. That would be absurd, as anyone who has lived in the Washington, D.C., metropolitan area for any length of time knows.

A further complication arises under such a proposal. Though technical, it is extremely important and is the kind of factor that can destroy protection provided under the nondegradation scheme. Air pollution modeling of the dispersion of a plume from a stack can estimate the highest concentrations that will occur. This is single, worst case, analysis and is commonly calculated by EPA, State agencies, and consulting firms.

But calculation of the percentage of violation is a very different proposition. It is extremely complicated, and probably impossible in areas of rugged terrain. Such calculations are beyond the present capability of most State agencies and consulting firms. An exemption that is extremely expensive to attempt, and impossible to calculate in many cases, is not an appropriate system to place in the bill as a legislative requirement.

President Carter and Secretary designate Schlesinger have both indicated that fulfillment of the President's energy plan does not rest on providing an exemption from the requirements of the Senate bill. The energy plan does not require the destruction of visibility in pristine areas such as parks and wilderness areas; it does not require reducing air quality substantially where air is already clean. There are ample sites available for locating new powerplants without such exemptions.

Companies that continue to cling to the siting of huge powerplants within 5 to 10 miles of national parks are blindly ignoring the clearly stated opinion of the American public. In a public opinion poll conducted for the Federal Energy Administration in 1975, 94 percent of the public said they wanted clean air areas protected from further pollution.

The President, the energy officials of the administration, and the Senate committee agree with that assessment and have found that a system of exemptions is entirely unnecessary.

B. ELIMINATION OF SHORT-TERM INCREMENTS

ALLEGATION

The 24-hour or 3-hour increments are unnecessary and should be dropped. The annual average increment levels are sufficient.

FACT

Eliminating the short-term 3-hour and 24-hour increments from the bill would completely undermine the protection provided by the nondegradation policy.

An annual average is the sum of a year's daily pollution readings. Since they are only averages, they can mask high air pollution concentrations. The annual average has never been found to be the protective factor in any of the studies on nondegradation. Projected emissions always exceed the 3-hour and 24-hour increments before they exceed the annual increment. The Environmental Protection Agency studied 33 existing plants to provide the data used in Russell Train's March 10, 1975, letter on this subject. Mr. Train concluded that in two-thirds of the plants studied, if nondegradation requirements had been applicable for those plants, the amount of pollution allowed would have more than doubled compared to nondegradation requirements with the short term increments kept in place. In response to a letter I wrote on this subject, Russell Train, Administrator of the Environmental Protection Agency at that time, has said:

"The short-term increments are generally controlling for sources with elevated emission points (e.g., power plants . . . For example, it is entirely possible that a new power plant could meet the annual Class II increments for both sulfur dioxide (SO_2) and particulate matter (TSP) yet cause short-term concentrations that would approach the short-term national ambient air quality standards (NAAQS).

Thirty-three existing plants were analyzed. . . . Clearly, sole application of the annual increment would not, in many cases, provide a significant margin of nondeterioration protection beyond the primary and secondary NAAQS if a source could create short-term concentrations up to the 24-hour or 3-hour national standards.

In addition, . . . allowing degradation up to the three-hour secondary NAAQS, could possibly result in damage to certain commercial crops.

. . . the 24-hour concentration of particulates has a considerable impact on visibility. For example, degradation up to the 24-hour NAAQS would reduce visibility from more than 70 miles to about 5 miles. Sole use of the annual increment for nondeterioration would, in many cases, allow such a reduction in visibility to occur."

If the proposal were to remove only the three-hour and 24-hour class I increments, it would still allow substantial damage to occur in visibility over parks and wilderness areas. Mr. Train stated the following: "In fact, even under the Senate 24-hour Class II increment, visibility would be reduced under the same circumstances (i.e. existing air quality of 10 micrograms per cubic meter) from 70 miles to about 19 miles.

C. ADDITIONAL QUESTIONS AND ANSWERS

Contents:

6. CHESS Study.
7. Construction Delays.
8. Buffer Zones.
9. No Growth Areas.
10. New Housing, Farming, Manufacturing.
11. Natural Emissions.
12. Federal Class I Areas.
13. New Parks and Wilderness Areas.
14. Land Use.
15. Inequity Among States.
16. Western States and Energy.
17. Job Losses.
18. Lack of Information.
19. Modeling and Monitoring Technology.
20. Clean Air is a Luxury.
21. Poor People and Fixed Incomes.
22. Control of Permits.

1. ALLEGATION

An exemption from nondegradation requirements is necessary to allow growth in urban areas and in the southern areas of the United States.

FACT

This allegation shows a great confusion between the problems of urban and rural areas. The problem in urban areas is that many have already exceeded national health standards, and therefore are not affected by the nondegradation provision. This problem in no way relates to the provision under discussion. Instead it raises a question related to the "nonattainment" section of the bill. This is addressed in a totally separate section of the bill, where the committee has modified EPA policy to allow greater flexibility for growth in such areas, under carefully controlled conditions.

With regard to southern rural areas, the exemptions mentioned here are principally for western States with large parks and wilderness areas. The effect of the exemptions proposed would be to allow huge facilities to locate close to national parks such as the Grand Canyon, Bryce Canyon, Yellowstone, and other scenic areas. The exemptions would have no negative impact on the ability of western states to supply coal to midwestern and southern States.

2. ALLEGATION

An exemption from the nondegradation increments—such as an 18-day exemption—is necessary in order to allow the siting of the intermountain power project which would supply electricity to the State of California for 3 million people.

FACT

The intermountain power project could be redesigned, relocated, and be able to supply power to the State of California. The companies promising the project have indicated that it would be possible to relocate the plant further from the Capital Reef National Park, but have indicated that they have no desire to do so, and have rejected sugestions to separate the plant into two large facilities which could be sited apart from each other and thereby reduce air quality impact. Instead, the owners insist on one mammoth powerplant larger than any now in existence.

The intermountain power project—IPP—is a 3,000 megawatt powerplant proposed for location approximately 7½ miles outside Capital Reef National Park in Utah. The emissions from the proposed plant would have a substantial negative impact on the scenic area of the park and the surrounding parks, monuments, and wilderness areas in the Southwest. Scientific projections have been calculated regarding the impact of the IPP project on visibility in the area if an 18-day exemption were allowed. These studies show that visibility from some of the most beautiful viewpoints in the park would decline from an existing visibility range of 100 miles down to 15 miles. The esthetic impact would be severe; the particulate matter and nitrogen dioxide from the emission of such a plant creates a brownish-orange plume which is highly identifiable. The refusal of the owners to relocate this facility away from the park, where sites are available and coal supplies plentiful, is an example of arrogant flaunting of the public interest. Such a facility should not be allowed to dictate Federal policy regarding the protection of highly valued recreation and scenic areas.

3. ALLEGATION

Legislative hearings have not been held on this provision.

FACT

Since enactment of the 1970 Clean Air Amendments, the Subcommittee on Environmental Pollution has held 56 days of hearings to review implications of that act. Specific hearings on nondegradation were held in 1973, 1974, 1975, and 1977. In 1975, 14 days of hearings were held and 48 markup sessions were conducted. One entire day of hearings was focused completely on nondegradation in 1975, and the subject was discussed in numerous other hearings that year. In 1976 4 days of hearings on specific legislation were held. Nondegradation was specifically discussed. Legislative proposals submitted to and considered by the committee included President Ford's proposal, the Environmental Protection Agency's existing regulations, and legislative proposals from the following organizations: The American Paper Institute, the American Mining Congress, Dupont, the National Association of Manufacturers, Shell Oil, Utah Power & Light, Cast Metals Federation, chamber of commerce, National Association of Counties, the Electric Utility Industry, Continental Oil Co., the Sierra Club, and the State of New Mexico and many other groups. The hearings were a combination of oversight and legislative hearings.

4. ALLEGATION

States have not been involved adequately in developing these amendments.

FACT

Twenty States joined the Sierra Club or submitted independent suits requesting the courts to require a nondegradation policy. These States joined the initial Sierra Club suit: Alabama, Connecticut, Florida, Kansas, Louisiana, Maine, Massachusetts, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Dakota, Vermont, Texas. These States filed independent suits requesting the courts to require a nodegradation policy: Illinois, New York, Texas, California, Michigan, and Minnesota—Minnesota adopted the Michigan brief. Only three States opposed the suits requesting the courts to require a nondegradation policy: Utah, Arizona, and Virginia.

In addition to joining suits, the following States have expressed support over the past several years for a policy of prevention of significant deterioration: Alaska, Colorado, Georgia, Hawaii, Idaho, Indiana, Kentucky, Maryland, Montana, Nevada, New Jersey, North Dakota, West Virginia, Wisconsin, and Wyoming.

Eight States testified in 1975 during the clean air hearings: New Mexico, Nebraska, Texas, Colorado, New York, California, Montana, and West Virginia. All submitted comments on nondegradation. Three meetings were held between the committee staff and State air pollution control officials representing the members of the Governors' conference. In addition, 12 meetings were held between individual State officials and committee staff members. Additional meetings were held in 1976 and 1977.

It was on the basis of the suggestions made in such meetings and statements from these witnesses that caused the committee to make substantial changes in the legislative proposals regarding nondegradation.

On May 12, 1976, the chairman of the national Governors' conference, Gov. Robert D. Ray of Iowa, sent a telegram opposing the delay of congressional action on this issue and said this:

I would like to advise that the policy of the National Governor's Conference (NGC) call for a decision for Congress to allow each State maximum flexibility to incorporate local guidance in its decisionmaking. An amendment to be offered by Senator Moss to S. 3219 would put off Congressional action on this action.

Many States are concerned that the passage of such an amendment would result in continuing litigation over present court-ordered Federal regulations and bring about uncertainties among the States and other interested parties in planning for overall development in clean air areas. Therefore, I urge you and your colleagues to insure that the vital issue of prevention of significant deterioration is settled now by Congress.

5. ALLEGATION

No studies have been done. A further 1-year study is necessary to have adequate information upon which to base a decision.

FACT

This is totally untrue. Ongoing studies of implementation should be conducted, but extensive studies already exist analyzing nondegradation policy and options.

The Environmental Protection Agency has spent approximately $1 million in studies on nodegradation policies. This is one of the most extensive and expensive series of studies which has been conducted on environmental regulations. Prior to promulgation of the final EPA regulations on December 5, 1975, EPA compiled the following studies:

First. Technical Support Document—EPA Regulations for Preventing the Significant Deterioration of Air Quality, Environmental Protection Agency, January 1975.

Second. "Sierra Club et al. Litigation—Significant Deterioration," B. J. Steigerwald, September 27, 1972.

Third. "Summary of Responses Received Regarding the Prevention of Significant Deterioration."

Fourth. "Summary of Responses Received Regarding the August 27, 1974, Proposal To Prevent Significant Deterioration of Air Quality."

Fifth. "Summary of State Responses on 'Significant Deterioration' Proposal."

Sixth. "The Impact of Proposed Nondegradation Regulations on Economic Growth," volumes 1 and 2, Harbridge House, Inc., November 1973.

Seventh. "Implications of Nondegradation Policies on Clean Air Regions: A Case Study of the Dallas-Ft. Worth AQCR (215)," U.S. Department of Commerce, May 1974.

Eighth. "Analysis of the U.S. EPA's Proposals to Prevent Significant Deterioration Relative to the Development Outlook for New York State," New York State Department of Environmental Conservation, October 1973.

Ninth. "Impact of the Proposed Nondegradation Alternatives on New Power Plants," TRW, Inc., September 28, 1973.

Tenth. "Economic Growth and Development Impacts of Proposals to Prevent Significant Deterioration of Air Quality."

Eleventh. "Scientific Factors Bearing on Regulatory Policies to Assure Nondegradation of Air Quality."

Twelfth. "Availability of Air Quality Data in Areas Generally Below the NAAQS."

Thirteenth. "Technical Data in Support of Significant Deterioration Issue."

Fourteenth. "Nondegradation and Power Plant Size," J. A. Tikvart, August 12, 1974.

Fifteenth. "Significant Deterioration in Zone I Areas and the Relative Location of Powerplants," J. S. Tikvart, October 15, 1974.

Sixteenth. "Discussion Paper on the Magnitude of the Class II Increment in the Significant Deterioration Regulations."

Seventeenth. "Emissions of Sources Subject to Significant Deterioration Issue."

Eighteenth. "Guidelines for Air Quality Maintenance Planning and Analysis, volume 10: Reviewing New Stationary Sources," EPA, September 1974.

Nineteenth. "Guidelines for Air Quality Maintenance Planning and Analysis, volume 12: Applying Atmospheric Simulation Models to Air Quality Maintenance Areas," EPA, September 1974.

Twentieth. "Findings of Task Force on Significant Deterioration," R. G. Rhoads, December 20, 1973.

Twenty-first: "The Largest Annual Average, Maximum 24-Hour and Minimum 3-Hour Concentrations of Sulfur Dioxide Produced Per Year by a Modern 1,000-MW Electric Power Plant Meeting the New Source Performance Standards for Sulfur Dioxide Emissions," Enviroplan, Inc., 1974.

In addition, the Environmental Protection Agency received over 3,000 pages of testimony at the hearings held on its proposed regulations. Ninety-one comments were received from industry.

The following studies have been conducted on various Senate committee proposals:

First. "An Analysis of the Impact on the Electric Utility Industry of the Alternative Approaches to Significant Deterioration", EPA/FEA, October 1975;

Second. Chamber of Commerce Analysis and Discussion Papers;

Third. Analysis of the Impact of the Senate Proposals on the State of Alaska;

Fourth. "A Preliminary Analysis of the Economic Impact on the Electric Utility Industry of Alternative Approaches to Significant Deterioration", EPA, February 5, 1976;

Fifth. "Impact of Significant Deterioration Proposals on the Siting of Power Plants" by Environmental Research and Technology, Inc., February 18, 1976;

Sixth. "Impact Analysis of the Effective Proposed Clean Air Act Amendments and Existing EPA Significant Deterioration Regulations on Electric Utilities in Minnesota and Wisconsin" by David Hoffman, James Bechthol, November 14, 1975;

Seventh. "Technical Studies for Assessing the Impact of Significant Deterioration Regulations," EPA, May 1976;

Eighth. "Summary of EPA Analysis of the Regional Consumer Impact of the Clean Air Act on Significant Deterioration," EPA, May 3, 1976;

Ninth. "A Preliminary Critique of FEA's Analysis of the Impact of Significant Deterioration on Oil Consumption", May 3, 1976;

Tenth. "Estimated Cost for the Electric Utility Industry of Nonsignificant Deterioration Amendments Currently Considered by the United States," NERA, April 16, 1976;

Eleventh. American Petroleum Institute Report by John J. Anderson, April 19, 1975;

Twelfth. "Summary of EPA Analysis of the Impact of the Senate Significant Deterioration Proposal", April 28, 1976;

Thirteenth. "Proposed Clean Air Amendments: Implications of Proposed Rules for Nondeterioration of Air Quality on the Construction of Kraft, Pulp and Paper Mills", Environmental Research and Technology, Inc., for the American Paper Institute, September 9, 1975;

Fourteenth. "Proposed Clean Air Amendments: Implications of Nondeterioration Rules on Maine", Environmental Research and Technology, Inc., for the American Paper Institute, August 28, 1975;

Fifteenth. "The Effect of Proposed Nondeterioration Rules on the State of Maine," Environmental Research and Technology, Inc., for the American Paper Institute, October 30, 1975;

Sixteenth. "A Summary of the Background Levels of Air Quality Parameters for the Oil Shale Tracks in Colorado and Utah from September 1974 through February 1975," American Petroleum Institute, July 14, 1975;

Seventeenth. "Power Plant Impacts on National Recreation Resources," Department of the Interior, March 1976:

Eighteenth. "An Air Quality Evaluation for the Intermountain Power Project," Westinghouse Electric Cooperation Environmental Systems, October 16, 1975;

Nineteenth. "Health Basis for Preventing Significant Deterioration: An Ounce of Prevention," December 3, 1975;

Twentieth. "Benefits From Preventing Significant Deterioration of Air Quality", April 14, 1976;

Twenty-first. "Impact of Proposed Nonsignificant Deterioration Provisions", Draft Interim Report, Inter-City Fund, Inc., April 14, 1976;

Twenty-second. "Impact of Significant Deterioration Proposals Upon Western Surface Coal Mining Operations," Environmental Research and Technology, Inc., for the Federal Energy Administration, May 5, 1976;

Twenty-third. "An Evaluation of Additional Production Costs for Significant Deterioration and Best Available Control Technology Proposals", General Electric Company, April 26, 1976;

Twenty-fourth. "Technical Evaluation of the Nondeterioration Portions of Proposed Clean Air Act Amendment," Environmental Research and Technology, Inc., February 1977;

Twenty-fifth. "The Impact of Significant Deterioration Proposals on the Siting of Electric Generating Facilities—Documentation of Analyses Undertaken between July 1975 and September 1976," Environmental Research and Technology, Inc., prepared for the Electric Utility Clean Air Coordinating Committee, February 1977;

Twenty-sixth. "The Northern Cheyenne Air Quality Redesignation Report and Request," Northern Cheyenne Tribe, Inc., March 3, 1977;

Twenty-seventh. "Cost and Economic Impacts of Proposed Nonsignificant Deterioration Amendments to the Clean Air Act," prepared for Clean Air Coordinating Committee, March 8, 1977;

Twenty-eighth. "A Survey of Power Plant Siting Potential Considering Significant Deterioration and Effects Due to Elevated Terrain and Stagnation," prepared for Utah Power and Light Co. by North American Weather Consultants, Santa Barbara, Calif., January 1977;

Twenty-ninth. "The Cost of Clean Air Legislation," National Economic Research Associates, February 1977.

All of these studies have highlighted the fact that the conclusions reached depend very heavily on the assumption used in conducting the study. Many studies by industry contained untrue allegations that large portions of the country would be blocked from further development. These studies were inaccurate because their initial assumptions were flawed.

Proposals to delay any nondegradation policy while further studies are conducted are merely a smokescreen for the desire to have no such policy at all.

6. ALLEGATION

EPA's basis for requiring pollution cleanup has been challenged and EPA staff has been charged with deliberately distorting data regarding the effects of pollution.

FACT

These charges have effectively been laid to rest. Hearings held Friday, April 9, 1976, by the House Interstate and Foreign Commerce and the House Science

and Technology Committees established the following:

First. Current national ambient air quality standards were established prior to the initiation of the study in controversy—the Community Health and Environment Surveillance System Study—CHESS. Even if the CHESS studies were discarded, this would not affect any of the national standards or EPA's implementation policies, all of which are based on a number of studies, of which CHESS is only one.

Second. The CHESS studies, however, should not be discarded; though no study is perfect—and epidemiological studies are particularly difficult to conduct—the CHESS studies have been characterized as the best of their kind in the world and the most reliable epidemiological studies ever carried out.

7. ALLEGATION

Costs of construction delays as a result of the Senate nondegradation policy may be extensive; therefore, no such policy should be adopted.

FACT

Greater uncertainty will occur by eliminating the Senate provision than by accepting it and establishing congressional policy in this area. If Congress remains silent on this subject now, that will only aggravate uncertainty, not erase it.

The policy contained in the Senate committee bill will clarify policy and reduce uncertanty. Sources may then apply for the right to construct new facilities knowing the ground rules. At present no such certainty can occur.

Moreover, present EPA regulations are subject to court challenge. If the Sierra Club wins, then EPA will be required to tighten its requirements. Even if EPA is sustained, it still could revise its regulations to make them more stringent. On the other hand, by prescribing the requirements in the bill, EPA's authority to promulgate more restrictive rules is curtailed.

8. ALLEGATION

A no-growth buffer zone of 60–100 miles will be required to prevent pollution of the Federal parks.

FACT

This it totally false. Under the Senate bill—but not the EPA regulations—the class I increment which protects such areas is used as an initial, not a final, test. An appeal is allowed which would permit construction of a major facility regardless of the test for a class I area if the applicant can demonstrate no adverse impact on the air quality values of the class I area.

In addition, according to joint EPA-FEA calculations, a well-controlled 1,000 megawatt coal-fired powerplant could locate as close as 6 miles from a class I area without causing that area's increment to be exceeded.

9. ALLEGATION

At least 80 percent of many States would be off-limits to new development.

FACT

One percent of the Nation's land would be directly placed in a class I category, which is designed to protect these important national resources: all international parks, and each national park, memorial park, and wilderness area over 5,000 acres.

10. ALLEGATION

Amendments not only ban new manufacturing plants, but even new housing, farming operations, and recreation.

FACT

This is false. The provisions only apply to "major emitting facilities" which emit over 100 tons of the pollutant per year and which are listed as a major emitting source category in the bill.

11. ALLEGATION

The increments (of allowable degradation of air) are often found to be violated by natural emissions which occur in rural and scenic areas. Therefore, further development already is taken up by nature in many areas.

FACT

The increments are in addition to any existing baseline air quality. Such a baseline includes natural emissions and existing manmade sources. The increment is an allowable quota which is added to the existing air quality. Nature cannot use it up. The secondary standards, including natural pollution, establish the limits on growth. No one supports violating secondary standards.

12. ALLEGATION

Most Federal lands would be class I, effectively ruling out most land in some States.

FACT

This is false. Under the Senate bill, only existing national parks over 6,000 acres and national wilderness areas over 5,000 acres would be class I. All other Federal lands, including national forests, Indian lands and monuments could only be redesignated as class I with State concurrence.

13. ALLEGATION

The number of mandatory class I areas will increase as new national parks and national wilderness areas are created.

FACT

This is not true. The mandatory class I designation only applies to national parks and national wilderness areas over 5,000 acres which are in existence on date of enactment.

14. ALLEGATION

The prevention of significant deterioration provisions is a Federal land use policy based solely on one criterion: air quality.

FACT

The Senate bill does not require any land classification scheme to be undertaken by the State. The bill in question only regulates air quality and emissions, not land use. The States are free to use the land as they see fit.

Of course, air quality is not the only, let alone the decisive, factor in influencing a State's growth decision. It is merely one factor to be considered.

15. ALLEGATION

The nondegradation policy would have a much more severe impact in some States than in others.

FACT

This allegation comes from a misunderstanding of the use of air quality increments proposed in the committee bill.

Even without a nondegradation policy, an air quality increment already exists in clean air areas. The increment is the amount of pollution which could be added to the area until the ambient air quality standards are reached. In areas of flat terrain, that increment is large. In areas of severe terrain, that increment—up to the national ambient air quality standards—is smaller because pollution concentrations build up rapidly against mountainsides. Therefore, States with flat terrain have a greater competitive advantage if no nondegradation policy exists.

Under nondegradation policy, this uneven competitive disadvantage would be diminished. The amount of additional pollution allowed in all areas will be the same. Areas of uneven terrain are frequently constrained by the national primary and secondary ambient air quality standards. The terrain effects would provide constraints with or without a nondegradation policy. In such cases, the nondegradation requirement for the use of best available control technology will enable such areas to control pollution and allow further growth.

16. ALLEGATION

Western States will be held at their present levels of development and not be allowed to develop their energy resources. The Nation will be asked to curtail its industrial output.

FACT

These allegations are false. They echo the erroneous position of the chamber of commerce since the summer of 1975—a line which has not been altered even though it has been fully discredited. In responding to the Chamber's allegation, Roger Strelow, Assistant Administrator of the Environmental Protection Agency, said:

I have just read your article in September's Washington Report. . . . The article claims that the Environmental Protection Agency's regulations for the Prevention of Significant Deterioration of Air Quality would endanger States' development and "ban development in areas 60 to 100 miles adjacent to select Federally owned lands such as national parks and forests." This is simply not true.

First, the regulations do not apply to all development, but only a select number of the major stationary industrial sources. Thus, contrary to what the article concludes, activities such as construction, farming, light manufacturing, and residential development are not affected by the regulations.

I would like to comment on the article's contention that Congress in amending the Clean Air Act, is considering a "no growth federal land use policy" based solely on air quality. That is nonsense. In response to the Administration's request to consider all alternatives and to give explicit guidance on a prevention of significant deterioration policy that allows a balancing of environmental, economic and energy objectives, the Congressional Subcommittees have provided proposals that give the States the authority to make their own determinations of what constitutes significant deterioration within a framework of allowable air quality levels. Like EPA's regulations, these proposals require the

States to consider and balance their various objectives, with full public participation. The proposals apply only to major industrial sources.

The public wants to preserve clean air. According to an August 1975 poll commissioned by the Federal Energy Administration 94 percent of the American people favor preserving our clean air regions.

The EPA analysis of energy facilities indicates that coal gasification, oil shale, coal-fired powerplants and other such energy facilities can meet the nondegradation requirements.

In the CONGRESSIONAL RECORD on April 29, 1976, on page 11761, a new EPA study is printed showing that all major industries could build under the Senate committee's nondegradation proposal. These include powerplants, papermills, smelters, refineries, and so forth.

In sum, Western States will not be precluded from development, and the Nation will not be asked to curtail its output. It will be asked to insure that its growth is clean and that analysis of future development occurs in a rational policy rather than on the basis of piecemeal, private decisionmaking.

17. ALLEGATION

There will be a loss of employment due to the nondegradation provisions.

FACT

This is incorrect. In addition to the fact that this provision only applies to new facilities—to employment not yet developed—the pollution control requirements imposed in the committee bill will increase employment, not reduce it. In an immediate sense, more jobs will be needed in order to construct the pollution control facilities associated with compliance—facilities which might not have been installed without these amendments. In an economy with high unemployment, this is a plus.

Studies of the Council on Environmental Quality and Chase Econometrics show the economic effects of pollution control. These requirements have led us to the creation of 1 million new jobs, according to the CEQ.

18. ALLEGATION

We do not know which areas of the Nation are clean enough to qualify for coverage under the nondegradation provision and, therefore, must wait for further information before determining that such areas should be protected from significant deterioration.

FACT

This criticism misses an important difference between nondegradation areas and dirty areas; it implies that expansion in nondegradation areas will somehow be more restricted than expansion in areas which have exceeded national ambient air standards.

This is untrue. In fact, expansion in dirty areas is more difficult. The health and welfare standards have already been exceeded in such areas, and a substantial burden rests on any applicant for a new source to demonstrate that he will not worsen that situation or interfere with cleaning up to the national standards; such a source must make the case that any pollution should be allowed.

Absolute knowledge does not exist. There are many gaps in data on monitoring of existing air quality. But this does not provide a reason for delaying a policy to protecting existing air quality. Most States will be able to make intelligent judgments of air quality in areas where little monitoring data exists. As new applications are submitted, information will be gathered as part of the permit approval process.

19. ALLEGATION

Technology does not exist to model the projected emissions from new sources or for monitoring the emissions from these sources. Therefore, Congress should not act until precise tools exist.

FACT

This criticism has a "Catch-22" approach. It says that sources should be allowed to pollute because science has not developed precise techniques for telling exactly how much pollution is created; by the time such techniques are developed, they could very well be useless in protecting air quality, since deterioration would have made the question moot.

For years State air pollution control agencies and Federal agencies have used modeling projections to analyze applications for new sources that would continue under the nondegradation proposal. There is no other way of determining the impact of a source that has yet to be constructed.

In most cases, the errors identified show that most pollution is occurring, not less. This indicates a need to control such pollution now.

20. ALLEGATION

High quality air in clean areas is a luxury—a luxury that must be sacrificed in order to allow industry to grow.

FACT

Clean air is not a luxury and growth need not be sacrificed to keep it. If we attempt to sacrifice air quality now for short-term gains, we will find our water becoming more acid, our crop production deteriorating, our esthetic experience in wilderness areas declining, and our health being damaged by long-term low-level exposure.

In addition, we will find that we have lost one of the most useful, growth-preserving options available—the option of determining how air resources will be used prior to their use. Without a nondegradation policy, new sources may well adopt lesser control technologies and thereby use up the available air quality without providing room for the growth of industries that follow in subsequent years.

21. ALLEGATION

A nondegradation policy will harm the poor and those on fixed income.

FACT

This is erroneous. Those who use this argument cite competing and mutually exclusive arguments. On the one hand, nondegradation allegedly hurts the city dweller because growth in the clean portion of the metropolitan areas will not be allowed and plants will therefore be forced to flee to outlying areas. On the other hand, cities argue that growth will be restricted in rural clean air areas because of the nondegradation provision and sources will be required to remain in urban areas.

Neither allegation is correct. Dirty air areas usually have some portions that continue to be clean and new sources, if carefully controlled and properly sited, can be located in such urban areas. Growth will continue and the metropolitan area will attract jobs and industry. In addition, the amendments contain new provisions to allow expansion in such areas. In rural areas, development of new facilities is clearly allowed and nondegradation requirements only insure that the growth be as clean as possible.

22. ALLEGATION

EPA will have the final control over which sources may get permits to construct.

FACT

This is true under present EPA regulations but not true under the Senate bill. The States are responsible for deciding whether to issue permits to new sources under the Senate bill. No State permit may be disapproved if the procedures are followed and if the ceilings and increments set in the bill are observed.

AUTO EMISSION STANDARDS—S. 252

Mr. STAFFORD. Mr. President, during the last week several spokesmen for the automobile industry have criticized the emission standards in S. 252 on the basis of information contained in EPA's annual emission technology review entitled "Automobile Emission Control—The Development Status, Trends, and Outlook as of December 1976." Specifically that report asserts that final standards proposed for 1980 in S. 252 cannot be met until 1981.

While the technical data in the EPA report is a valuable contribution to our understanding of auto emission technology, I think it is essential that we understand the nature and source of that information. On page 1–1 of the report EPA indicates that most of the information in the document is compiled from submissions from industry.

Thus it is fair I think to conclude that the data reflects a conservative and cautious analysis of the technological capabilities of the industry.

However, the value of the information as an indication of the real capabilities of industry is further called into question by the authors of the report. On page 3–18 the report states:

In order to prepare this status report, EPA solicits from the United States and foreign manufacturers information on their development programs for emission-related technology. The responses requested from the manufacturers are expected to be full and complete descriptions of their emission-related development programs. However, EPA technical staff have reason to believe that not all of

the development effort on emissions-related work may be completely reported to EPA in a timely fashion.

I ask unanimous consent that the balance of the chapter from the technology assessment indicating specific examples of inadequate or incomplete reporting by industry be printed in the RECORD.

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

AUTOMOBILE EMISSION CONTROL—THE DEVELOPMENT STATUS, TRENDS, AND OUTLOOK AS OF DECEMBER 1976

Section 3.9. The Efficiency at Which Development Information on Emissions Related Subjects Is Reported to EPA May Be Decreasing.

* * * * *

As an indication of the nature of the information which has apparently not been completely reported to EPA, the following examples are given.

NEW ENGINE DEVELOPMENT PROGRAMS

The development and intrcduction of a basically new engine is a substantial undertaking. A new engine is defined here as one that requires a new or different engine block or is a different method of combustion, for example Diesel versus homogeneous spark ignition. It is generally accepted that such a program takes a significant period of time.

New engines are expected to be technologically improved over older engines, and it is not unreasonable for EPA to expect that improved emission performance would be considered in the design and development of new engines. Therefore, the reporting of the development of new engines is considered important by EPA. Recent examples of new engine developments not previously reported to EPA are projects of Volvo, GM, and VW.

Volvo started a development program on a Diesel engine with Ricardo & Company in 1974. To date, 6 vehicles have been equipped with this Ricardo/Volvo engine. The first time that Volvo reported the information concerning this engine development project was in their 1976 Status Report to EPA.

GM has reported development work on V-6 configuration engines, as it pertains to the Buick 231 cubic inch engine and its derivatives. The existence of GM's plans to produce an all-new V-6 engine completely different from the Buick V-6 has been recently reported in a trade publication.[1] A Chevrolet V-6 (200 CID) engine was found in the 1978 GM Application for Certification, but GM did not report the development of this engine in their status report.

The basic information that VW presented on their Diesel engine concerned their 4-cylinder engine. However, under their contract with the U.S. Department of Transportation (DOT/TSC 1193), VW is to provide information (including emissions data) on 4, 5, and 6 cylinder Diesel engines. The work on the 5 and 6 cylinder Diesel engines was not reported to EPA.

VW's progress in the development of a vehicular, ceramic, gas turbine engine has been reported in the press.[2] Tests have apparently been run, yielding claims for better fuel economy than vehicles equipped with gasoline engines. The engine is also reported to have been designed for low emissions. VW did not report any information about this engine to EPA.

ELECTRONIC CONTROLS

In this rapidly expanding area some work is now being reported to EPA. Apparently, some of the work had been ongoing for some time before the results were reported to EPA.

Because electronic controls offer flexibility to the emission control engineer that mechanical systems may lack, electronic controls are important. They may alter relationships between emission control and fuel economy that may have existed in the past. As long as EPA is unaware of the actual status of development of such new technology, EPA will tend to undervalue the emission control and fuel economy benefits and overstate the time it would take to implement such new technology.

GM first reported work on what was eventually to become the MISAR electronic spark control system in 1975 in their Application for Suspension.[3] However, according to the Application for Suspension and a publication[4] the development started in 1970 and took six years before it was introduced for model year 1977 in limited production.

GM did not report test results on a spark knock sensor in their status report. The GM status report did report that they are working on a combination of a knock-actuated spark control system and increased compression ratio. EPA has recently learned, however, from the 1978 GM Application for Certification that GM plans to introduce a knock-actuated spark control system in model year 1978 on a vehicle using a turbocharger, not on a vehicle using increased compression ratio.

TURBOCHARGING

GM and Saab indicated in their 1976 status reports that they plan to introduce turbocharged vehicles for model year 1978. Neither Saab nor GM reported development of turbocharged engines in their 1975 status reports. Either it takes less than one year to design, develop, test and commit to production for a turbocharger, or work was underway earlier and not reported to EPA.

GM[5] and Ford[6] have also been reported as having development work underway on turbocharged engines that were not reported to EPA. GM did report "many programs in GM to develop turbocharged engines", though only a V-6 engine was discussed and a Vega engine was mentioned in passing.

MECHANICAL OCTANE IMPROVEMENTS

The spark timing calibrations and compression ratio of an engine influence its emission and fuel economy characteristics. Any changes in the octane requirements of an engine may allow alterations in spark timing calibrations and/or compression ratio. It has been reported[7] that Saab has developed a method to allow for increased compression ratio. This work was not reported by Saab in their status report to EPA.

TRANSMISSION

The automobile industry is studying the impact of improved transmissions. Much of the interest has been on multispeed torque converters with lockup clutches for improved fuel economy. For example a recent technical paper[8] projected substantial gains in fuel economy (in excess of 15%) with the use of such a transmission.

The emissions produced by the engine may be altered with use of a lockup transmission because the torque/speed relationships during the test are changed. The transmission is an important part of an automobile's emission control system. Very little in the way of the emissions from advanced transmissions/advanced emission control systems has been reported to EPA. It does not seem reasonable that experimental and/or analytical work has not been done. Rather it appears more likely that the work has not been reported.

CATALYSTS

GM reported running a fleet of possibly improved catalysts in their status report. When asked by EPA for the data on the then incomplete program, GM indicated that they would not provide the data until they were done with the program and had time to analyze the information themselves.

The above examples show that EPA may not be kept abreast of technological developments as much as is necessary. For the preparation of a report of this type, there is not enough time to go back to all the manufacturers and get continual updates of their programs, as areas not reported fully become known. EPA has to rely to a large extent on the manufacturers to supply full and complete reports so that EPA can make its own timely judgments as to what the data mean. Not getting important data on a timely basis can only hamper EPA's estimates of future emission control capability.

EPA technical staff realize that the preparation of responses to the EPA requests for information on progress is a difficult undertaking, and that some degree of judgment is required in deciding what to include in the response. However, the foregoing items of data that were not completely reported appear on their face to be so significant as to raise questions as to why they were not reported; it seems unlikely that they were screened out as being too unimportant to mention. Thus some thought on how reports of this type are to be prepared in the future is in order, to assure that these annual reports can continue to serve the important purposes for which they are prepared.

FOOTNOTES

[1] *Ward's Engine Update*, 10 December 1976, Volume 2, Number 25, page 3.

[2] *Automotive News*, 28 February 1976.

[3] "General Motors Application for Suspension of the 1977 Federal Emission Standards," 10 January 1975, Volume III, Appendix 8, pages 3-4.

[4] Simanaitis, Dennis J., *Automotive Engineering*, January 1977, Volume 85, Number 1, page 29.

[5] *Ward's Engine Updated*, 18 February 1977, Volume 3, Number 4, pages 1 and 8.

[6] *Automotive News*, 7 March 1977, page 43.

[7] *Automotive News*, 28 February 1977, page 61.

[8] Chana, Howard E., et al., "An Analytical Study of Transmission Modifications as Related to Vehicle Performance and Economy," SAE Paper Number 770418.

OUR STAKE IN THE FREE ENTERPRISE SYSTEM

Mr. HELMS. Mr. President, the Oak Hill Academy at Mouth of Wilson, Va., each year holds an essay contest for its graduating class. This year the subject of the contest was the free enterprise system. After the winning paper was selected, the judges found that it had been written by a young man from Indonesia who, until this year, had never lived in a free enterprise economic system. The student, Kusno Yunus, came to live in the United States during his senior year in high school, but his essay makes some very telling points about life in a free society.

Mr. Yunus has been accepted as a student at Wingate College in North Carolina and is planning to concentrate his study in either computer science or nuclear engineering. I do not know whether Kusno Yunus plans to remain in the United States or return to Indonesia after his college studies are completed, but

I am sure that either country would keenly welcome the contributions of this young man.

At times the suggestion is made that because only a fraction of the world's population enjoys the freedom which we as Americans possess, these other people do not really appreciate freedom. Of course, this view is false. Time and again those who value freedom the most are the very ones who have yet to attain it, as Mr. Yunus' essay clearly shows.

Mr. President, during the next few weeks as we consider the matter of Federal assistance to education, I think it is fitting to remember that even with larger school budgets, new educational technology, and teaching aids, education remains the product of a very delicate relationship between teacher and student. All the money in the world and all the innovative programs cannot replace that special interaction between teacher and student.

Mr. Yunus' paper is, I believe, a reflection of the fact that this relationship exists at Oak Hill Academy and, to the extent that it exists there and at the other schools throughout the Nation, America's future will be considerably brighter.

Mr. President, I ask unanimous consent that this essay by Kusno Yunus entitled "My Stake in the Free Enterprise System" be printed in the RECORD.

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

MY STAKE IN THE FREE ENTERPRISE SYSTEM

(By Kusno Yunus)

For me, free enterprise is just like a big chess board with pawns, rooks, bishops, knights, queen, and king on it. I am but one among the players. My aim is to win the game by obeying the rules of the game. However, I have the freedom to decide which piece I am going to move.

In a free enterprise system, I have the freedom to choose what kind of job I want to perform, which college I attend, and what kind of clothes I prefer to buy. On the other side, I have the privilege to produce things of various styles as I wish and to set the price as high as I wish, as long as I am not contradicting the commercial laws, the health regulations, and the law of supply and demand in my country.

As an ordinary person, I feel the temptations coming from everywhere. Under this free enterprise system, many kinds of products are manufactured. Each company boastingly informs the public of the quality of its product. The decision—to buy or not to buy—is clearly mine.

Sometimes I become confused. I do not know how to choose. I get lost in this wide range of choices. As a consumer, I have the right to select and whatever I select will directly affect the producers. For example, if no one wants to buy a big car during the oil crisis, the producers of the big car will run out of business; they are forced to produce small sized cars.

Today, thousands of colleges and universities are spread over the United States and hundreds of fields of study are offered in these institutions. Before I choose one for me I have to consider my ability, my finances, and my time. If I apply arbitrarily to the wrong college or university, with which I am not able to cope, probably I will flunk. In a free enterprise system, I am forced to plan for my own future or I will eventually have nothing. The system gives me the opportunity; the rest depends on my own personal achievement.

What happens when everyone has the same opportunity, the same privilege, the same freedom, and equal rights? The answer is that competitive markets are created. Likewise, I, myself, at school have to compete with my peers at Oak Hill Academy in this composition contest in order to win the reward. To get into a good college or university I have to compete with nationwide applicants. This exactly is the free enterprise system.

This free market place urges me to become more and more active. I must search to know my stand in the affairs of the nation. I keep reading the current issues, the national affairs, and the public opinions. It is very important to know what is needed and what is wanted, the life styles of the majority of the people so that I can create something that will be pertinent or will be beneficial to the nation.

The significance of free competition is that the prices in the market become reasonable. When prices are reasonable, people buy more goods which in turn means the companies produce more goods. The higher the production rate the more workers are employed and this will directly affect the unemployment rate and the inflation rate at the same time. This is very meaningful for me since I plan to graduate in about six years from a college. I will then join this competitive society with my bare hands and my empty pockets but knowledge in my head. What I can do is to sell my knowledge and my energy, trying to get the job I prefer.

In a free enterprise system, I am given the freedom to make choices, to invest, to work, and to do other things. The major thing I should learn is how to make important decisions in my life. Suppose I should earn a great deal of money efficiently, the problem then is, if I do not use the money, the inflation will engulf the value of dollars. If it is put into a bank account, I only get 5.5% rate of interest that will not recompense my losses in the 6% inflation rate. If I use my money to buy shares of stock in companies, I have to take the risk. This is a risk I shall gladly take.

Just suppose that I lived in a communist country. I would have to put the state first and myself second. The government decides what I can and cannot do. For example, if I should want to work in the textile industry the state could direct and force me to another field. I would have no freedom to choose what I want myself to be. I am merely a pawn on the chess board the politicians play. Perhaps even worse than the lack of personal freedom is that the government controls the press, the mass media, and the books of the society. I am isolated intellectually from the outside world. There would not be allowed talk of political affairs nor can I protest against the inhumanity of the laws. I cannot build my own business since the state possesses everything. I am quite like a bird in a golden cage, no control over my future, my destination, and no freedom at all. I think I would get some kind of mental illness under this situation where punishments are the propellors to get people to work rather than the use of rewards. I would be existing, but not living. The free enterprise system allows me to live, not merely exist.

Although some may think I play a very simple role as a single citizen in a free enterprise system, on the chess board of play I am the master of myself, a not so simple role to me. What could possibly sound better than this?

ALTON LOCKS AND DAM NO. 26

Mr. EAGLETON. Mr. President, on May 23, 1977, the minority leader, Senator BAKER, placed into the CONGRESSIONAL RECORD a letter addressed to him from the Secretary of Transportation, the Honorable Brock Adams, that addressed S. 790, a bill proposing, basically, two things: The establishment of both a system and variety of waterway user charges on all of the Nation's inland waterways; and, the reconstruction of an existing lock and dam situated at Alton, Ill. In his letter, Secretary Adams first expressed his own and President Carter's concerns over a number of issues that they believe are raised by S. 790 and, second, stated the administration's intentions with respect to S. 790 if several of these issues were not resolved by the Congress in a manner satisfactory to the administration. At the time of the insertion of the Transportation Secretary's letter into the RECORD, it was explained that it was being done, because the letter dealt with important issues of interest to all Members of the Senate.

More than half of the Transportation Secretary's letter, as he notes, is, in fact, a summary of his testimony of May 2, 1977, on S. 790 before the Water Resources Subcommittee of the Senate Committee on the Environment and Public Works. The remainder of the Secretary's letter discusses the changes made to S. 790 by the Senate Commerce Committee after it received the proposal, because of its concurrent jurisdiction and declared the President's intention to veto S. 790 if it authorized the construction of a new lock and dam 26 prior to completion of an 18-month field test on the existing lock and dam and if the measure did not contain a provision for the establishment of waterway user charges.

The insertion of the Transportation Secretary's letter was intended both to provide the Senate with notice of the adminisration's position on S. 790 and to inform the Senate of the elements and reasoning of this position. It has been brought to my attention that an understanding of the administration's position as expressed in the Transportation Secretary's letter in which he incorporated his own prior Senate testimony is not realistically possible without also considering the testimony of the Transportation Secretary that he incorporated into his letter. In addition, it appears that a number of misunderstandings have been generated by not considering the Transportation Secretary's letter in the context of his prior and related testimony. For example, it is only by reading both the letter and the testimony that it is clear that the administration has grounded its position on waterway user charges that take the form of a fuel tax. The Secretary further stated:

> The complete details of the proposal have not yet been worked out, and we will work with the Congress on this matter once we have a detailed proposal to present.

The prepared Senate testimony of the Transportation Secretary is brief and to

the point. In order fully to achieve the earlier objectives intended by inserting the Transportation Secretary's letter into the RECORD as well as to correct any misunderstandings that may have been created by the insertion of this letter without the clarifying testimony, I ask unanimous consent that the letter to the disinguished minority leader, Senator BAKER, and the Transportation Secretary's prepared testimony on S. 790 be printed in the RECORD.

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

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., May 20, 1977.

HON. HOWARD BAKER,
Minority Leader, U.S. Senate,
Washington, D.C.

DEAR SENATOR BAKER: As you are aware, I testified on May 2, 1977, before the Water Resources Subcommittee of the Senate Committee on the Environment and Public Works concerning the position of this Administration on the issues of Lock and Dam 26 and Waterway User Fees. I indicated that the Administration strongly favored the imposition of a user fee system, to be imposed gradually over five years, which would recoup 100 percent of waterway operating and maintenance costs and all or a substantial portion of new construction costs. Federal expenditures on waterways through the Corps of Engineers and the Coast Guard are now approaching $1 billion a year. Commercial waterway users are thus receiving a major benefit from these Federal expenditures, while the full burden of those expenditures falls on the shoulders of the taxpayer. It is simply not equitable, not just, that large, profit-making businesses should have their costs met by the Federal government to this extent.

I further indicated that it was the position of the Administration that before any new lock and dam facilities are authorized at site 26 in Alton, Illinois, an 18-month engineering field testing effort should be undertaken concerning the possibility of rehabilitating the existing lock and dam facility and expanding the lock capacity to 1200 feet. We believe, through new engineering techniques, that rehabilitation is a viable possibility that deserves very serious consideration since it could cost considerably less taxpayer money than construction of a new lock and dam. In view of the fact that Department of Transportation studies indicate that a 1200 foot lock capacity will not be necessary until at least 1990 and the fact that construction will require 8 to 11 years, there is ample time for the rehabilitation possibility to be properly explored. Repairs on the existing lock and dam are now being undertaken that will assure that the facility can function safely until any rehabilitation or construction is completed.

As you know, however, the Senate Environment and Public Works and Commerce Committees has reported a bill (S. 790) at some variance with this position. While the Public Works version contains a user fee provision, it would also authorize a new lock and dam. The Commerce Committee voted in favor of authorizing a new lock and dam and to have DOT study user fees over 18 months.

Because of the importance of this legislation to overall transportation planning and because of its impact on the President's efforts to balance the budget, I feel I should inform you and the Senate of the President's very firm intention to veto any bill authorizing construction of a new Lock and Dam 26 prior to completion of the 18-month field test which does not also contain a provision for the establishment of waterway user charges.

I am hopeful that, working within this constraint, we will be able to enact legislation satisfactory to the various interests involved, and I look forward to working with you in this regard. I would be happy to meet with you at any time to review the basis for the Administration's views on this matter.

Sincerely,

BROCK ADAMS.

STATEMENT OF BROCK ADAMS

Mr. Chairman and Members of the Subcommittee: I am pleased to be here today to testify on S. 712, S. 790 and S. 923, bills which have been introduced to deal with the closely related issues of capacity expansion at Locks and Dam 26 at Alton, Illinois, and waterway user charges.

First, let me tell you where we stand now on Alton Locks and Dam. As you know, at the request of this Subcommittee, the Department recently completed a 120-day study on some of the economic aspects of a single 1200-foot lock at Alton. Our economic analysis led us to the conclusion that based on traffic projections an increase in the capacity of the facility at Alton will certainly be required before the end of the century. However, the uncertainty involved in projecting future traffic makes it difficult to pinpoint an exact date by which this additional capacity will be needed. The Department's review of the projections and analyses done by others suggests that increased capacity may not be needed until the last decade of the century. As a practical matter, however, a single 1200-foot lock should be constructed with either major rehabilitation or construction of Locks and Dam 26.

The study also found that a single 1200-foot lock at Alton would not cause significant diversion of existing rail traffic to the waterways. Expansion of lock capacity at Alton would cost the railroads future traffic which they would, in any event, carry only if a decision were made to hold the capacity at Alton at its present level indefinitely. Thus, as far as a single 1200-foot lock is concerned, the only questions are of timing and costs.

Any further capacity increase at Alton beyond that provided by a new 1200-foot lock and any other major capacity increases on the upper Mississippi and Illinois River system should await the completion of a detailed and extensive analysis of the economic and environmental aspects of such capacity increases. A study of this sort could well require a couple of years. During this period, we will work with other agencies to study commodity projections, the impact of user charges on these projections, intermodal impacts and environmental questions, as well as engineering questions. What we are really talking about, then, is whether a decision should be made on a single 1200-foot lock for Alton before or after such a study is completed. The answer to this question and the question of whether the existing facility should be replaced or rehabilitated turns on the engineering aspects of the issue.

The engineering questions are not simple. The Corps of Engineers, following a traditionally conservative approach to the engineering problem of the existing structure, concluded that the expense of rehabilitation would be approximately equal to the cost of replacement with a modern structure. If this proves to be correct, then it is crystal clear that the facility should be replaced and that the new facility should have a single 1200-foot lock in it. It would be foolish not to take advantage of new construction to gain a moderate increase in capacity at a relatively slight increase in cost over what it would cost just to replace the existing capacity.

However, the Corps' engineering approach to rehabilitation has been challenged and the view advanced that the cost of rehabilitation is, in fact, much lower than the cost of replacement. I have had a team of my own engineers working with the staff of the Corps to review these differences. The conclusion reached by our engineers is that there are lower-cost approaches for rehabilitation of the existing dam which ought to be tested before a final decision is reached. Our engineering task force is of the opinion that there is no useful purpose to be served by any further studies on this question. Their recommendation is that, as early as possible, engineering investigations be undertaken in a way which will let us experiment with the techniques and measures that are in question. Secretary Alexander and I have discussed this recommendation and have concluded, especially in view of the possibility of significant savings if rehabilitation proves feasible, that it should be tried.

In his testimony, General Graves of the Corps will provide you with more details on specifically what is involved. In taking this course, we believe it will be possible to determine for $10 to $15 million—a low cost relative to the costs of rehabilitation or replacement—whether the lower cost alternative rehabilitation methods are, in fact, feasible. If these measures do turn out to be feasible, we can go ahead with the rehabilitation of the existing structure. This rehabilitation could well include provision of a 1200-foot lock. A final decision on the level of capacity to be provided in a rehabilitated dam cannot be made, however, until further engineering work has ben completed.

On the other hand, if the results of this experiment show that the less expensive ways of rehabilitating the dam do not work, then we can turn to the construction of a new facility with the certain confidence that we have not overlooked an opportunity to effect significant savings.

As far as legislation on Alton Locks and Dam is concerned then, I have the following specific recommendations:

The Congress should postpone a decision on rehabilitation or replacement until the engineering questions have been resolved.

Any future authorizing legislation should contain a prohibition against a 12-foot channel project on the upper Mississippi River and provide for additional economic and environmental study of future transportation needs of the upper Mississippi and Illinois regions.

There should be action by the Congress to enact a fair and effective system of waterway user charges.

Let me now turn to the question of cost sharing and user charges. DOT has extensively studied the possible impacts of user charges, and the results of these studies are presented in the report, "Modal Traffic Impacts of Waterway User Charges." As President Carter said in his message on water policy: "The beneficiaries of Federal water projects do not bear a fair share of the enormous capital and operating costs."

The really major point here is that commercial users receive major benefits from Federal expenditures, while the full burden of those expenditures falls on the shoulders of the taxpayer. It is simply not equitable, not just, that profit-making businesses should have this much of their costs met by the American taxpayer.

Practically all of the Federal expenditures in support of the waterways are made by the Army Corps of Engineers and the Coast Guard. These expenditures have been rising and now are approaching the $1 billion a year level. As a result of these Federal programs, inland, coastal and Great Lakes vessel operators do not maintain or pay taxes on the rights-of-way which they use. A notable exception is our St. Lawrence Seaway where tolls on vessels and cargoes not only cover the operation and maintenance costs of the Corporation, but annually return to the Treasury part of the original U.S. investment in the St. Lawrence facilities.

Establishing a fair and efficient system of

cost sharing is, obviously, a question of great sensitivity, and the amount and manner in which such a charge is collected could have a significant bearing on whether or not Congress would pass the necessary legislation. In addition to the purchaser of the transportation services and ultimately the consumers, there are the concerns of at least three groups that have to be reconciled in establishing waterway user charges—the users of the waterways, who resist the added costs; the railroad operators who maintain their own right-of-way and feel their competition receives unfair subsidy; and the taxpayers who pay for Federal agencies to furnish the facilities and services. The Department believes the selection of a policy for cost recovery through waterway user charges should take into consideration the principles of administrative simplicity, political feasibility, and public understanding and acceptance. For these reasons, we believe a fuel tax would be preferable to the segment toll.

The complete details of the proposal have not yet been worked out, and we will work with the Congress on this matter once we have a detailed proposal to present. I can tell you, however, what some of the basic points will be. We are going to ask for a fuel tax which would go up in increments over the next five years so that at the end of that period there would be full recovery of inland waterway operating, maintenance and rehabilitation costs. In addition, all or some portion of the cost with interest of new construction would be recovered over the life of a project. All user charge revenues will accrue to the general fund rather than to any trust fund. While these charges are being phased in, the impact of the user charge on shippers will be closely monitored.

While we believe, in principle, that recreation users of developed facilities should be assessed user fees and that users of developed deep draft systems should also contribute to the cost of those systems, we have not yet developed such proposals in detail. The unique cost recovery situation which already exists on the St. Lawrence Seaway would, of course, also be taken into consideration so that inequities would not result. In a short time the Administration will be presenting a complete proposal, but these are the basic elements.

In conclusion, the Administration believes that it is no longer in the national interest to continue direct taxpayer support of commercial water transportation without some form of cost sharing. Water transportation should join the air and highway modes in paying user charges for Federally provided rights-of-way.

Mr. Chairman, that completes my prepared remarks.

CLEAN AIR AMENDMENTS OF 1977

Mr. GARN. Mr. President, later this week, that Clean Air Act Amendments of 1977—S. 252—will be on the floor. I have introduced a number of amendments, and I would like to take a few minutes to explain them, and then to discuss some of the philosophical issues raised by this legislation.

Amendment No. 303 strikes from the bill the requirement that sources of emissions which make use of supplemental emission reduction strategies which are otherwise approved by the act continue to pay employees whose services are reduced by the reduction. In other words, if a smelter reduces its rate of operation during adverse atmospheric conditions, as a way of achieving ambient air quality standards, as things stand under the bill, employees would have to continue to be paid for work they are not performing. Under my amendment, however, employers would pay only for work actually performed. I ask unanimous consent that amendment No. 303 be printed at this point in the RECORD.

There being no objection, amendment No. 303 was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 303

On page 11, line 15, strike out all through line 23.

Mr. GARN. Mr. President, amendment No. 301 is really in the nature of a technical clarification. What it does is maintain clearly a legal distinction between Indian tribes and States. The amendment would not in any way change the powers of either the tribes or the States under the bill. It simply changes the language in the bill from "States" to "States and Indian tribes." It is, in my opinion, a bad precedent to set to say that "the term 'State' shall include Indian tribes." I ask unanimous consent that the text of amendment No. 301 be printed at this point in the RECORD.

There being no objection, amendment No. 301 was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 301

On page 21, line 11, after the word "subsection" insert the following: "or Indian tribes within such State".

On page 21, line 15, insert after "State": "or ruling body of the affected Indian tribe".

On page 21, line 18, insert after "Governor": "or ruling body".

On page 21, line 20, strike the word "States" and insert in lieu thereof the word "parties".

On page 21, line 21, insert after "State": "or Indian tribe involved".

On page 21, line 23, insert after "State": "or tribe.", and strike "States" and insert "parties".

On page 22, strike lines 4, 5, and 6.

Mr. GARN. Mr. President, amendments No. 315 and No. 317 are introduced as equity amendments. Under the committee bill, international parks, national wilderness areas, and national memorial parks which exceed 5,000 acres in size, together with national parks which exceed 6,000 acres in size, are automatically class I areas. Smaller parks and wilderness areas would initially be classified as class II areas, and the Governor would have the option to upgrade the classification to class I. There are a number of States with several very large parks and wilderness areas which would be discriminated against by this automatic classification. The discrimination would be in favor of State flexibility for States with smaller parks and wilderness areas.

For instance, where a State has only small parks, there would be no automatic class I areas under the committee bill. The State could redesignate the park or area as class I, but would not have to. Under my amendment, States with large parks and wilderness areas would be given the same rights: up to 5,000 acres of wilderness areas and 6,000 acres of national parks could be kept by the Governor in class II status.

In the event that amendment No. 315 is not accepted, I would expect to call up No. 317, which would simply classify all international parks, national parks, wilderness areas, and national memorial parks class I, regardless of size. I ask unanimous consent that amendments No. 315 and No. 317 be printed at this point in the RECORD.

There being no objection, amendments Nos. 315 and 317 were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 315

On page 12, line 13, change the semicolon to a comma and add the words "except that the Governor of a State may designate as class II the first five thousand acres of any national wilderness area or national memorial park which lies entirely within the boundaries of his State, and the first six thousand acres of any national park which lies within the boundaries of his State: *Provided*, That the exempted area is compact and contiguous and located at the boundary of the park or wilderness area;".

AMENDMENT No. 317

On page 12, line 9, delete the words "which exceeds five thousand acres in size,".

On page 12, line 11, delete the words "which exceeds six thousand acres in size".

Mr. GARN. Mr. President, amendment No. 316, which I have introduced with Senator HATCH, addresses what is in my view the most critical aspect of clean air legislation: Nondeterioration. As the Senate knows, there has been some doubt about the intent of the Congress in this area, since the 1970 Clean Air Act was passed. The Environmental Protection Agency initially held that no national policy of nondeterioration was intended by the Congress in 1970. Several Federal courts held otherwise, and in 1972, the Supreme Court, by an equally divided vote, upheld the decision of the Court of Appeals. The practical effect of this decision was to order EPA to write regulations providing for the maintenance of air cleaner than the primary and secondary standards.

In my opinion, the fact that there was so much uncertainty is clear evidence that Congress was not, in fact, adopting a policy of nondeterioration. Congress has never been bashful about usurping State responsibilities, and can do so in a clear and unequivocal manner, when it wants to. What is happening here is a classic case of judicial interference in the legislative process. The Federal courts have decided that we should have a national policy of nondeterioration, and that therefore, Congress must have wanted to enact one, and that therefore, Congress did enact one. And now, we appear to be intent on meekly following the lead of the courts.

Last year, when the Clean Air Act was before the Senate, Senator SCOTT, of Virginia, introduced an amendment, which I was happy to cosponsor, which clarified congressional intent. What the Scott amendment did was to establish a limit to Federal responsibility. The limit established was that of health and welfare. In effect, Senator SCOTT said, it is the responsibility of the Federal Government to establish air quality standards sufficient to protect health and welfare. That is what the primary and secondary ambient air quality standards do. Beyond that, the Federal Government has no responsibility. It is not the job of the Federal Government to protect clean air from people. The beauty of the land may be desirable, and the majestic vistas of our country may deserve protection. But,

and this is the critical point, it is not the job of the Federal Government to protect them. If they are to be protected, they must be protected by local government, which alone stands close enough to the problem to find solutions, which alone can carry out the delicate balancing task needed to preserve our environmental values, and at the same time provide the jobs Americans need. Senator SCOTT apparently felt, and I agree with him, that local government will protect the environmental values that are so important to us, but that local government knows enough to reject extreme views, unrealistic views, about how much damage our economy can sustain.

With the passage of another year, we now appear to be ready once again to do the will of the Federal courts, and enact a national policy of nondeterioration. If we are to do so, Mr. President, it is critical that we retain for our local officials the maximum flexibility to balance environmental and economic demands. In other words, we must draw a line limiting Federal responsibility. If we are not to restrict the Federal Government to health and welfare, we must at the very least limit it to nondeterioration, and not allow it to get involved in land use and growth pattern control. In order to do that, we need to understand the meaning of the term "nondeterioration."

As I conceive it, air quality deteriorates over an extended time period. If there is a pollution alert here in Washington, we cannot say that air quality has "deteriorated." It may have, and probably has, here in the District of Columbia, but we can only make that judgment by comparing air quality with some point in the past. What the committee bill does is say that the comparison may be made with yesterday, or perhaps with a period 3 hours ago. In my mind, that approach is unrealistic and unnecessary. It is only meaningful to discuss "deterioration" over some longer period, such as a year.

For example, during a dust storm, a forest fire, or during the construction of the facility itself, the air quality is very poor. But the fire is extinguished, the storm subsides, or the construction ends leaving the air quality very much as it was before. It is not deteriorated in any way. By the same token, meteorological events occasionally conspire to produce temperature inversions, or adverse wind currents, which may temporarily affect the air quality over a given area. As it happens, the conditions are not permanent, and as the weather changes, the air quality reverts to its prior condition. It is not deteriorated in any way.

The basic thrust of my amendment is to take into account these natural phenomena. The committee bill says that if there is an inversion, or if the wind blows the wrong way, even over so small a space as 3 hours, air quality is deteriorated. What is even worse, is that the bill would prevent the construction of a facility on the strength of computer projections of amounts of pollution so small that they cannot even be measured. In my mind, that is simply unacceptable. There is no showing of health hazard, or any damage to the well-being and welfare of people. In point of fact, since we are dealing here primarily with sulfur oxides, we are not even talking about impairment of the view. To prevent the development of needed resources, the creation of needed jobs, just to satisfy the theoretical demands of computer models is to deny commonsense and to allow our lives to be ruled by mechanistic models.

What my amendment would do is hew closely to the real meaning of the term "nondeterioration." My amendment says that air quality in Class I and Class II areas cannot deteriorate from year to year. Nor can the primary and secondary health and welfare standards, which do have 3-hour and 24-hour maximums, ever be violated. But the 3-hour and 24-hour maximums supposedly relating to nondeterioration would be struck from the bill. I ask unanimous consent that my amendment No. 316 be printed at this point in the RECORD.

There being no objection, the amendment No. 316 was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 316

On page 13, after line 20, amend the table to read as follows:

"Pollutant:	(In micrograms per cubic meter)
Particulate matter: Annual geometric mean	10
Sulfur dioxide: Annual arithmetic mean	15".

On page 17, following line 6, amend the table read as follows:

"Pollutant:	(In micrograms per cubic meter)
Particulate matter: Annual geometric mean	5
Sulfur dioxide: Annual arithmetic mean	2".

Mr. GARN. Mr. President, the Nation faces the twin critical issues of unemployment and energy, with their solutions increasingly unclear. What is clear is that excessive attention to environmental concerns, without a balancing sense of a need for orderly development and growth has contributed immeasurably to the problems. Current Federal efforts go far beyond what is needed to restore man's environment. They now go to the critical choices which have always been left to individuals: Where we will live; how we will live; how we will use our resources. This administration has not been bashful about injecting itself into these most private of decisions, with ominous implications.

As far as the employment issues goes, let me quote Robert Georgine, president of the AFL–CIO Building and Construction Trades Department, to the effect that—

> The small, vocal and extreme environmental groups [are] the chief culprits in the current fuel emergency and energy crisis.

As long as our population continues to grow, we will need jobs for our children. It will not do to say "we shouldn't be having so many children, so let's stop providing jobs for them." But in essence, Mr. President, that is what some of the environmentalists are saying. They do not often say it openly, but sometimes they even do that. For instance, Congressman WAXMAN of California admitted, during the House debate on this very bill, that what was at issue was not clean air, but the control of growth. I have heard the same thing from other politicians, and from the so-called public interest groups.

Jobs are needed, and we will be foolish to prevent the growth that will provide them. At the same time, we need the energy to fuel our Nation, and if we are to avoid unpleasant international situations, it is imperative that our energy sources be domestic ones. There is a close relationship between environmental protection, and our environmental protection laws must be adjusted to reflect our understanding of that relationship. My amendment would remove the strict and burdensome requirements relating to nondeterioration, while at the same time preserving the most meaningful measure of clean air. I hope it will be supported when the Senate takes the bill up later this week.

BOB GIAIMO

Mr. RIBICOFF. Mr. President, the congressional budget process is almost 2 years old and still experiencing growing pains. In the House this year, the process could have seriously suffered, were it not for the able and competent leadership of my good friend from Connecticut BOB GIAIMO, as chairman of the House Budget Committee. Congressman GIAIMO took over the reins of the Budget Committee after its first chairman, Brock Adams, was named Secretary of Transportation. Last month, the first concurrent budget resolution seemed headed for a major defeat. BOB GIAIMO realized that the congressional budget process itself was at stake. He revised the budget resolution and shepherded it through the House, by arguing that the health and viability of the budget process necessitated compromises on specific spending proposals.

In his handling of the budget resolution, BOB GIAIMO again showed himself to be a man of fairness and reason with a clear perspective on major issues.

Recently, the New York Times featured an article on BOB GIAIMO which gives an accurate picture of both the man and the legislation. I commend this article to the attention of my colleagues. Mr. President, 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:

GIAIMO: CAPITOL BUDGET MAKER

(By Edward C. Burks)

On the wall behind the clutter of papers and budget reports on his desk there is a splendid symbol of the Renaissance. It's a large sketch of the Duomo, the famous Florentine cathedral, a gift—the sketch, that is—from the Mayor of Florence.

It occupies a special place just behind his chair and provides a touch of serenity in the hurly-burly of an office where billions of dollars are tossed around in conversation. This is the inner sanctum of Robert N. Giaimo, Democrat of Connecticut who is chairman of the House Budget Committee,

which put together—after weeks of hearings and debate—a $462 billion spending estimate for the Federal Government for the fiscal year 1978.

A 15th-century Medici would feel at home listening to the big-money telephone conversation going on as the Congressman talks to another influential committee chairman:

"Yeah, Al Gross has been talking to Shapiro, and we're going to take out the 10.5 billion. We've been working with you, and I'm even asking you now if you want to make any changes. I don't want to be in the position where we pull out the 10 billion and then find we're putting half of it back later."

In scores of somewhat mysterious telephone conversations and in long hours of budget committee hearings, the amended budget for the current fiscal year ending Sept. 30 and the "target figures" for the 1978 budget have been shaped.

The scene shifts, and it's a few days later. Mr. Giaimo, who ought to be nettled, is holding a news conference. In a session running past midnight, the full House has first tacked on $5 billion more in spending to his committee's recommendation and then suddenly has sent the whole set of figures back to the Giaimo committee to be re-worked. In short, the budget committee, set up to bring discipline to the budget-making process, has seen its careful estimates rejected.

Without raising his voice, Mr. Giaimo says that the whole thing fell through because President Carter tried to treat Congress "like the Georgia Legislature" and dictate what it should do. "You just don't call from downtown [the White House] and tell the Defense Secretary to call the Armed Services Committee and then expect to write a budget resolution that way," he says. And, "you can't pass a budget out of the House without the support of moderate and Liberal Democrats."

He is commenting on the confrontation between Congressional forces favoring increased defense spending and those who want to cut back on the rapid rise of the defense budget and plow more money into social programs. In committee he had supervised the trimming of $2.3 billion from Defense Department requests—not a huge sum considering that defense is getting about $120 billion.

But on the floor, advocates of restoring that money were no longer low-key as they had been in committee. They blasted his budget as unrepresentative of the House and the nation. And the other side demanded more social spending.

A few days later Mr. Giamo is back on the floor with his budget, still unflappable. His committee has accepted compromise, and he has reluctantly seen the deficit grow by another $2 billion to $66.2 billion. But at least the committee has cut $3 billion of the $5 billion that the House had tacked on. This time the budget resolution sails through the House to quick approval. More arguments lie ahead with the Senate and when a final version has to be worked out in September.

Forty years ago, Mr. Giaimo, the son of a Sicilian immigrant, worked several summers as a teller in his father's small New Haven bank at $15 a week. Later, he studied law and went into politics. How does he qualify for the heavy-hitting role in Federal budget-making that he has today?

Maybe there's an easy answer, he feels. He tells of learning about the close ties between purse strings and power politics a quarter of a century ago while serving as one of the three Selectmen in North Haven, his hometown.

An odd situation developed. He was the Democrat, outnumbered by two Republicans, but one of the latter died, and there was an argument about how his successor should be chosen. He thought the Republicans were trying to roll over him in a power play by refusing to consult him on how the vacancy should be filled. He served notice that he could tie up all activity by refusing to give his required counter-signature on town checks.

The legal hassle boiled into a lawsuit. Mr. Giaimo recalls with pleasure: "We won that damn case." In the meantime, he didn't go so far as to paralyze town activities, but he did force the Republicans to go along with his proposal for governing on a strictly bipartisan basis.

Ironically, he says, it was a long-time Republican head of the board, Joel Beech, "an old-time, Yankee businessman-farmer" who gave him much of his political education. "I learned things about budget-making that we talk about down here," he says. "The only thing you do now is add a few zeroes on the end."

But it was his father, Rosario, a self-made man, one-time lawyer, banker, language teacher, politician, community organizer and leader in Italian-American groups, who pushed him into community and political affairs, telling him: "You've got to be active. There's a big world out there. You can't just sit around."

He describes his father as a strong-willed, "broad-gauged guy." In 1960, after his father's death, the Congressman attended a ceremony at the Giaimo bank when it was formally merged into a larger New Haven bank of which the Congressman is still a director. He remembers: "When the chairman brought the meeting to order by banging his gavel, my father's portrait fell off the wall."

Now 57, Representative Giaimo was first elected to Congress in 1958 and has served several terms on the Appropriations Committee. Tall, dark-haired, bespectacled and verging a bit on the portly side, he has a serious, determined look about him.

But when he's in a good mood he will croak an aria in Italian from Verdi's "La Traviata." And he's a jazz and swing buff, particularly responsive to the big band and combo sounds of the 1930's and 40's. In fact, he not only has a big record collection of such music at home, but he also has a large supply of tapes of the sounds he likes right in his office. When Mr. Giaima talks about his really favorite troubador—and his father's picture may fall off the wall at this—it's not Verdi's Trovatore but Frank Sinatra.

He seems to have inherited a large share of his father's strong will. After the Democratic caucus selected him over Representative Thomas L. Ashley of Ohio by a vote of 139 to 129 last January to head the two-year-old Budget Committee, he told the committee members in submitting his 1978 estimates for their consideration: "While I am flexible, I want to stress that I am determined as well."

The basic job of the committee, as he sees it, is "to compel Congress to discipline itself, to force us to begin to look at existing programs and to evaluate them, to make real estimates, and to learn to say 'no' to spending requests."

He regards himself as a liberal Democrat on social legislation and a moderate when it comes to budget-making. That's why he was upset when he felt that defense spending was getting favored treatment at a time when his committee had been striving for "a reasonable balance among all competing interests." But he had no doubt that a compromise could be worked out and a "first resolution" of the 1978 budget passed as required by May 15.

Before the House set up the 25-member Budget Committee in 1975, seeing to it that key members also sat on the powerful Appropriations and Ways and Means Committees, the budget-making process had become chaotic.

As Mr. Giaimo explains it, the President agreed to stop impounding funds if Congress put its budget-making mechanism in order. But since the committee comprises 17 Democrats and eight Republicans and represents a wide range of loud-spoken opinions, it would be a mutinous vessel indeed without a strong chairman and without a strong sense of discipline among its members.

In the committee discussions this spring, Mr. Giaimo found that he had "to walk a delicate line." There are those on the committee such as Representative Elizabeth Holtzman of Brooklyn and Parren Mitchell of Maryland, both Democrats, who feel that entirely too much is allocated for defense and nowhere near enough for the country's "human and social needs."

Others like Marjorie S. Holt, Maryland Republican, and Omar Burleson, Texas Democrat, fight against proposals to cut Defense Department estimates. Mr. Giaimo insists that the trims finally agreed on will not affect troop levels and will not affect purchases of major weapons systems.

There was a surprising lack of rancor in committee. Miss Holtzman, despite some disagreements with the chairman, says: "I think he's extremely competent and extremely fair, and I have enormous respect for the leadership he has given the committee."

Another member on the other side of the fence, Barber B. Conable, upstate New York Republican stalwart, comments: "He had a tough act to follow. Brock Adams [the first committee chairman] was a successful initiator of the new budget process. Mr. Giaimo addressed himself to the different problems and to a somewhat distracted membership with good humor, industry and attention to the necessary details. He is carrying a large part of the burden of the committee."

In the late 1960's Mr. Giaimo and his wife, the former Marion F. Schuenemann, built a three-story brick townhouse on D Street between First and Second Streets, not far from the Capitol, long before this area made its dramatic comeback as a residential area. "We're a very close family," he says. His grown daughter has moved here and frequently joins her parents for a dinner or an outing.

The Congressman plays golf "every chance I get," and has a quiet night out with his wife once a week or so, maybe at Kennedy Center (an opera or a concert) or at a restaurant, or to a dance. But he also maintains close ties with his native heath in Connecticut and looks forward to going back there permanently when he retires.

There's such a thing as "belonging to a place," he says. On a recent visit home he got a jaunty salute from a woman who had known him during their high school days. Her sally was that old-fashioned, but pleasing one nevertheless: "I used to chase you around but you ran too fast for me."

S. 790—THE EDITORIAL VIEW

Mr. DOMENICI. Mr. President, the issues involved in S. 790 have recently attracted increasing attention from the editorial writers of some of the Nation's leading newspapers.

Just last Friday, for example, the Washington Post ran an editorial entitled "Pass the Barge Bill." This editorial stated that newspaper's support for implementation of a system of waterway user charges, as proposed in the version of S. 790 that was reported to the Senate floor by the Committee on Environment and Public Works.

Mr. President, because of the importance of this issue and the positions taken by some of the Nation's leading newspapers, I ask unanimous consent that a sample of these recent editorials be printed in the RECORD.

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

[From the Washington Post, June 3, 1977]

PASS THE BARGE BILL

For more than 35 years, one administration after another has tried to persuade Congress to impose user charges of some kind on the inland waterways network. This year, at long last, there appears to be a chance that Congress can be persuaded to do so. The opportunity ought to be seized. The subsidy that the federal government supplies to commerce on the rivers and lakes has gone on long enough.

The issue here is not just revenue for the government to make up for the money it spends to benefit particular groups and industries. The more important question has to do with more equitable treatment for competing industries. The barge industry is the only major mode of freight transportation that does not pay at least part of the bill for the maintenance of its right-of-way. The railroads have been paying all along, although they are now being aided by government loans and grants. And the trucking and airline industries both put up a substantial amount of money for highways and airports. The result of this difference, of course, helps to keep the cost of moving freight over water substantially lower than moving it over land or in the air.

The size of the subsidy is substantial. The Corps of Engineers builds and operates more than 250 locks and dams in addition to dredging channels to keep them deep enough for the bigger ships to use. The Coast Guard provides navigation aides and the Maritime Administration guarantees loans. Taken together, the federal subsidies to the waterways network approach a billion dollars a year.

Every effort in the past to reclaim some of this expense in the form of user charges—tolls on the locks or additional fuel taxes, for example—has been rejected because of the influence in Congress of key members whose home states profit enormously from river traffic. Indeed, the Senate Commerce Committee voted last month, 14 to 1, for a study of the whole issue after the Senate Public Works Committee had voted, 14 to 1, in favor of a user fee proposal advanced by Sen. Pete V. Domenici (R–N.M.).

Well, that's the difference between two very different constituencies—commerce and public works. In any case, it is hard to imagine a subject less in need of further "study." The question has been examined by the government at least 17 times since 1939 and conggressional hearings have been held on various occasions since 1946. There is sufficient evidence on hand to demonstrate that user charges will not kill the barge industry, nor even cripple it substantially. The latest studies show that the imposition of such charges could cost that industry some 5 to 15 percent of its business because its rates will have to go up. Rather than make a case against user charges, those figures suggest that the railroads have been right all along; the free ride the barge industry has received has helped it skim off freight that, on the basis of non-subsidized costs, would have gone to the railroads—and thereby would have reduced the railroads' need for government help. It is time for Congress to face that and to stop spending general revenues for the purpose of helping an industry that is now strong enough to help itself.

[From the Chicago Sun-Times, May 21, 1977]

WARNINGS ON ALTON DAM

Transportation Sec. Brock Adams' warning Thursday on Alton (Ill.) Lock and Dam 26 is welcome news for those concerned about the impact of plans to rebuild the Mississippi River facility.

Adams said he would ask President Carter to veto any legislation authorizing a new Alton lock and dam unless it included imposition of user fees on commercial waterway shippers. That flashes a warning to Sen. Adlai E. Stevenson III (D-Ill.), who has gone along full-steam with Army Corps of Engineers plans for the Alton project. Two months ago, we detailed the reasons why the Stevenson-Corps Alton plans should be shelved, at least until further study.

The arguments are still valid. They include General Accounting Office findings of cheaper ways to repair the locks, Transportation Department studies showing no need for expansion now, Congressional Budget Office warnings about the plan's financial consequences and environmentalists' fears about damage to Mississippi River ecology.

After those dangers were pointed out, Stevension amended several key environmental-protection measures out of his proposal. And he still wouldn't guarantee the Illinois River the same channel-depth protections that his bill would assure the Mississippi.

Even so, the Senate Public Works and Commerce committees have approved the bill. Sen. Pete V. Domenici (R-N.M.), however, added a user-fee provision despite inane opposition from several other senators. Sen. Ted Stevens (R-Alaska), for example, complained that the measure would make pleasure boaters pay fees—even though the measure specifically excludes pleasure craft.

Things got so tangled that Commerce Committee Chairman Warren G. Magnuson (D-Wash.) sounded as if he just couldn't cope: "We'll let the staff clean all this up."

There should be no rush to "clean it up" now—unless that means ordering fuller hearings on alternate plans so senators can get a clearer idea of the kind of boondoggle they're on the verge of authorizing.

Adams has added his warning to the others. The Senate should listen.

[From the Minneapolis Tribune, May 5, 1977]

A SENSIBLE DELAY ON THE ALTON LOCK

At the urging of the Carter administration, a Senate subcommittee has agreed to a sensible 18-month delay on construction of a controversial new lock and dam on the Mississippi River at Alton, Ill. The delay would allow the administration to complete needed engineering studies. We hope the rest of the Senate follows suit.

Backers of the proposed $420-million lock—mainly the U.S. Army Corps of Engineers and barge and shipping interests—say the new lock is needed to handle the waterway's growing traffic. Opponents—environmentalists and several state and federal agencies—warn of environmental damage if traffic is increased and argue that the old lock can be rehabilitated at much less cost. A recent U.S. Department of Transportation report supports them: "Existing capacity will suffice at least until 1990." The whole question of the desirable level of capacity, the DOT said, "should be the subject of a major and extensive study of the whole (Mississippi waterway) system. There is ample time to conduct such a study." We agree.

The Senate subcommittee also approved a waterway user-fee proposal. Historically, waterway improvement has been paid for out of general-revenue funds. This, in effect, has been a taxpayer subsidy for barge operators and shippers, estimated to be worth $1 billion a year. Under the proposal, user fees would recover 50 percent of future waterway construction costs and 100 percent of operating and maintenance costs. The Carter administration supports user fees. So do we.

What we do not support, however, are congressional efforts to link the two issues—the lock and the user-fee—as the subcommittee bill would do. The two issues are related, but only in the sense that the lock is on a waterway used by barges. Otherwise, they should be considered separately. And, furthermore, user-fee proposals should have priority, as the Carter administration has suggested. The case for this was well put in Senate testimony last month by a Columbia University economics professor, William Vickrey: "If appropriate user fees are imposed, traffic patterns may change sufficiently to reveal the fact that extensive expenditures on the (lock and dam) facility would not be justified on a cost-benefit basis."

Delaying lock construction for 18 months would give Congress time to pass a sound user-fee law as part of a needed national transportation policy.

[From the Alton Telegraph, May 3, 1977]

DELAY ENCOURAGING

The news about Alton Lock and Dam No. 26 was both encouraging and discouraging Monday.

The Carter administration recommended that Congressional action on the project be delayed 18 months for a detailed $12 million engineering study of the much-kicked about alternate proposals:

1. To repair the existing facility, or
2. To replace it.

The report on which the recommendation was based held that currently there is no pressing need for a proposed 1,200 foot lock (to replace one of 600 feet).

The existing capacity, said the report, should suffice until 1990.

For many the further delay could be discouraging. Delays always are.

The encouraging news is that the matter is still under serious consideration and stands a chance of being revived.

The longer look may well disclose alternatives other than those already under consideration.

One important consideration, if events warrant it, is what affect use fees and other methods of making the deep waterways at least partially finance themselves will have on barge traffic—and consequently the need for more capacity.

Congress should act speedily on this fee question so that engineers as well as deep waterways transportation operators can develop a basis for this judgment.

Speedy action on the use fees might have the effect of holding back development of river traffic and thereby reducing the need for enlargement of locks capacity.

Congress should see to it that the river operations begin to pay partially for themselves.

And the sooner we have a chance to judge the effect on the balance between river, rail, and truck transportation, the more accurately planners can gauge what has to be done about the lock.

[From the Chicago Tribune, Apr. 5, 1977]

THINK NOW, DIG LATER

Locks and Dam 26 is the subject of a major, complicated, and too little understood controversy coming to a head in the near future. This installation in the Mississippi River near Alton is just above the Missouri River and just below the Illinois River. The present question [and one under discussion for years already] is whether to repair and maintain the present locks, or to replace the installation by a new and bigger one two miles downstream.

In favor of replacement are the Army Corps of Engineers, the barge industry, Sen. Adlai Stevenson [D., Ill.], Representatives Melvin Price [D., Ill.] and Paul Findley [R., Ill.], and assorted construction interests. In favor of rehabilitation are the railroad industry, Representatives Edward R. Madigan [R., Ill.] and

Abner Mikva [D., Ill.], and the environmental lobby.

In a 1974 decision on a suit involving the issue, Judge Charles Richey said, "This court is sensitive to the fact that the public interest lies with both parties. On the one hand, the public is concerned with maintaining the environment as well as the existence of the numerous midwestern railroads, and on the other with the traffic delays and structural integrity of the existing Locks and Dam 26 as well as the free flow of commerce up and down the Upper Mississippi River and Illinois Waterway."

The stakes are huge. Replacing Locks and Dam 26 would cost an estimated $473 million, at least, in contrast to a price tag of only $52.7 million on the rehabilitation advocated by the Western Railroad Association. A rehabilitation proposal by the Illinois Department of Transportation would cost about $70 million.

There is more at stake than what happens at Alton. No. 26 is a pivotal part of two upstream navigation systems, the Illinois River and the Upper Mississippi. The Corps of Engineers is suspected of contemplating a step by step rebuilding of both waterways [as it has already done on the Ohio River], at an ultimate cost of billions of dollars in contracts and incalculable impact on the competing bulk carriers, the railroads.

Sen. Stevenson, as a sponsor of a new and bigger Locks and Dam 26, in his bill disclaims the 12-foot channel in the Upper Mississippi and in his speeches talks about imposing user charges on the barge lines. His opponents are not reassured. The Corps of Engineers long ago was writing memos about deepening the Upper Mississippi; and it is notably persistent. If talk about user charges is sincere, why not impose them now?

As recently as September, 1974, the Corps of Engineers themselves said of No. 26, "The inspection team concluded that the dam appeared to be in satisfactory condition and operationally adequate." Present talk about how the dam is in danger of imminent collapse may be discounted as campaign oratory.

In this controversy, to dig now and think later is clearly undesirable. As the federal Department of Transportation said in a report issued recently, "The whole question of the desirable level of capacity on this waterway system should be the subject of a major and extensive study of the whole system. There is ample time in which to conduct such a study."

Demands for an immediate settlement in favor of the barge industry and the Corps of Engineers should be rejected. The issues are too complex and too little understood, the stakes too great, for the Locks and Dams 26 issue to be decided as just another Corps of Engineers project, rather than in the context of the nation's total transportation system and economy.

[From the Chicago Sun-Times, Mar. 25, 1977]

TURN OFF WATER PLANS * * *

Lawmaker's don't like to have the slats kicked out of their pork barrels, but that's just what President Carter did in suspending action on 19 water projects last month and another 14 on Wednesday.

Such projects often show that senators and representatives are "doing something" for the folks at home. But by ordering review of the 33 projects, Carter and Interior Sec. Cecil D. Andrus are asking whether doing something may indeed be doing something bad.

Carter made crucial points: "We must . . . make certain that our investments are cost effective, and that the cost burdens are equitably borne and that the environment is protected."

That's his argument on those 33 plans, but it applies to another—one being pushed by the Army Corps of Engineers and Sen. Adlai E. Stevenson, III (4-Ill.)—to expand Lock and Dam 26 at Alton, Ill.

Cost effectiveness? The corps wants to spend at least $391 million at Alton, by its estimate last year. Yet a Government Accounting Office report last November said repairs costing only $85 million could keep the locks in full service for 50 years.

Transportation need? A U.S. Department of Transportation report this month said the locks there now could handle all projected traffic through 1990, at least. No great enlargement is needed.

The environment? Conservationists shudder at the prospect of carelessly increased barge traffic, rolling up polluted river bottoms while industry is cleaning up its act.

Cost burdens? A Congressional Budget Office study last summer said the waterway subsidy could bankrupt Midwest railroads. Stevenson advocates barge-traffic fees in speeches, but not in his bill—a point that has apparently escaped Gov. Thompson. After caution during the campaign, he now says he supports Stevenson's measure.

Better to follow the kind of caution Carter is showing on the other projects by assuring that the corps didn't use outdated data for its studies, as many have argued. Better to study the full economic, transportation and ecological impact. Better to study the need. Better to ask first and dig later.

ANATOLY SCHARANSKY

Mr. PELL. Mr. President, on June 1, 1977, it was announced that the Soviet Union has charged Anatoly Scharansky, a leading Soviet Jewish dissident, with treason and espionage. According to press accounts the charge carries a minimum sentence of 10 years imprisonment and a maximum sentence of death.

Mr. Scharansky has been active in trying to help other Jews emigrate and in monitoring Soviet compliance with the 1975 Helsinki human rights accord.

As cochairman of the Commission on Security and Cooperation in Europe—the Helsinki Commission—I deplore the action of the Soviet Government in charging Mr. Scharansky with high treason. The charge that he acted as a CIA agent is patently absurd, and the harsh approach taken by the Soviet Union in this case does not augur well for the upcoming Belgrade conference to review the Helsinki Accords of 1975.

As the author of a recent Senate letter to General Secretary Leonid Brezhnev in behalf of Mr. Scharansky, I am particularly distressed that a heartfelt appeal signed by myself and 27 other Senators has been ignored. Mr. Scharansky's only crime is his courage to speak out for what he believes and to demand Soviet fulfillment of the promises made in the human rights provisions of the Helsinki Accords.

I know that this is a sad and cruel blow to Mr. Scharansky and his family, and I only hope—and urge—that the Soviet authorities will reconsider their action.

Secretary of State Vance testified today before the Commission on Security and Cooperation in Europe and reiterated the administration's concern in this tragic case and categorically denied that Mr. Scharansky was a U.S. agent. Secretary Vance also assured the Commission that individual cases will be addressed during this fall's meeting at Belgrade, Yugoslavia, which will review implementation of the 1975 Helsinki Accords. In this regard, America's concern for human rights cannot be stated simply in terms of abstract principles. It is important to demonstrate that we are trying compassionately to help individual fellow human beings.

NOTICE CONCERNING NOMINATIONS BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

James W. Byrd, of Wyoming, to be U.S. marshal for the district of Wyoming for the term of 4 years vice George O. Houser, resigning.

Andrew W. Danielson, of Minnesota, to be U.S. attorney for the district of Minnesota for the term of 4 years vice Robert G. Renner, resigning.

Thomas P. Sullivan, of Illinois, to be U.S. attorney for the northern district of Illinois for the term of 4 years vice Samuel K. Skinner, resigning.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Monday, June 13, 1977, any representations or objections they may wish to present concerning the above nominations with a further statement whether it is their intention to appear at any hearing which may be scheduled.

(This concludes additional statements submitted today).

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business, If not, morning business is concluded.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1977

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 1523, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 1523) to amend the Housing and Community Development Act of 1974; to extend housing assistance and mortgage insurance programs; and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. I yield myself such time as I may require.

Mr. President, this is a very complicated and complex bill.

The bill covers a considerable amount of territory, and for that reason it will be necessary for the committee to have a number of staff members on the floor for advice on the various parts of the bill. I ask unanimous consent that the following members of the staff of the Committee on Banking, Housing, and Urban Affairs be given access to the floor during the consideration of S. 1523:

Ken McLean, Bob Malakoff, JoAnn Barefoot, Michael Barton, Jim Schuyler, Tommy Brooks, Dan Wall, Pete Van Alstyne, Tony Cluff, Bob Kuttner, Howard Menell, Rob Locklin, Jerry Buckley, Bill Weber, and Carolyn Jordan.

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

Mr. PROXMIRE. I make the same request in behalf of Howard Shuman of my staff.

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

Mr. PROXMIRE. Mr. President, the Committee on Banking, Housing, and Urban Affairs reported the Housing and Community Development Act of 1977 on May 16. The bill is based on 13 days of public hearings in March and April, in addition to extensive oversight hearings last year. The committee marked up the bill in 5 days of executive session in May.

The bill consists of five titles.

Title I deals with Community Development. It would reauthorize the block grant program for 3 years, providing $4 billion in fiscal year 1978, $4.1 billion in fiscal year 1979, and $4.3 billion in fiscal year 1980, as requested by the administration.

The bill contains a major change in the formula used to allocate block grant funds among communities. Under the 1974 act, communities received funds through either entitlements or discretionary grants. Entitlements were based on either a formula which considered population, poverty, and housing overcrowding or, alternatively, on a hold-harmless average of the grants which the community had received under previous categorical programs between 1968 and 1972. The 1974 law provided that hold-harmless entitlements would phase out between 1978 and 1980, and that methods for allocating funds would be reassessed in 1977.

This reassessment has been carried out and has produced a general consensus that the 1974 formula is inadequate, particularly for the large, older, more deteriorated cities. Accordingly, HUD has recommended a new dual formula approach, which would give entitled cities and counties a choice between the formula in the current law and a new formula which tends to favor older communities. The administration has also proposed a new program of urban development action grants for seriously distressed cities. Under the administration's proposal, $400 million annually during fiscal years 1978–80 would be available for these grants for neighborhood preservation and economic development, particularly distressed cities.

S. 1523 adopts both the administration's dual formula and the urban action program. It also provides an optional third formula, which would aid older cities more than the other options. This third formula would be phased in over 3 years, and would draw the required funds from the amounts authorized for the urban action program.

Title I would, in addition, revise the manner in which funds are allocated to smaller communities. The bill would change the existing system by authorizing HUD to make multiyear commitments for comprehensive programs and would direct more funds to the older small communities of the Nation. These changes would, the committee believes, assure adequate funding for smaller cities which lose hold-harmless entitlements and would increase the effectiveness of the community development program in smaller communities.

Title I would also expand eligible block-grant activities to make more effective the loan provisions of the program, strengthen the targeting of benefits on low- and moderate-income persons, and authorize funding for section 312 rehabilitation loans and the section 701 comprehensive planning program.

Title II deals with assisted housing and related programs. It provides $1.2 billion in new contract authority for the two major low-income housing assistance programs—section 8 rental assistance and conventional public housing. Some of these funds are earmarked for elderly housing and for projects financed by State housing agencies. A limit would be placed on assistance for multifamily projects which were financed under past Federal programs and can no longer meet rising operating costs, pending a further review of this problem by the committee.

Title II would also limit housing assistance payments for existing housing, to assure that this program is not used in low-vacancy markets where it will create inflationary pressures on rents, and to assure that the program is used as much as possible to contribute to an increased supply of decent housing for lower income people.

This has been a real bone of contention. People argue that if we provide housing payments for people living in existing housing, landlords will simply raise the rents and it will have an inflationary effect on rents generally. This does not increase housing stock. We are providing that those payments be allowed only in places with substantial vacancies and not in areas short of housing. In the areas short of housing, we provide for new construction.

Title III would extend the basic FHA programs and increase the maximum loan amounts for FHA-insured mortgages and for loans made by federally chartered savings and loan associations. The committee believes the increases are required to keep pace with inflation. To expand homeownership opportunities for young and moderate-income families, the bill would lower the downpayment required for FHA loans and expand the graduated payment mortgage program authorized in 1974.

Title III would also strengthen the Government National Mortgage Association emergency tandem plan. This is a standby program to provide funds to the mortgage market during credit shortages.

It can build houses at such times at virtually no cost to the Federal Government. However, use of the program is at HUD's discretion, and we do not have any proposal in this legislation that would require the use of the Tandem Plan now. The feeling on the part of the administration, on the part of the committee, and I expect on the part of the Congress, is that in view of the recovery, in view of the drop in unemployment, this plan should not be used at the present time. I disagree with that, but I am in a minority and I will not press it.

Title IV of the bill would authorize a new Community Reinvestment Act. Under this act, Federal financial regulatory agencies would be required to assess a financial institution's performance in meeting the credit needs of its primary savings service area to an extent consistent with sound business operations.

This is a very vital part of this bill. I understand there will be an amendment which will eliminate or greatly reduce the effectiveness of this provision. I think the provision is essential because if we are going to rebuild our cities, it will have to be done with the private institutions. The banks and savings and loans have the funds. They have well over a trillion dollars in assets. They get those funds from the local communities.

What we provide is that the regulatory bodies, in passing on whether a bank or a savings and loan would be allowed to branch or grow or extend by having other units, would take into consideration whether or not that institution had reinvested in the community. Unfortunately, we find many banks and many savings and loan which take money from the community and reinvest it elsewhere, in some cases abroad, in some cases in other parts of the country. That is fine, provided it is not overdone. We have found many cases where these institutions have invested virtually nothing in the local community. We think this ought to be taken into consideration as one element in deciding whether or not the institution would be allowed to grow. I am sure we will hear a lot more about this in the next day or two because I expect an amendment will be called up to try to delete that provision from the bill. I hope very much the Senate will decide to keep it in the legislation.

Title V deals with rural housing. It would extend and authorize funds for the housing programs of the Farmers Home Administration. It would also make several changes to strengthen these programs.

In addition to the community reinvestment title, title IV, which I expect will be subject to an amendment which will be discussed at some length, there will also be, I understand, an amendment called up to knock out of the bill a provision that would change the present accounting method for housing.

At the present time, thanks to action taken under the Nixon administration by Mr. Lynn, we have a situation in which the obligational authority for housing has been run out for 20, 30, or 40 years. For that reason we get a distorted, grossly exaggerated impression of the cost of housing, because then it is put into comparison with other programs which also carry a multiyear burden but which are calculated on a 1-year basis in the budget. In the Defense Department that is overwhelmingly clear, but it is also clear in many other programs.

I believe this is a correction, which the committee decided to adopt, which is very wise. It has the support of the AFL–CIO, the homebuilders, and others who are concerned and interested in housing. I am hopeful we can maintain that particular provision in the bill. Without this provision, it will be very difficult to comply with the commitment Congress made way back in 1949, that it shall be a goal of this country to provide an opportunity for every American family to have decent housing. Obviously, this will not happen if we do not provide the kind of allocation of resources on a priority basis which the budget would permit.

This new provision, only in existence since about 1974 or 1975, requires that we run out the cost of housing—not the cost of the B–1 bomber, not the cost of many other programs, but the cost of housing.

Finally, Mr. President, I will again mention the Federal flood insurance program. That is extended in this bill. The committee voted by a margin of 8 to 4 to reject an amendment to reduce the effectiveness of that program. This is a program which is working. It is not easy, because it is not popular in a lot of areas. I am sure every Member of the Senate has had constituents complain about the requirement to get flood insurance. We found, Mr. President, that if we permit people to move into flood-prone areas, it is not just their own risk they are taking. If they were, we could forget it.

It is a free country, let them do it. What happens, however, is that they live in these areas; then, as they get flooded out, the general taxpayers from all over the country have to step in and bail them out. We have done that again and again. This program, therefore, requires that they take out flood insurance—which, incidentally, is subsidized for a considerable period of time. Then, gradually, the homeowners would pay the cost themselves. Also, we discourage people from building in flood-prone areas by requiring flood insurance, and by requiring them to build the kind of structures which could endure in the normal kind of flood they may experience.

As I said, this program is controversial. We expect an amendment to be offered and debated at some length.

Mr. President, before concluding, I would like to take a moment to discuss three amendments which I anticipate will be offered during the floor debate on this legislation. The committee opposes these amendments, and I would like to explain why. I have briefly referred to the amendments earlier in my remarks.

The first amendment, to be offered by my colleague, Senator MORGAN, the junior Senator from North Carolina, would delete title IV, the Community Reinvestment Act. As I have outlined before, this title would specifically authorize the agencies which regulate federally chartered financial institutions to evaluate how well these institutions are meeting the credit needs of the areas which they are primarily chartered to serve. The provision is intended to eliminate the practice of redlining by lending institutions.

The opposition to title IV is based, primarily, on three arguments. It is argued, first, that title IV is unnecessary because the regulatory agencies already have this power and are already using it. But the fact is that while some of the agencies do consider an institution's investment in its community, others do not. The absence of specific statutory language has, we have been told, undercut efforts to get a uniform policy of community reinvestment.

The second argument is that the bill would increase the paperwork of lending institutions. But the fact is that some regulatory agencies already carry out the review called for in the bill—and there is no indication that the paperwork involved has created unusual burdens.

The final argument raised is that representatives of financial institutions testified against the original bill, and continue to oppose title IV. But the bill I originally proposed has been drastically revised during the committee's markup, and I believe the substantive objections have been satisfied in title IV. The committee believes that the Community Reinvestment Act responds to nationwide demands that Congress do something about redlining. Something can be done—and without burdening lenders. The Federal Home Loan Bank Board and agencies of several States have already shown that a regulatory program can produce greater reinvestment in our communities.

Let me turn to another provision of the bill that is a matter of deep concern to the members of the Committee on Banking, Housing, and Urban Affairs and to others who are directly involved in efforts to meet our national housing goals and provide decent housing for all Americans. I am referring to section 208, which would amend the Housing and Urban Development Act to establish a method of calculating budget authority for housing assistance programs. It is the committee's view that the present method for calculating budget authority established by the Office of Management and Budget under the previous administration is inadequate and should be changed.

In testimony before the Appropriations Committee earlier this year, HUD Secretary Harris put her finger on the critical weakness of the present method. The current budget accounting practice, she said, "tends to exaggerate the costs of the Department's programs relative to other Federal programs, and it tends to distort the real financial impact of HUD programs on the Federal Treasury."

The Committee on Banking, Housing, and Urban Affairs has been troubled by the new budget accounting practice since it was introduced 2 years ago. In April 1975 I wrote to Congressional Budget Director Rivlin that the new method for calculating budget authority was "unrealistic, inaccurate and unfair, and I recommended that a study be undertaken to determine: First, how future expected outlays for housing assistance programs should be calculated, and second, how budget authority for all other Federal programs should be calculated in order to provide a satisfactory and equitable comparison of program expenditures."

In the months since then, I have continued to hear from groups like the National Association of Home Builders, the AFL–CIO, the National Housing Conference, the Mortgage Bankers Association, the National Association of Housing and Redevelopment Officials, the Coalition for Low-Income Housing, the U.S. League of Cities and Conference of Mayors that the budget accounting guidelines under which HUD is operating are misleading and unfair.

Mr. President, I want to make it very clear that section 208 of the committee bill aims to provide, for housing programs, cost figures which are comparable to those used for other programs. The committee bill does not seek to duck the issue of housing costs. It seeks equal treatment for housing—not preferred treatment. The committee bill, in brief, directs HUD to prepare its budget to reflect in its request for new authority: First, all payments required to liquidate past contributions for contracts and second, all projected payments required to liquidate contracts entered into during the year ahead.

The committee intends that HUD would provide, in addition to its requests for authority to make payments, estimates of future payments that would be required under various assumptions regarding types of housing assistance provided, family income, and rent charges over appropriate time periods.

The committee believes that this method of accounting will enable the committees of the Congress most immediately involved in assessing the costs and benefits of housing programs—the Committees on Banking, Housing, and Urban Affairs, Appropriations, and the Budget—to compare the short-term as well as the long-term costs of providing housing assistance with the costs of providing new weapons systems, the costs of increasing benefits for veterans, the costs of building more highways and roads, the costs of providing more aid for U.S. shipping, and the costs of carrying the national debt.

Mr. President, we all know that the Federal Government will authorize this year millions and even billions of dollars for programs that will require additional appropriations next year and for years thereafter. Most Federal programs involve commitments for funding for more than 1 year, and many have operating costs in addition to the amounts authorized. Yet, with the exception of housing assistance, these commitments and required future obligations are ignored in the Federal budget. In contrast, under the Nixon-Ford guidelines still being used by OMB, the HUD budget shows that the administration is requesting almost $33 billion in fiscal year 1978 for housing. But the $33 billion requested by HUD this year includes estimates of what will be required to run the program 10 years, 20 years, 30 years, and even 40 years from today. Only housing for low-

and moderate-income persons, among Federal assistance programs, is budgeted in 1978 for costs that may be incurred in the year 2017.

A proposal for $1 million in new contract authority for public housing or new State-financed section 8 housing for lower-income families is now required to be expressed in the budget as $40 million in budget authority. This figure takes into account payments that may be made over the next 40 years, including estimated increases in rents resulting from inflation.

Contrast this with our budget treatment of the B–1 bomber. The fiscal year 1978 budget shows $1.6 billion new budget authority, but who of us thinks this is the real long-term budget commitment involved? Cost overruns in defense programs are so common, we have come to assume they are inevitable, even though not counted in the budget. And what about future commitments to maintain this sophisticated weaponry? Surely this is no inexpensive matter. Yet, there is no long-run operating cost figure in the budget for us to assess. We spend $7 billion each year for construction of new highways and roads, without even mentioning the additional billions that will have to be spent to maintain them. Nor do we run out the future obligations of the U.S. Treasury for the Federal debt. If we did, we should have to authorize, this year alone, over $1 trillion just to pay the interest charges on the current debt, assuming no future increase in interest rates.

Mr. President, I have asked why housing programs have been singled out for special treatment in the budget. There are those who say it is a historical carryover from the Nixon-Ford era, and there is strong evidence that this is the case. As you will remember, President Nixon shut down all of our Federal housing programs in 1973, despite congressional protest. His HUD Secretary at that time, James Lynn, supported the moratorium on housing and ignored his pledge to the Congress that he would carry out the programs that were authorized to achieve our national housing goals. Mr. Lynn was then appointed Director of the Office of Management and Budget. He carried his fight against housing with him. It was he who, in 1975, ordered HUD to report budget authority as it now does. It is his directive that continues today to be followed by the OMB and by the congressional budget committees. The antihousing bias of the Nixon-Ford administration should not be continued. To eliminate this bias, the committee has adopted section 208.

It is also argued that housing's "special treatment" in the budget merely reflects two facts: First, that housing programs do involve multiyear commitments, and second, that housing commitments are legal contracts.

Mr. President, these two facts are correct. Housing programs do require multiyear commitments and legal contracts. This is because they operate through the voluntary actions of private lenders, homebuilders, construction workers, property owners, and local governments and agencies, and require a significant amount of money over a long period of time.

But these two facts do not really explain housing's unique treatment for budget purposes in the Federal or congressional budget.

There are—as I have indicated before—other major Federal programs which have long-term commitments. Some of these are legal, others are moral obligations. It certainly is not clear that the Government's moral obligations are any less binding or less expensive than its legal obligations.

There is no practical difference between the Federal Government's continuing moral obligation to provide compensation to the unemployed, benefits to war veterans, social security payments to retired workers, and its legal obligation to continue to make housing assistance payments for lower income families. In reality, there are a number of programs which have no obligations budgeted for the future but for which expenditures in the future are more certain than they are for housing programs.

Mr. President, the question of how budget authority for housing should be calculated can be resolved simply. Require that budget accounts for all programs reflect anticipated expenditures over a common period. Correct the present practice requiring housing to count in this year's budget authority its maximum long-term commitment without requiring other programs with such commitments to do the same. Section 208 of the committee bill would improve both congressional and public decisionmaking regarding national priorities by presenting housing and other Federal assistance programs in the same way in the Federal budget.

Finally, I would like to say a word about a third amendment which proposed to alter very drastically the Federal flood insurance program. A similar amendment was considered by the committee and rejected by a vote of 8 to 4. The committee adopted, instead, the administration's proposal to extend the program through fiscal year 1978. The 1-year extension would give the new administration time to review the program, and the Senate another opportunity to conduct oversight hearings. I would like to recall for my colleagues the background of the flood program. It is crucial to understanding the committee's firm opposition to the amendment which Senator EAGLETON will offer.

In 1965, Congress directed the administration to study the feasibility of establishing an insurance program to deal with the problem of flood losses. The study showed that the hazards of flood damage in the United States have been rising steadily, and that demand for property in flood-prone areas is increasing. The study found that people are generally uninformed about flood risks. Most are overoptimistic about their chances of avoiding flood loss, or expect the Federal Government to bail them out should a flood disaster occur. The staff concluded that a flood insurance program could be established to save not only lives, but the high costs of property losses that are borne by the Federal Government and by individual property owners.

But the study emphasized that for an insurance program to succeed, future flood losses must be reduced through local management of flood-prone areas. The continued unregulated development of flood-prone areas would undermine any effort to provide insurance protection for persons living in areas of flood risk. It is important to remember this, because in 1973 Congress amended the flood insurance law to require communities, as a condition for receiving subsidized insurance, to implement flood plain management regulations and to bar participation by federally regulated lending institutions in construction or real estate activities in communities which fail to participate. Experience showed that communities were not moving voluntarily to do so. Flood losses and Federal disaster expenditures were continuing to mount.

The Congress, after lengthy deliberations and considerable compromise, enacted the present program in order to take into account all viewpoints. And the program is working. More than 15,000 communities are participating in the program. More than 12 million flood insurance policies have been sold. Over $30 billion worth of property is now protected by flood insurance. Local communities are adopting better practices to reduce the likelihood of future flood damage. It is projected that by 1980 the Federal Government will save almost $2 billion each year as a result of the flood program—and private property owners will save even more.

Those who would amend the present law present two basic arguments to support their views. They argue first that this is an unnecessary infringement on the rights of private property. But experience has shown that this is not the case. Experience has shown that owners of property will build in flood-prone areas, lenders will make loans in areas that are flood prone, and people will buy in areas that are flood prone. And when the flood disaster occurs, the Federal taxpayers will pick up the tab out of compassion. The history of this program has demonstrated that "carrots" are simply not enough—some sanction is needed to stimulate communities to act. Under the current program, over 150,000 communities have responded. Each month brings new communities into the program. Communities recognize that this program protects private property without unnecessarily infringing on private rights.

Those who propose amending the statute argue, second, that the program has been plagued with problems, particularly with problems in mapping flood-prone areas.

There is no doubt that mapping has been a problem. But the problem of surveying and drawing maps for over 20,000 communities, showing block-by-block areas that are flood prone is a monumental task. It requires preparation of a preliminary, and then a detailed, final map. There have been problems in preparing these maps. But, I am pleased to

report, the problem of inaccurate or unclear flood maps is a problem of the past. All of the preliminary, and frequently inaccurate, maps have been redrawn, and thousands of properties have been redesignated.

The problems of mapping and securing understanding and agreement concerning responsibilities do not require a drastic legislative solution. They require continued congressional oversight. The Committee on Banking, Housing, and Urban Affairs plans to hold such hearings during this session, and to take any remedial legislative action needed.

This is not the time to interrupt a program that is beginning to produce savings that will amount to $2 billion annually in a matter of years.

This certainly is not the time to turn from a program of insurance to a program of haphazard, emergency aid.

Congress has before it now yet another disaster relief appropriations bill.

The present flood insurance program offers a practical alternative to increased disaster relief spending. The flood insurance program accordingly should be retained without drastic amendment.

Mr. President, I hope that the Senate will adopt this bill. I have an amendment I expect to offer at a later time to cut the overall cost of the bill back to the level recommended by the administration. It is slightly over that now and I think it should come into conformance with the administration. I think we can offer that in a way which will be acceptable to most Members of the Senate.

In that event, of course, the bill will not only be in accordance with the congressional budget limitation, but also in accordance with the request of the Office of Management and Budget.

Mr. President, I reserve the remainder of my time.

Mr. BROOKE. Mr. President, I yield to the distinguished Senator from New Jersey such time as he may need.

Mr. CASE. Mr. President, I ask unanimous consent that during consideration of this bill, Alan Boyd of my staff be granted the privilege of the floor.

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

Mr. BROOKE. Mr. President, the distinguished chairman of our committee, the Senator from Wisconsin, has outlined the major provisions of Senate 1523, the Housing and Community Development Act of 1977. This is a significant bill which makes a number of "mid-course corrections" in our major housing and community development programs. I would like to highlight some of the important objectives of this bill.

First, the bill effectively addresses the issue of the formula for allocation of community development funds. Since the enactment of this program in 1974, I have been concerned that the community development formula has shortchanged many of the neediest cities and towns, particularly the older cities of the Northeast and Midwest. For the past 3 years, only the "hold-harmless" clause, providing funds to these cities based upon their prior participation in HUD categorical programs, has protected most of these cities from severe reductions in funding levels. And beginning in fiscal year 1978, funding under "hold-harmless" will phase down by one-third each year until fiscal year 1980, when all communities will receive their basic formula entitlements.

This bill contains two changes in the formula which will help redress the imbalance in HUD's current allocation mechanism. First, the committee approved the administration's dual formula approach which would give communities a choice between the current formula and a new formula which measures age of housing, poverty and growth lag. The new formula gives increased weight to two factors which are far more sensitive to the needs of older communities—housing stock built prior to 1940 and the extent of a community's growth which falls below the national growth rate. Age of housing has been shown to be an extremely effective indicator of community development need. It also correlates well with a number of other factors such as high tax effort and loss of tax base, which are symptomatic of distressed cities. The new formula will make substantial progress toward directing funds at the neediest cities, particularly those which are phasing down from their "hold-harmless" levels.

The second formula change is an adjustment to the dual formula for "impaction." I sponsored this amendment in committee along with the distinguished Senator from New Jersey (Mr. WILLIAMS). The adjustment will consider a city's proportion of old housing stock relative to the proportion of old housing in all metropolitan areas. "Impaction" will better target community development funds at the cities with high concentrations of older housing. These cities, which are located throughout the country, have increased community development needs because of the impact of their older, deteriorated housing and obsolete infrastructure. These two changes go a long way toward redressing the inequities in the community development formula.

For smaller cities and towns under the community development program, this bill provides assured funding for those communities in need. Under this bill, the Secretary of Housing and Urban Development would be allowed to make multiyear commitments of discretionary funds to small cities with comprehensive community development programs. First priority in funding would go to those cities and towns which are currently carrying out a comprehensive program, and are phasing down from their "hold-harmless" entitlements. The criteria for awarding these grants would include the size of the city, its prior and present funding levels, its capacity to perform, age of housing and poverty. Discretionary funds will be allocated by State according to a dual formula which is similar to that adopted for the basic entitlement program for larger cities. I believe that these provisions adequately recognize the needs of smaller cities for assured funding to carry out their community development programs and reflect our awareness that many smaller cities are in distress and need a source of longer-term funding to help meet their serious problems in housing and community development.

The bill also provides that no city currently receiving entitlement funds would lose those funds until the decennial census in 1980 determines that the population of the city has fallen below 50,000. HUD's use of updated census estimates for population would have resulted in a loss of funding for a number of communities including Arlington, Mass.; White Plains, N.Y.; Covington, Ky.; La Crosse, Wis., and others. The updated figures used by HUD have a margin of error and are not an accurate basis for determining a community's entitlement status. This provision will assure that these cities remain in the program until regular census data indicates that they no longer qualify for entitlement funding.

There are a number of other provisions in the community development title of the bill which should assist our cities in improving their housing conditions, encourage physical and economic development, and expand economic opportunities for low and moderate income families. I am very pleased that the committee bill provides for a housing preservation plan as part of a community's housing assistance plan—HAP. Cities would be required to identify deteriorated housing in their communities and devise a strategy for rehabilitation of the housing stock. This should prove to be a useful tool for communities to focus and target their neighborhood revitalization efforts.

At the same time, this bill provides a new authorization of $60 million for the section 312 rehabilitation loan program. This program has been extremely successful in many communities and serves as an essential tool to help preserve existing neighborhoods. The program has suffered in the past because of administrative attempts by HUD to curtail the program and cut off its funding. I am hopeful that HUD Secretary Patricia Harris will improve the management and administration of this vital program so that it may serve its purpose as a vital supplement to a community's rehabilitation program using community development funds.

Mr. President, I believe that the changes and improvements in the community development block grant program contained in this bill make this program a much more valuable resource for assisting our cities in meeting their urgent housing and community development needs.

Title II of the bill contains the major housing provisions under the section 8 housing assistance and public housing programs. The bill provides funding for about 400,000 assisted housing units in fiscal year 1978, which will be allocated in accordance with local housing assistance plans. This will give local communities the opportunity to decide the mix of public housing and section 8 units, and to select the number of new, rehabilitated and existing units according to the needs of the particular community.

The bill provides for $708.1 million for public housing operating subsidies. This

amount will be sufficient to fund operating subsidies at the level required by the performance funding system. There is also provision for at least $42.5 million for modernization of existing public housing projects. Modernization represents a wise investment which is needed to preserve and upgrade thousands of basically sound public housing units throughout the country.

Mr. President, we have literally billions of dollars invested in public housing in this country. We must adequately maintain this housing. We cannot have our Government become the Nation's largest slum landlord, as has often been charged.

If we do not provide sufficient funds for modernization, there will be further deterioration of these housing units, and low-income families and the elderly will not be able to live in decent housing, and with some sense of dignity.

I am very relieved that the committee saw fit, and I hope the Senate will agree, to earmark $42.5 million for modernization of existing public housing projects.

The committee report contains a strong recommendation to HUD concerning disposition of HUD-acquired properties under the section 221(d)(3) and section 236 housing programs. I chaired committee hearings in Boston on April 18 to hear testimony on the problems of multifamily subsidized housing in Boston. We heard that there is a serious foreclosure problem in Boston and a number of other cities and that HUD policies and practices have not contributed to solving this problem. In fact, witnesses indicated that when HUD acquires these properties after foreclosure, many projects actually deteriorated, and that poor maintenance and management were common problems in HUD-owned buildings. In addition, when these projects have been sold by HUD to private purchasers, HUD sells these buildings in "as-is" condition and has received an average return of no more than 3 to 7 cents on each dollar of its original investment. At the same time, rental subsidies to low- and moderate-income tenants are terminated so that tenants are faced with rent increases beyond their ability to pay or are forced to move.

The committee report strongly urges HUD to retain these projects until maintenance and management are brought up to an adequate level. If this would require rehabilitation and repairs by HUD, these should be performed while the projects are HUD owned. Then, when the projects are sold by HUD, HUD would receive a reasonable return on its investment and living conditions would be improved for the tenants. After sale, HUD should insure that tenants will be protected from rent increases through the use of section 8 or other rental subsidies.

There are a number of other problems in section 221(d)(3) and section 236 projects, which the committee will analyze at hearings on this issue later in the year. But the recommendations in the committee report will provide substantial benefit to the low- and moderate-income tenants living in these buildings, and will help provide HUD with a reasonable return to the FHA insurance fund.

Mr. President, I have been greatly concerned about the problem of homeownership affordability, particularly for young families of moderate and middle income who are being priced out of the homeownership market. I introduced the Young Families' Housing Act, Senate 664, in February of this year to assist these families in purchasing their first home. The committee bill contains the first part of the Young Families' Housing Act, which provides for FHA insurance of graduated payment mortgage. The graduated payment mortgage would reduce monthly mortgage payments during the early years of a mortgage and increase those payments during the later years. The availability of this mortgage instrument should give young families a greater opportunity for homeownership by reducing the burden of high initial monthly mortgage payments. The second provision of the Young Families' Housing Act, which provides for an individual housing account, will have to be considered by the Senate Finance Committee. The individual housing account would provide that young families could save up to $2,500 a year in an interest-bearing savings account, up to a lifetime maximum of $10,000. These savings would be deductible from income for income tax purposes and the interest income would be tax-exempt, if the proceeds were used for the downpayment on a first home.

Therefore, this savings account would help enable young families to make the downpayment on their first home.

Mr. President, I believe that there are two principal problems facing first-time home buyers. We have had almost a decade of young families who have been unable to afford their first home. The first problem, is accumulating the downpayment and that would be addressed by the individual housing account.

The second problem is high initial monthly mortgage payments, and the provision for an FHA-insured graduated payment mortgage in this bill should assist young families in entering the homeownership market.

I am hopeful that the provision for an individual housing account will be considered by the Senate Finance Committee during this session of the Congress.

Mr. President, the bill contains extensions for FHA programs, and extensions and authorizations for rural housing programs which are vital to our national housing efforts. The only provision which I would like to highlight would authorize FHA mortgage insurance where adverse economic conditions temporarily exist due to Indian land claims. Mortgages may be insured, at the discretion of the Secretary of HUD, if homeowners are unemployed as a result of these land claims. This provision would assist the residents of Mashpee, Mass., who are suffering severe economic distress as a result of Indian claims for their properties. This program would assist these hard-pressed families during this extraordinary situation.

Mr. President, I believe that this is an important bill which helps meet the urgent housing and community development needs in our country. I strongly urge my colleagues to support the bill.

Mr. President, there are many other matters that I could cover at this time, but I think they have been ably discussed by our distinguished chairman.

On the whole, I believe this is an important piece of legislation which helps meet the urgent housing and community development needs in our country.

I am hopeful that my colleagues will support this bill substantially as it has been reported by the committee. We have had lengthy hearings and markup sessions on this bill. I think this bill incorporates the best that could be done for housing and community development for 1978.

Therefore, I hope my colleagues will act favorably upon this legislation.

Mr. President, I yield the floor.

Mr. GARN. Mr. President, permit me, as a member of the Banking Committee, to review and discuss some of the complexities of the legislation we have before us. S. 1523, as reported by the Banking Committee, contains some 66 pages and covers a myriad of Federal programs in the areas of community development, housing, rural housing, mortgage credit, and title 4, which is identified as community reinvestment. More about that later.

For the convenience of my colleagues, I will proceed to move through the bill from title to title, highlighting some of the areas of importance to my colleagues. One of the most important points in this legislation is contained in title I, community development, wherein we propose the reauthorization of the block grant program for 3 years, 1978, 1979, and 1980. This will permit the communities, cities and counties to plan ahead at least for a 3-year period. It helps to remove some of the question, doubt, and concern on the part of city officials as they have to prepare for their annual budget process. Heretofore, Congress has been delayed in acting for one reason or another and has placed cities and counties across the country in precarious positions in trying to anticipate whether or not previously existing Federal programs would be continued, interrupted, reduced, increased, or whatever, making it nearly impossible for comprehensive fiscal planning on their part. We all know that local government in this country, for the most part, is the center of fiscal responsibility in government at all levels and Congress must not contribute or make more difficult their efforts to balance their budgets and improve their communities.

We have extended and authorized additional funds for section 312 rehabilitation loans and the section 701 comprehensive planning program. Both of these programs are extremely important and have been utilized with great success in communities throughout this country. I am personally committed to supporting both programs and am very pleased to see that, within the Department of Housing and Urban Development, the support is being rekindled on the highest levels for especially the 312 rehabilitation loan program. More and more people across the country are identifying the existing housing stock as the core upon which our efforts can be based to rehouse and house those who

are in substandard housing conditions or needy

As far as section 701 comprehensive planning assistance is concerned, the committee has added a number of bureaucratic requirements which localities must identify and respond to as part of their application for CDBG and money such as this 701 planning fund will be helpful to the smaller, less sophisticated cities as they prepare their applications for community development block grants and similar programs. I cannot emphasize enough how strongly I feel and am committed to 312 rehabilitation loans and 701 comprehensive planning assistance.

In title II, housing assistance and related programs, a number of broad ranging programs have been dealt with in one way or another, ranging from the public housing program to research, flood insurance, and urban homesteading. A major change was made by amending the Housing and Urban Development Act to change the present method of calculating budget authority for housing assistance programs in order to provide for a "more satisfactory comparison in the Federal and congressional budgets of proposed expenditures resulting from various programs."

The goal is a laudable one, but more study and work needs to be done in this area before the budget consideration can be considered as acceptable. This is a very complicated and difficult subject to quickly review. I am sure that the Banking Committee will be giving this a good deal more attention in the months ahead. Criticism is made of the previous method of calculation, that of multiplying the total amount of new contract authority approved by the maximum term of the contract authorized. This may indeed be subject to question but, on the other hand, it is not correct to say that simply utilizing an annual authorization of a contract which could run anywhere from 1 to 15 years is correct either. As I said, this is a very troublesome procedure and more attention needs to be given it.

In title III, mortgage credit, a number of adjustments have been made in some of the programs for mortgage limits which were sorely needed to permit prospective borrowers to purchase homes in today's market and still be able to avail themselves of FHA mortgage insurance and other related insurance programs.

Another related adjustment came in the area of Federal savings and loan association mortgage limits which too were adjusted to provide for the increased cost of housing in this country.

Title IV, community reinvestment, is a section of the bill that has come in for severe criticism, and it should be pointed out that an attempt to remove that title from the bill was made in the Banking Committee and lost on a tie vote of 7 to 7. That should indicate to the Members of the Senate the degree of concern that the members of the Banking Committee have; however, suffice it to say that more will be said in this regard, as an amendment is before us to remove that title.

Title V, rural housing, extends a number of rural housing programs and provides for additional authorizations for their continuation. Senator MORGAN, the chairman of the Rural Housing Subcommittee, and I, as the ranking minority member of the subcommittee, held a 1-day hearing on rural housing during the past recess and I am pleased to be able to say that in my home State of Utah, the rural housing program is met with a great deal of acceptance and is amassing an excellent record as a program which is being utilized for the purpose intended by Congress. We expect to be bringing to this body a bill dealing more specifically with rural housing sometime before the end of this session. In the meantime, the provisions of title V are most desirable and will permit the rural housing program, as administered by the Farmers Home Administration, to continue.

All in all, the chairman of the Banking, Housing, and Urban Affairs Committee, and the ranking minority members of the committee, Senators PROXMIRE and BROOKE respectively, together with Senator SPARKMAN, the chairman of the Housing Subcommittee—with Senator BROOKE also serving as the ranking minority member of that subcommittee, have brought to this Chamber a bill which, with some modification, could warrant the support of every Member. It is important that each Member give full consideration and support to a number of the amendments which have already been laid on the table. As I have said before, these will be discussed in more detail as they are brought up for consideration.

Finally, as one of my colleagues said during consideration of another matter some months ago, this is a bill I want to support but there are some changes that must be made. I urge my colleagues careful consideration of the many issues contained in the bill and of the many amendments before us.

PUTTING OUR COMMUNITY DEVELOPMENT FUNDS WHERE THE PROBLEMS ARE GREATEST

Mr. HUMPHREY. Mr. President, the Housing and Community Development Act of 1977, which the Senate will be considering over the next few days, provides the Members of this body with a unique opportunity to respond to the findings of a study which Congress mandated in 1974. At that point, we were not certain that the Community Development Block Grant—CDBG—formula would serve its intended purpose—namely to assist those cities most in need. The HUD studies, one conducted in-house, and one by the Brookings Institution, revealed that the hold-harmless distribution showed a weak statistical relationship to community development need. The hold-harmess funds, it appeared, were going to those cities who had previously exhibited keen grantsmanship skill but were not necessarily those cities most in need. More specifically, the study documented the decreases in the share of funds going both to central cities and to the Northeast.

HUD, therefore, proposed a dual formula as an alternative to the existing distribution mechanism. Under this formula, no community would get less than they would have under the existing formula. However, many communities would be eligible for increased funding.

This proposal which considers a community's age of housing stock, growth lag and poverty, would target increased funds to older cities which have been losing population. It is precisely these cities most in need of community development funds, which were receiving an inequitably small proportion of funds under the existing formula. The beauty of the dual formula is that no community will be worse off than it otherwise would have been—but some communities will be better off—and these are, in fact, the communities most in need.

I also fully support the Williams-Brooke impaction amendment which further assists the most needy cities, again while not reducing funds to other entitlement cities. Under this amendment, the proportion of pre-1939 housing stock would be considered as a basis for increased funding. Those communities which would benefit under this approach, the older communities, will be eligible for increased funds, but not at the expense of other areas, as the increased authorization necessary to finance the provision is derived from a reduction in the urban development block grant program. This will still permit the introduction of the UDAG program while increasing the equity of the block grants.

The Committee on Banking, Housing, and Urban Affairs spent a great deal of time deliberating the merits of this bill. It involved addressing difficult and sensitive issues and certainly was no easy task for any of the Members. I believe Chairman PROXMIRE and his colleagues are to be commended for the equitable and reasonable bill which the committee reported.

I fully support this bill and urge my colleagues to do likewise.

Mr. RIBICOFF. Mr. President, the Housing and Community Development Act (S. 1523) offers new hope for America's cities. This measure provides a needed and long overdue boost for the Nation's beleaguered and deteriorating urban areas.

The condition of urban America, with its aging housing stock and rapidly dwindling populations, has worsened with the economic dislocations of recent years. Unemployment in some economic sectors, such as the construction industry, has reached depression proportions in many areas of the country, particularly the Northeast. While there has been some general improvement in the amount of new housing, housing starts in my part of the country last year showed the slowest and weakest improvement of any region. A number of cities—most spectacularly New York City—have been forced to the brink of total financial collapse.

The goals of the 1968 Housing Act are far from realized. That important measure envisioned a production target of over 22 million units of housing in the period 1968 to 1977. It is estimated that, by the end of this year, only 18.7 million units will have been built. Because of the lack of adequate, decent housing many families live in crowded, unsanitary structures.

Older cities have deteriorated, in large measure because of the neglect of earlier administrations. There are some sections of northeastern cities which appear as if they have been devastated by aerial bombardment—vacant lots, gutted buildings and little, if any, municipal services. These conditions have precipitated a sizable outmigration, particularly by the more affluent.

Our older citizens are also experiencing considerable difficulty in finding proper housing. It is estimated that more than 3 million elderly persons are in need of assisted housing. Living on fixed incomes, older persons simply do not have the mobility to seek better housing. Thus, many of our elderly are forced to live where conditions are hazardous to their health, safety, and general well-being.

S. 1523 is not the final solution. It is no panacea. It is, however, an important measure. It has become increasingly apparent that the old formula for the distribution of community development block grants—depending on population, poverty, and overcrowding—has not sufficiently met the needs of the Nation's most depressed urban areas which have been losing population. The new formula system proposed in this legislation enables a municipality to select the one which most closely satisfies its particular requirements.

The additional housing and urban development programs which are supported by the legislation's community development and housing assistance provisions are urgently needed. The $12.45 billion, 3-year authorization for community development black grants is critical for those cities which are struggling to meet the basic needs of their citizens.

The urban development action grants program is particularly useful for aiding aging urban areas in alleviating physical and economic deterioration. It will aid cities and urban counties to attract private investment to stimulate the needed restoration of housing or to develop the resources to cope with population losses and declining tax bases.

Under the urban development action grants program funding will be made available to stimulate investment which will strengthen the economic infrastructure of financially distressed areas. Severely depressed cities will have the necessary capital to begin the restoration of seriously deteriorated neighborhoods, to develop needed employment opportunities and to recycle nonutilized or underutilized facilities for industrial activities.

Mr. President, the legislation before us today signifies the Congress intention to begin the revitalization of our country's urban areas. Attempts to weaken this measure should be resisted. We must insure that assistance is provided to those most in need, especially to older cities struggling to fight urban blight.

UP AMENDMENT NO. 346

Mr. PROXMIRE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposed an unprinted amendment numbered 346:

On page 36, line 8, strike out "$1,239,620,000" and insert in lieu thereof "$1,116,620,000".

Mr. PROXMIRE. Mr. President, this amendment would bring the bill into conformity with the overall funding request of the Office of Management and Budget. At the present time, the bill is $56 million over the congressional budget ceiling and it is $123 million over the request of the Office of Management and Budget.

I think the President has indicated a great interest in this legislation, and his speeches have been very strong in this regard. He said in Milwaukee, for example, last fall that the No. 1 domestic problem in our country is our cities. I think he has shown his concern by a generous request in this budget. I think that, obviously, we, in the Banking, Housing, and Urban Affairs Committee, are deeply concerned with it. We have a number of members who are really champions of the cities and housing.

But I think we have to put this in proportion. The President has indicated that he is concerned about excessive spending by Congress, and I think he is right. I am concerned, too, and I think many other Members of Congress are. For that reason I think it is wise for us to reduce our spending levels.

I might point out this bill is not a budget-buster even in its present form. The bill is only about 1 percent over the request of the President, but that is 1 percent too much. I do not think we should have legislation that comes before Congress where the President understands the program thoroughly, supports the program, has indicated that by his personnel appointments, has indicated that by his budget levels, and then argue that the program out to be increased.

There were a number of areas, specific areas, in which the committee increased the level requested by the President. I am very sympathetic to all of those areas, and I am sure other Members are, too.

I am not going to reduce most of those. For instance, on the 312 rehabilitation program, we went $60 million over the level requested by the administration.

HUD has, I think, very able, sensitive, and experienced people now who have appraised this, and who tell us they cannot use that money. But the committee decided to give it to them, and, in view of the popularity of rehabilitation, I think that program's funding might very well survive on the floor even if we try to cut it.

A second area is 701, planning. This is an area where I felt for years we funded too much money, but it is an area where again the committee went $12.5 million over the President's level. I tried to hold it down but was unsuccessful, and because of the nature of that planning and because of the great lobbying ability, articulateness and persuasiveness of the people who benefited from this planning, it was very, very hard to cut it. I am not going to try to cut that below the level the committee recommends.

A third is public housing operating subsidies, of which the Senator from Massachusetts is a great champion and has done a fine job in supporting.

He argued that the budget was too low by $43 million, and the committee went along with it. Again I am not going to try to cut this level back. What I will do instead, is to take those amounts and reduce the overall housing assistance program, which is at a level of $1.232 billion and which can afford to take a reduction. My amendment would cut that back so that the total amount authorized will be at the same level as the President requested. This would be $123 million below the committee bill, which would be somewhat below the level recommended by the Senate budget resolution, but would be in accordance with the President's budget. I think that is the responsible thing to do. Although I am sure there may be those who feel the committee is right and we should not make any cut at all, I am hopeful that this amendment I am offering now will be accepted.

Mr. BROOKE. Mr. President, this amendment comes as a surprise to me. Now that my distinguished chairman has outlined where he intends to make the budget cuts, I understand the purpose of his amendment.

I know that at our markup sessions the distinguished chairman wanted to keep the total budget figure as low as possible. But it appears to me that he now intends to cut $123 million from this bill, which represents the difference between the authorization in the bill and the President's budget. But I think that if the chairman wants to effect these savings—and I wholeheartedly agree with him that we should reduce the budget wherever it is prudent to do so—that he should look at the congressional budget resolution figures rather than the President's budget. We are $53 million over the budget resolution, and I think that the budget resolution should represent our budget target. As the chairman will remember, this bill is very close to the budget resolution. I think we ought to take the budget resolution as our guide rather than the President's budget.

Mr. PROXMIRE. May I say to my good friend we were very close to both of them. We were not very much in excess.

Mr. BROOKE. Not far off at all.

Mr. PROXMIRE. One percent over the President's budget and one-half of 1 percent over the congressional budget.

I really think, as I say, President Carter has been generous. I think HUD made a very fine impression. They do ask for a substantial increase in authorizations over what we have had in the past, and I think they are determined to have a vigorous housing program and community development program. I would hope we would be able to agree to go back to the level that the President requested in view of the fact that there is only a moderate difference.

I think we can, if we find that somehow throughout the year, because of the economic situation and because of prog-

ress that HUD has made they can proceed on this, the Senator from Massachusetts and I are both on the Appropriations Committee—he is the ranking member of the Banking Committee—and we may be able to at that time consider a supplemental. We may be able to consider authorizing additional funds and then appropriating additional funds.

Mr. BROOKE. I wish I could agree with my distinguished colleague. Actually it would seem to me that the process ought to operate in reverse. We can act in Appropriations Committee with greater flexibility if we have the full authorization. If you do not have the authorization, you cannot make the appropriation. I would rather have sufficient authorization and then leave it to the Appropriations Committee to decide whether to make further cuts in our housing program.

I would hope that the Senator would consider amending his amendment to decrease the overall housing figure by $53 million in the areas he mentioned, rather than $123 million. That would be using the budget resolution rather than the President's budget. I think that is a fair and equitable starting point.

I would hate to see us cut back considerably in public housing modernization. I have just spoken about the urgent need for upgrading our public housing projects.

Under your amendment, would there be any reduction in modernization funding? Would the Senator tell us exactly where he intends those cuts to be made?

Mr. PROXMIRE. Yes. I do not cut rehabilitation at all; I do not cut it at all.

Mr. BROOKE. I know.

Mr. PROXMIRE. I do not cut planning, I do not cut operating subsidies. I cut in only one area, and that is housing assistance. It is by far the largest area. It is an area where there is considerable question as to whether or not HUD, which this year had 41,000 starts, would be able to provide for 400,000 units. Admittedly it will not be quite as difficult as that may seem because many of those would be used houses. But, nevertheless——

Mr. BROOKE. You are also cutting new housing construction under the section 8 program, are you not?

Mr. PROXMIRE. Well, it would have that effect, yes; to be frank, it would.

Mr. BROOKE. And we certainly need that new construction. Everyone has testified about the great need for new housing construction.

Mr. PROXMIRE. Of course, it could be existing or it could be new depending on the emphasis that HUD decides to place on it. It could be either one, but it probably would be some of both.

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

The PRESIDING OFFICER. On whose time?

Mr. BROOKE. On my time.

The PRESIDING OFFICER. The clerk will call the roll.

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

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HEINZ. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. PROXMIRE. I yield on my time to the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I ask unanimous consent that Constance Maffin, a member of my staff, be accorded the privilege of the floor during the debate and votes on this bill.

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

Mr. HEINZ. I thank the Senator for yielding.

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. 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. PROXMIRE. I understand that the Senator from Massachusetts is willing to yield back the remainder of his time on the pending amendment.

Mr. BROOKE. I yield back the remainder of my time.

Mr. PROXMIRE. 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 Wisconsin. 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 South Dakota (Mr. ABOUREZK), the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from New Hampshire (Mr. DURKIN), the Senator from Mississippi (Mr. EASTLAND), the Senator from Kentucky (Mr. FORD), the Senator from Louisiana (Mr. LONG), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Minnesota (Mr. ANDERSON), the Senator from Florida (Mr. STONE), and the Senator from Georgia (Mr. NUNN) are absent on official business.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

I further announce that, if present and voting, the Senator from Georgia (Mr. NUNN) would vote "yea."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Rhode Island (Mr. CHAFEE), the Senator from Oregon (Mr. HATFIELD), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), the Senator from Kansas (Mr. PEARSON), the Senator from Delaware (Mr. ROTH), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "yea."

The result was announced—yeas 39, nays 33, as follows:

[Rollcall Vote No. 171 Leg.]

YEAS—39

Allen	Glenn	Muskie
Bartlett	Goldwater	Nelson
Bentsen	Griffin	Percy
Byrd, Harry F., Jr.	Hansen	Proxmire
	Hart	Schmitt
Byrd, Robert C.	Haskell	Schweiker
Cannon	Hatch	Scott
Chiles	Hathaway	Stennis
Curtis	Hayakawa	Stevenson
Danforth	Helms	Talmadge
DeConcini	Hollings	Wallop
Dole	Johnston	Young
Domenici	Lugar	
Eagleton	McClure	

NAYS—33

Bayh	Jackson	Packwood
Brooke	Javits	Ribicoff
Case	Kennedy	Riegle
Clark	Leahy	Sarbanes
Culver	Magnuson	Sasser
Garn	Matsunaga	Sparkman
Gravel	McGovern	Stafford
Heinz	Melcher	Stevens
Huddleston	Metzenbaum	Tower
Humphrey	Morgan	Weicker
Inouye	Moynihan	Zorinsky

NOT VOTING—28

Abourezk	Durkin	Nunn
Anderson	Eastland	Pearson
Baker	Ford	Pell
Bellmon	Hatfield	Randolph
Biden	Laxalt	Roth
Bumpers	Long	Stone
Burdick	Mathias	Thurmond
Chafee	McClellan	Williams
Church	McIntyre	
Cranston	Metcalf	

So Mr. PROXMIRE'S amendment was agreed to.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CHILES. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Mr. President, I ask unanimous consent that Ethan Seigel and Tim Bartik, of my staff, be granted the privileges of the floor during the consideration of the pending legislation.

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

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that John Backer, of my staff, be granted the privileges of the floor during the consideration of the pending measure.

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

Mr. LEAHY. Mr. President, I ask unanimous consent that Martin Franks and Judy Heffner, of my staff, be granted the privileges of the floor during the debate and votes on the pending legislation today.

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

Mr. PERCY. Mr. President, I ask unanimous consent that Barbara Klein, of my staff, be granted the privileges of the floor during the debates and votes on the pending legislation.

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

Mr. LUGAR. Mr. President, I ask unanimous consent that Robert Kabel, of my staff, be granted the privileges of the floor during the consideration of this measure.

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

The Senator from Indiana.

UP AMENDMENT NO. 347

Mr. BAYH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Indiana (Mr. BAYH), for himself, Mr. NUNN, Mr. CRANSTON, Mr. MORGAN, Mr. STONE, Mr. THURMOND, Mr. GRAVEL, Mr. HOLLINGS, Mr. LUGAR, and Mr. BENTSEN, proposes an unprinted amendment No. 347.

The legislative clerk proceeded to read the amendment.

Mr. BAYH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 54, between lines 7 and 8, insert the following:

SEC. 312. (a) Section 2(b)(1) of the National Housing Act is amended by striking out "$12,500 ($20,000" and inserting in lieu thereof "$15,000 ($23,000".

(b) Section 2(b)(2) of such Act is amended by inserting before the semicolon at the end of the proviso in clause (2) the following: "(twenty-three years and thirty-two days in the case of a mobile home composed of two or more modules)".

(c) Subparagraph (B) of the second paragraph of section 2(b) of such Act and subparagraph (B) of the third paragraph of such section 2(b) are each amended by striking out "twenty years" and inserting in lieu thereof in each case "twenty-three years".

Mr. BAYH. Mr. President, I offer this amendment to the Housing and Community Development Act on behalf of myself, Mr. NUNN, Mr. CRANSTON, Mr. MORGAN, Mr. STONE, Mr. THURMOND, Mr. GRAVEL, and Mr. LUGAR. I would like to express my appreciation in paritcular to the Senator from Florida, Mr. STONE, who put a great deal of work into this amendment.

Essentially, my amendment will raise the FHA guarantee ceilings and terms for mobile homes. I believe it is only reasonable and logical that if this body is willing to increase the guarantees for conventional housing, that it should also do the same for mobile homes. After all, inflation affects young and old families buying mobile homes just as it does those families that purchase conventional housing.

For example, the price range for a single unit mobile home is from $9,700 to $18,000 with the average price being $16,000. This represents a 30-percent increase since 1974. Presently the FHA guarantee for such homes is $12,500. Clearly these figures on single unit mobile homes indicate that the price of a mobile home has surpassed the present day FHA guarantee. It is clear that inflation also impacts on the mobile home industry.

Mr. President, the amendment I propose today attempts to remedy this discrepancy. Specifically, my amendment would raise the dollar amounts for single-wide mobile homes form $12,500 to $15,000—still a thousand dollars under the average price for a single unit mobile home, and for double-wide units from $20,000 to $23,000. In addition, the terms for double-wide units would be extended from 20 to 23 years.

Mr. President, I do not think it is necessary to remind my colleagues of the rapidly rising cost of conventional housing.

We are all painfully aware of it, as are our constituents. In fact, the most recent statistics indicate that an average price of a single-family dwelling in this country has risen to an astonishing $51,600. That figure tells us that a large number of American families have been priced right out of the single-family housing market. I am not speaking here of underprivileged or low-income families alone, but also of middle-class families. We cannot ignore the fact that last year the growing mobile home market accounted for one out of every five single-family homes sold in this country. Furthermore, for those single-family homes sold for under $30,000, mobile homes accounted for 76 percent; and for those sold for less than $20,000, mobile homes comprised 94 percent.

Mr. President, who are the buyers of these housing units? They are the young families getting started and the older couple living on a fixed income—those very families who need the provision of this act the most, but who, without this amendment, would be overlooked.

It is because of the growing need for additional mobile homes for those families that can no longer afford to pay the exorbitant prices for conventional housing that I offer this amendment to Housing and Community Development Act. Furthermore, this amendment is simple in its provisions, easy in administration, helps those who need it most, and I urge its swift adoption. Therefore, I urge my colleagues to join in seeing that this measure is passed.

Mr. SPARKMAN. Mr. President, I offer an amendment to the Bayh amendment as follows: I move to delete section V of the amendment offered by Senator BAYH.

The PRESIDING OFFICER (Mr. HASKELL). If the Senator will suspend, the Chair is informed that the Senator's amendment is not in order at this time until the time on the amendment of the Senator from Indiana has expired.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BAYH. 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. BAYH. Mr. President, I ask unanimous consent that my amendment be changed. I request permission to modify my amendment so that where the amendment provides $15,000, the sum of $16,000 be inserted therein.

The PRESIDING OFFICER. The Senator has the right to modify his amendment and it is so modified.

Mr. BAYH. Mr. President, I yield back the remainder of my time.

Mr. PROXMIRE. Before the Senator does that, let us have a discussion, so we understand.

As I understand it, the Senator from Indiana has modified his amendment to provide that the 20-year time which we now have in the law will continue in effect.

Mr. BAYH. That is correct.

Mr. PROXMIRE. He has provided, however, for an increase in the limits on insurance on mobile homes; by how much?

Mr. BAYH. To $16,000. We would add $1,000 to the $15,000.

Mr. PROXMIRE. So the total limitation would be how high?

Mr. BAYH. It would be $16,000.

Mr. PROXMIRE. Mr. President, I think that is an excellent amendment. It accomplishes something we have to accommodate to. Unfortunately, we have very serious inflation. Prices rise. A tremendous number of people, as the Senator from Indiana said so well, depend now on mobile homes—not only people of very limited circumstances, but a number of people of middle-income stature. I think this is an amendment which will be most helpful.

I think the Senator was very accommodating and very wise to limit the term to 20 years. As I understand it, there has been no study, really, of the economic life of a mobile home. In the absence of that study, I think we should stay where we are, rather than create a situation where we have a loan outstanding at the end of a 20-year period and the property is not adequate to redeem it.

Mr. BAYH. That is correct.

Mr. President, I yield to the Senator from Massachusetts.

Mr. BROOKE. Mr. President, as I understand it, the Senator's original amendment raised the mortgage limits to $15,000.

Mr. BAYH. Mr. President, to be consistent, I wish to modify my amendment so that that $15,000 would go to double-wide. Double-wide is now $20,000. We are raising it to $23,000. I ask unanimous consent to modify my amendment to change that to $24,000.

The PRESIDING OFFICER. The Senator has the right. His amendment is so modified.

Mr. BAYH. Let me say, I am going to yield back my time and discuss this, when the Senator from Alabama is going to propose his amendment.

The PRESIDING OFFICER. The Chair interjects here that the Senator's modifications are adopted. Would the Senator send his modifications to the desk so the clerk can see them?

The amendment, as modified, is as follows:

On page 54, between lines 7 and 8, insert the following:

SEC. 312.(a) Section 2(b)(1) of the National Housing Act is amended by striking out "$12,500 ($20,000" and inserting in lieu thereof "$16,000 ($24,000".

Mr. SPARKMAN. I want to say that I am perfectly willing, so far as I am concerned, to accept the modified amendment.

Mr. BAYH. Then the Senator from Indiana——

Mr. BROOKE. Does the Senator's amendment relate to both single-wide and double-wide mobile homes? That would be $16,000 on the single-wide and $24,000 on the double-wide. Is that correct?

Mr. BAYH. I thought the Senator from Alabama was going to offer an amendment. I would rather not object to his effort than initiate it on my own.

Mr. President, in an effort to expedite what we are doing here, I ask unanimous consent, further, in the spirit of camaraderie and conciliation, that the amendment be further modified so that the extended period from 20 to 23 years be deleted and that the term be kept at 20 years.

I must say I would prefer to get the 23 years, but our two distinguished colleagues, the Senator from Wisconsin and the Senator from Alabama, are prepared to oppose that. I do not know where the Senator from Massachusetts is on this.

If we can get the additional dollars, as far as the amount that can be borrowed to get into these homes, then I think the extra 3 years are matters which could be studied. I hope that the Senator from Wisconsin will give us a pledge here that in the next go-round on this, they could see whether there needs to be an extension of this matter from 20 to 23 years.

Mr. PROXMIRE. I can assure the Senator from Indiana that we shall have hearings on that and give it every consideration.

Mr. JAVITS. Will the Senator yield for a unanimous-consent request?

Mr. BAYH. I yield.

Mr. JAVITS. I ask unanimous consent that Barbara Washburn be granted the privilege of the floor.

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

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

Mr. BAYH. I yield.

Mr. SPARKMAN. I think we all ought to understand that HUD is studying this proposition right now. Undoubtedly, as I believe the chairman has said, when they have completed their study, they will make recommendations to us and the committee will consider them.

Mr. BAYH. I appreciate the fact that my three colleagues are willing to accept the amendment. I think a word of explanation is important in as much as I have been willing to accept a shorter term.

I see my distinguished junior colleague from Indiana here. We are both very familiar with the type of mobile homes being produced today. The quality is significantly greater than it has been in the past.

It seems to me if, indeed, in the past a 20-year duration made sense, that now with increased quality and the numbers of people relying on these homes, it would be only wise to extend it to 23 years.

Our colleagues took issue on that. I yield to their judgment with the understanding they have already volunteered to look into this so that the next time we discuss this matter, we can explore the possibilities of extending the terms of the loan from 20 to 23 years.

Mr. BROOKE. Will the Senator yield?

Mr. BAYH. I am glad to yield to the Senator.

Mr. BROOKE. One of the concerns expressed by HUD is that these monthly payments should not be increased to the point where they would be beyond the ability to pay of the likely mobile home-buying population. This could be a very serious problem.

I believe there is another amendment which may be offered which would increase mortgage limits by up to 50 percent, in the $30,000 range. This could lead to a substantial increase in defaults because the monthly payments would be beyond the reach of the population that buys mobile homes.

Mr. BAYH. We are targeting, as the Senator knows, on a specific market—lower middle income market, older people, young people who cannot even come close. We are talking about less than half the price of a regular home.

It is not a matter of competing with the normal housing market.

One of the reasons the Senator from Indiana felt compelled to extend the length of term from 20 to 23 years was, as we were increasing the size of the market, we would be prorating that over an additional 3 years and avoid the kind of concern expressed by the Senator from Massachusetts.

Mr. BROOKE. Then the monthly payments would be less; is that correct?

Mr. BAYH. Yes. The monthly payments.

We have just discussed people who go as if they were paying rent on the down-payment on that mobile home every time they get a paycheck.

I believe we have pretty well resolved that now, so I will not pursue the 23 years. But I hope we can at a later date approach that because that gets the per month payment down and makes these homes available to people who otherwise will not have them. It is the only thing they can afford. They are high quality merchandise right now and in a price range that most people can afford that could not if they had to go out and get into a conventional home market.

Mr. LUGAR. Will the Senator yield?

Mr. BAYH. Yes.

Mr. LUGAR. To what extent does the amendment now, as amended, correspond to the House of Representatives provision in this same area? Are we still consistent with the language of the House, with the $16,000 to $24,000, and the other $12,000——

Mr. BAYH. The only change would be in the dollar amount. That is the only inconsistency with the House.

Mr. LUGAR. And with regard to the terms, where does that lie?

Mr. BAYH. They are consistent now with the 20 years.

Mr. LUGAR. I just wish to comment, I strongly support the Senator from Indiana's amendment. I think it is apparent for the reasons he has suggested and that have been commented on by other distinguished Senators that we are talking about housing needs of a very large number of Americans, trying to offer some commonsense consistency to financing with regard to those.

I commend the Senator from Indiana's initiative and I support it strongly.

Mr. BAYH. I thank my colleague.

In order to be absolutely certain there is no misunderstanding, I should say that I think perhaps what the Senator from Indiana was describing in his question, which I did misinterpret, is that the law now provides for 20 years. The amendment we are preparing to vote on would provide 20 years, whereas in the House bill it is 23 years. I assume this difference will be resolved in conference.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. BAYH. I yield back all my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana, as modified.

The amendment, as modified, was agreed to.

AMENDMENT NO. 346

Mr. PROXMIRE. Mr. President, I have previously submitted amendment No. 346 to S. 1523 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an amendment numbered 346.

Mr. PROXMIRE. 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:

At the end of the bill add the following:

TITLE VI—FEDERAL RESERVE BOARD

SEC. 601. The second paragraph of section 10 of the Federal Reserve Act (12 U.S.C. 242) is amended by striking out the third sentence and inserting in lieu thereof the following: "Of the persons thus appointed, the President shall appoint one, by and with the advice and consent of the Senate, to serve as Chairman of the Board for a term of four years and one shall be designated by the President as Vice Chairman of the Board for a term of four years.".

Mr. PROXMIRE. Mr. President, I will explain the amendment. The purpose of this amendment is to subject the appointment of the Chairman of the Board of Governors of the Federal Reserve System to Senate confirmation upon nomination by the President.

To my surprise, and to the surprise of many Senators, we do not confirm the Chairman of the Federal Reserve Board now.

It should surprise us because, ironically, we do confirm members of the Board, but not the Chairman.

There was a recent poll of Members of Congress and of people in the academic community and the business community as to who were the most influential people in the United States. No. 1, of course, was the President of the United States, which goes with the job.

But No. 2 was the Chairman of the Federal Reserve Board. It was a wise determination. William McChesney Martin was Chairman and was regarded as one of the most powerful men in Washington.

The Federal Reserve Board has a power peculiarly congressional. The Constitution gives the money power to the Congress. It is a congressional power to coin and regulate money.

We created the board and gave these money powers to the Federal Reserve Board. The Chairman of the Board is a man who wields enormous influence, but he is not confirmed when appointed Chairman, as long as he is a member of the Board at the time the President appoints him.

This is an oversight we should have recognized years ago, and I am offering that amendment now. It has been before our committee, and there has not been any objection to it.

The Federal Reserve is the instrument by which the monetary policy of the Nation is carried out on behalf of the Congress. The single most important individual involved in the conduct of monetary policy, which determines our interest rates and has an enormous effect on inflation, is the Chairman of the Federal Reserve. Monetary policy, of course, exerts an important influence on the economy and on employment inflation and growth.

All seven members of the Federal Reserve Board are appointed by the President by and with the advice and consent of the Senate for 14-year staggered terms. The Chairman is appointed by the President from among the seven members for a term of 4 years. The member selected is not required to be confirmed by the Senate in that capacity.

Because the post of the Chairman of the Federal Reserve is of such enormous influence, the Committee on Banking, Housing, and Urban Affairs last year reported to the Senate a provision which would have required Senate confirmation of the position. However, the provision was contained in a bill that included controversial matters and the entire bill failed to pass.

I introduced this legislation again in this Congress and recently held hearings on the measure. The Federal Reserve Board has no objection to the enactment of this provision into law.

In my judgment it is imperative that the Senate have the opportunity to hold hearings and to debate whomever President Carter appoints to chair the Federal Reserve and to conduct the monetary policy of the Nation.

Mr. President, some Members may feel this may be an "ad hominem" situation affecting the Chairman. There is no way of knowing whether President Carter intends to reappoint Chairman Burns or not. He may or may not do so. In any case, that appointment will not take effect until next January.

I have a letter from the Chairman of the Federal Reserve Board, Arthur Burns, indicating that he has no objections to my amendment.

This amendment is a long overdue procedural reform and is not intended to influence in any way the President's nomination of a Federal Reserve Chairman next January. Needless to say, if the President does renominate the present incumbent, the Banking Committee will hold expeditious hearings on the nomination and bring the matter to a prompt vote.

But I cannot imagine the Senate saying that it should not consider the man who has the kind of power the Chairman of the Federal Reserve Board has, particularly since it is a peculiarly congressional power. He is independent of the executive branch, but subject, of course, to congressional scrutiny and oversight. Therefore, if there is any nomination over which we have authority where we should demand that authority, it is in this case.

We approve the nomination of every second lieutenant, of all kinds of assistant secretaries, of people in all sorts of jobs by rote in this Chamber, with no debate, no consideration.

I think it is obvious, if we have any notion of simply passing the buck and being irresponsible, that we should act in this case to affirm our responsibility for the Chairman of the Federal Reserve Board.

So I hope this amendment will be accepted.

Mr. President, I ask unanimous consent that the letter from Chairman Burns be printed in the RECORD.

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

CHAIRMAN OF THE BOARD OF GOVERNORS, FEDERAL RESERVE SYSTEM,
Washington, D.C. June 3, 1977.

HON. WILLIAM PROXMIRE,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: It has come to my attention that when the Senate considers S. 1523, the Housing and Community Development Act of 1977, early next week, you are planning to offer a floor amendment which would require the appointment of the Chairman of the Board of Governors to be subject to Senate confirmation upon nomination by the President.

I have no objection to the amendment you are planning to offer.

Sincerely yours,

ARTHUR F. BURNS.

Mr. BROOKE. Mr. President, I do not rise to oppose this amendment. I do not know why there has been no requirement that the Chairman of the Federal Reserve Board be confirmed by the Senate except that, of course, all members of the Board of Governors are confirmed by the Senate and then the Chairman is appointed by the President.

I think the same procedure holds forth for the Federal Home Loan Bank Board. I do not know that there is any other chairman of such a board who is actually confirmed as such by the Senate.

I think it is true in any of these instances that there is confirmation by the Senate on membership on the board itself and not on the chairmanship. Therefore, I do not see any particular reason why this Chairman should be confirmed.

I have the highest esteem and respect for Arthur Burns, who has served so ably as the Chairman of the Board of Governors of the Federal Reserve System. I, for one—and I am sure there are others who agree—hope the President of the United States will renominate him to be the Chairman of the Board of Governors of the Federal Reserve System, because he has done such an outstanding job.

Arthur Burns is such an authority, and is so respected by the financial community and, I think, by the country generally. He is truly one of the most highly respected public servants we have.

But we are not talking about Arthur Burns. Presumably, if he is renominated by the President, he would be confirmed by the Senate. But I take it that my distinguished chairman of the Banking, Housing, and Urban Affairs Committee feels there is some necessity for confirmation of the Chairman of the Federal Reserve Board, and I wonder why this does not equally apply to other boards and commissions as well.

Mr. PROXMIRE. May I say to my good friend from Massachusetts, my amendment is not aimed at this time or this particular chairman. As the Senator recalls, this proposal was considered by the committee last year, offered as a bill by this Senator last year, approved by the committee last year, reported to the floor last year, and I do not think anybody at that time had a notion of whether Carter, if he were elected President, would reappoint Arthur Burns or whether somebody else would be appointed.

I share the admiration the Senator has expressed for Arthur Burns. He is a brilliant economist. I disagree with him very strongly on some measures, and I think his position has been one that is highly controversial, as it often is likely to be in this particular area, which is, by nature, highly controversial. I would have an open mind on any confirmation. But I think it would be most unfortunate if we did not have an opportunity to pass on the President's appointment of the Chairman of the Federal Reserve Board.

The reason why the Federal Reserve is different from the Home Loan Bank Board is that the latter has a 4-year appointment to the Board. Members of the Federal Reserve have a 14-year appointment, and it is possible for a President to avoid simply letting the Senate act on confirming the Chairman in this pecu-

liarly congressional function. The President can name his own Chairman from the Board, as long as he names one of the seven members.

It seems to me that whether it is Arthur Burns or whoever it is, the Senate ought to insist that the Banking, Housing, and Urban Affairs Committee ought to hold hearings and report to the Senate on its judgment as to his or her qualifications to be the Chairman.

I think the Senator would agree there is some difference in the qualifications necessary for the Board itself and for the chairmanship. We have approved some members of the Board who had very little economic background as qualifications for membership, very little in the area of monetary or fiscal policy, and we have had people accepted by the Senate who are adequate to serve on the Board but who, I think, in many cases would not be considered to be qualified as the Chairman.

The Chairman has great influence in leading that Board. As I say, we have seen it not only with Arthur Burns, we have seen it with William McChesney Martin; we have seen it with Eccles, and with a lot of distinguished Chairmen in the past. So I hope the Senator would accept this amendment and recognize that it is not directed at anybody in particular. I share the Senator's admiration for Arthur Burns.

Mr. BROOKE. I am sure the Senator does share the great esteem I have for Dr. Burns. I think his monetary policies have proven correct and are, I believe, greatly responsible for the improvement in the economy in this country.

But I cannot agree with the Senator when he says that we should confirm a member of the Board of Governors who could not serve as Chairman of that Board.

Mr. PROXMIRE. Maybe we should not, but we have done it.

Mr. BROOKE. I do not know that I have ever voted on a confirmation of a member of the Board of Governors of the Federal Reserve Board in the 11 years I have served on this committee when I did not feel that, if the President should designate him as Chairman, he could not serve well as Chairman.

Mr. PROXMIRE. I would say about two-thirds of the people we passed on, in my view, would not be qualified to be Chairman. But in any event, whether I am right or wrong, the fact is——

Mr. BROOKE. Then why have him serve as a member of the Federal Reserve Board?

Mr. PROXMIRE. Being a member is less demanding than being Chairman. Also, once a person has served on the Federal Reserve Board there is a record. Let us leave the present distinguished Chairman aside for the moment, and say the President should pick one of the other members of the Board. It seems to me it would be very desirable and proper for the Senate to examine his record as a member of the Board, what he had done, whether or not his judgment had been sound, whether he had demonstrated the kind of quality we would expect a chairman to have.

As I say, you can make an argument against our confirming anybody. We could, for instance, rule out confirming second lieutenants and majors and some of the many very minor positions we confirm.

But this is such a powerful position, right at the heart of our economic policy in our country, undoubtedly the most important economic position we have, except possibly that of the President. For the Senate to pass the buck and say, "We are not going to confirm him," seems to me would be most ironic.

Mr. BROOKE. The President could have a vacancy on the Federal Reserve Board and nominate a person to fill that vacancy and, at the same time, name that person as Chairman of the Federal Reserve Board.

Mr. PROXMIRE. Presidents have usually done exactly that.

Mr. BROOKE. Without any service on the Federal Reserve Board at all.

Mr. PROXMIRE. That is right. The Senate would have to act to confirm him.

Mr. BROOKE. It is not a matter of serving on the Federal Reserve Board and then being chosen on the basis of his service.

Mr. PROXMIRE. That was not the argument. My argument applied to a case where the President does as President Nixon did in appointing Arthur Burns as Chairman of the Federal Reserve Board. If he is an outsider, then we should act on his confirmation, we should have a hearing, have debate and act to confirm him or not.

The same thing has been true of William McChesney Martin, the same thing has been true of most of the chairman of the Federal Reserve Board. However, in the event he is already on the Board, we do not have that opportunity to pass on whether or not he should be chairman, and I say we then have a chance to look at a real record to determine whether that record warrants his being elevated to the chairmanship or not. I think we should participate in that because it is a congressional responsibility, a constitutional congressional function independent of the executive.

Mr. BROOKE. I mentioned the Federal Home Loan Bank Board. What would the distinguished Chairman say concerning the Chairman of the Federal Deposit Insurance Corporation? Should we confirm the Chairman of the FDIC?

Mr. PROXMIRE. Well, I think we probably should, but I think that is of far lesser importance with respect to economic policy than that of the Chairman of the Federal Reserve Board. The Chairman of the Federal Reserve Board determines, more than anybody else in our country, monetary policy.

The head of the FDIC is an administrator who runs the insurance program. I think it is important to have a man or woman of ability and quality there, and I think it would be very good for us to confirm him or her. I would vote for it. I would be in favor of it.

But I do not think that is an imperative, as urgent, as it is for us to have an opportunity to have a voice in determining who is the Chairman of the Federal Reserve Board.

Mr. BROOKE. What about the chairmanship of the Securities and Exchange Commission?

(At this point Mr. MOYNIHAN assumed the Chair.)

Mr. PROXMIRE. Well, in the case of the SEC, during the years the Senator from Massachusetts and I have served on the Banking, Housing, and Urban Affairs Committee, it would seem to me we have acted on virtually every appointee. They have appointed people who have been, to the best of my knowledge, outsiders who have come in and been appointed as chairman. There may have been an exception or two. But in any event, I think it would have been wise for us to have passed on that. I would not object to those improvements the Senator is suggesting. Let us consider a few less second lieutenants and consider more chairmen of boards who have the policymaking responsibilities in our Government.

Mr. BROOKE. What is the administration's position on this? Does the administration want to have the Chairman of the Federal Reserve Board confirmed by the Senate?

Mr. PROXMIRE. I do not know of any administration position one way or the other. I presume that the present administration might wish a situation in which they can appoint any member of the Board they like as chairman without the Senate interferring. I do not think we should permit it. They have not said one way or the other, as far as I know.

As I say, the Chairman of the Federal Reserve Board himself said he has no objection to the amendment.

Mr. BROOKE. I read that letter addressed to our distinguished chairman which has been printed in the RECORD. It said:

> DEAR MR. CHAIRMAN: It has come to my attention that when the Senate considers S. 1523, the Housing and Community Development Act of 1977, early next week, you are planning to offer a floor amendment which would require the appointment of the Chairman of the Board of Governors to be subject to Senate confirmation upon nomination by the President.
>
> I have no objection—
>
> In principle—
>
> to the amendment you are planning to offer.

I do not think that is a ringing endorsement of the Senator's amendment at all. I do not know what Chairman Burns could have said under the circumstances. If he had any objection to it, it would look as though he had something to fear by confirmation of the Senate. On the other hand, he has already been confirmed by the Senate. He was confirmed by the Senate when he was appointed to the Federal Reserve Board, as are all the other members of the Federal Reserve Board and all members of the SEC, FDIC, the Home Loan Bank Board, and every other agency.

I am just trying to ascertain—and I will not belabor this point—why the distinguished Chairman feels it is so important at this time that we confirm the Chairman of the Federal Reserve Board. I still cannot quite clearly understand that.

Mr. PROXMIRE. May I say to the Senator from Massachusetts, he is about as eloquent and persuasive a lawyer, contender, arguer, and debater, as I know.

Mr. BROOKE. I thank the Senator.

Mr. PROXMIRE. I have not, however, heard one single reason why we should not confirm the Chairman of the Federal Reserve Board to occupy that extremely powerful position. This is congressional authority. The money power is congressional in the Constitution, and it is our responsibitily. I think before the President decides who is going to be chairman, the Senate should find out his views in detail, and we should examine his record in detail. We should discuss whether or not the position he takes is the right position for the economic policy of this country. We have to assume that responsibility, and this gives us an opportunity to do so.

Mr. BROOKE. The distinguished chairman is not a member of the bar, but no one would ever doubt that he has articulate and persuasive powers on the floor of the Senate and in the committee. We are all aware of that.

But I might remind the distinguished chairman that the burden of proof is not on me to show why he should not be confirmed; the burden is upon the Senator to prove why he should be confirmed.

Mr. PROXMIRE. I welcome that burden and am delighted to have it. It is easy.

Mr. BROOKE. The Senator has the burden of persuading us that there is some good reason.

Mr. PROXMIRE. This is about the easiest case I ever had. I cannot imagine an easier case.

Mr. BROOKE. Apparently it is not an easy case when it has never been done before in the history of the United States. This is 1977. If it is such an easy case, why has it not been done before?

Mr. PROXMIRE. It should have been done in 1913. It should have been done in 1914. It should have been done in 1915. It should have been done a long time ago.

Mr. BROOKE. Has the Senator ever considered why it was not?

Mr. PROXMIRE. It was not.

Mr. BROOKE. Why?

Mr. PROXMIRE. It was not done because in most cases, in almost every case I can recall—I am sure there are exceptions—the President appointed an outsider, not a member of the Board; therefore, it was necessary to hold hearings and it was necessary to confirm him. The case for the Senate assuming the responsibility for the appointment for the Chairman of the Federal Reserve Board, the most important and powerful economic policy position in our Government, is, it seems to me, just overwhelming. Either we do that or abolish Senate confirmation of appointments.

Mr. BROOKE. Can the Senator know when we will again be faced with the situation where the President appoints an outsider?

Mr. PROXMIRE. Fine.

Mr. BROOKE. Then we will have confirmation hearings on that person.

Mr. PROXMIRE. Maybe we will be covered in that event.

Mr. BROOKE. Then this amendment is predicated on the reappointment of Arthur Burns.

Mr. PROXMIRE. No. The President could appoint any one of six other members of the Board.

Mr. BROOKE. Another member of the Board?

Mr. PROXMIRE. That is right.

Mr. BROOKE. It is predicated on the appointment of some other member of the existing Board; is that correct?

Mr. PROXMIRE. That is correct.

Mr. BROOKE. Is that the Senator's fear?

Mr. PROXMIRE. It is not a fear. It is saying we should assume responsibility here, particularly in this area. I wish the Senator would meet that problem. The Constitution provides that the power to coin money and regulate the value thereof is a congressional power. It is a congressional authority. The Federal Reserve Board, as everyone hears about it, is independent from the executive branch. It is not independent from Congress. That Board is our creature. Are we going to assert that responsibility?

Mr. BROOKE. We do in confirming each appointment to the Board.

Mr. PROXMIRE. We do not do so very well when we let the appointment to the most powerful position be made by the President, from whom the Federal Reserve Board is supposed to be independent, without any opportunity for the Senate to act on that appointment if the President appoints a member of the Board.

Mr. BROOKE. No one can be appointed chairman of that Board who has not been previously confirmed by the Senate.

Mr. PROXMIRE. Yes, and we confirm members of that Board flying blind.

Mr. BROOKE. That cannot be.

Mr. PROXMIRE. There is no way we know who might be chairman when he comes in as a member of that Board.

Mr. BROOKE. Here is the distinguished Senator from Texas (Mr. TOWER). I am sure he has never voted on anything flying blind since he has been on the Banking Committee. That is for sure.

Mr. PROXMIRE. I can say something, but I will not.

Mr. TOWER. Mr. President, I wish to ask one question.

Can the Senator think of anything more redundant than inviting Arthur Burns before the committee for a confirmation hearing? I do not know anyone who has appeared before that committee more often than Arthur Burns or whose views on virtually every topic one can think of are better known than the views of Arthur Burns. Why could we not grandfather him in? What is the point of including him in this?

Mr. PROXMIRE. I certainly would not want to grandfather anyone in. I would think if Arthur Burns came before us there are many points that could be raised, debated, and discussed. The Senator from Texas and the Senator from Massachusetts both feel that he has been almost perfect, God-like, in his decisions, and I think that is subject to some debate and discussion. I think he has made some serious mistakes; he has done some fine things, also. I think we should discuss it. I do not think it would be at all redundant. He should be before us for discussion on monetary policy, fiscal policy, and labor policy and just about every other policy. For instance, we have not found out why, in the years that Arthur Burns has been Chairman of the Federal Reserve Board, we have had worse inflation than we have had under the aegis of any member of the Board.

Mr. TOWER. That is the question, if that is the question.

Mr. PROXMIRE. With one exception. And that exception is a gentleman who was Chairman of the Federal Reserve Board for a few years during World War II. Except for that, Chairman Burns breaks all records on inflation. Perhaps he could answer that question.

I have a feeling he would be confirmed, probably resoundingly, with the majority of the Senators on this side and an overwhelming majority of the Senators on that side of the aisle. But I think it would be a good thing for the country to discuss it and for the Senate to assume its responsibility for it.

Mr. TOWER. The Senator has made an intriguing statement. He asked why we had the inflation with Arthur Burns as Chairman of the Fed.

Is the Senator implying that the Chairman of the Fed is responsible for the inflationary cycles we have had?

Mr. PROXMIRE. I think that there are many responsibilities. I would say that Congress shares a full burden, and I think our Presidents have, as well.

Mr. TOWER. Does the Senator think that deficit spending has nothing to do with it?

Mr. PROXMIRE. Of course, it has a great deal to do with it.

Mr. TOWER. Does the Senator say that organized labor with demands and getting raises in wages and benefits that have no relationship to demand and productivity and the laws of supply and demand had nothing to do with it?

Mr. PROXMIRE. I do not say that, of course.

Mr. TOWER. The fact that OPEC artificially jacks up the prices of oil, they have nothing to do with it? My stars, the Chairman of the Fed is indeed a powerful man if he is the one wholly responsible for that.

Mr. PROXMIRE. There is a perception in this country that the only man fighting inflation is Arthur Burns, and that his policies of fighting inflation are the best policies. That may be correct. I think we should debate it, discuss it, and recognize that he has a great deal of influence over a very important aspect of controlling inflation; that is, monetary policy—how big the money supply is and how rapidly it grows. During the years he has been Chairman, we have had this remarkable phenomenon of worse inflation than we had when other gentlemen were Chairman.

The Senator is absolutely right. The fact we had big deficits contributed to it greatly. The fact we had enormous increases in the price of oil by OPEC also is a big element. The fact we had drought and bad farm crops in 1 or 2 years was also an important element.

I think we should take all this in consideration, debate, and discuss it.

Mr. TOWER. I think it can be stated the other way. Maybe we would have had a worse inflation if it had not been for the restraint of people like Arthur Burns.

Mr. PROXMIRE. The Senator may well be right. If he is right, then Arthur Burns can undoubtedly survive debate and discussion in the Senate. I think it will be a happy day for us to discuss that. I think we should discuss a nominee of great importance for a change instead of people up here whose positions are of less importance.

Mr. TOWER. I ask the Senator why this is germane to a housing bill?

Mr. PROXMIRE. The Senator has offered many amendments that were germane and many that were not germane in the past, I am sure.

Mr. TOWER. And many were defeated as well.

Mr. PROXMIRE. I am sure some of them may have been. But this amendment is in order under the rules and, as I say, we have had hearings on it, we acted on it, we approved it, and we sent it to the floor before. I see no reason why it should not be on this legislation. It has a great deal to do with housing.

The policies of Arthur Burns have had more to do with affecting housing in this country—their effect on interest rates, their effect on the availability of credit—than perhaps those of any other official.

Mr. TOWER. Then I have another germane amendment. That is the repeal of the Davis-Bacon Act. That has had a very direct influence on housing. Perhaps we could discuss that subject.

Mr. PROXMIRE. I will be delighted to have that come up, and I will vote against it.

Mr. TOWER. I thought the Senator would.

Mr. BROOKE. Mr. President, I think the Senator's slip is showing a little bit. I think this is really the Burns amendment. It is evident to me from his colloquy with the Senator from Texas that it could very well be called the Burns amendment.

I think the Senator fears that the President, in his wisdom—and it may very well be his wisdom—may renominate Arthur Burns as Chairman of the Federal Reserve Board.

Mr. PROXMIRE. If the Senator will yield——

Mr. BROOKE. Just a minute. He is automatically on the Board, and if he becomes Chairman he does not have to come before our committee for any further confirmation; is that not correct?

Mr. PROXMIRE. No, that is not correct. Let me tell the Senator that this is in no sense the Burns amendment. I do not think it does a service to Arthur Burns to put it in that way. This amendment may pass, or it may be defeated. My guess is that if Arthur Burns were before this body for confirmation, he would do a whale of a lot better if the question was tied to this amendment. I think that Senators, whether they are enthusiastic or unenthusiastic about Dr. Burns, recognize the desirability of having a voice in determining who is to be Chairman of the Federal Reserve Board.

I also think it significant that there are many people who are great admirers of Arthur Burns. I am one of them; although I think he has been wrong often, I admire his mind, his character, and his tremendous ability to exert leadership on that Board and elsewhere.

Mr. BROOKE. Is this a forerunner of things to come? I mean can we now expect amendments that would require the Chairman of the FDIC, the Chairman of the SEC, the Chairman of the Federal Home Loan Bank Board, and others to be recommended by our committee and confirmed by the Senate?

I would just like to know the direction in which we are moving.

Mr. PROXMIRE. I give the Senator two answers. First, I have no intention of offering amendments in these other areas. By and large, they are people who serve 4 or 5 years, not 14 years.

Mr. BROOKE. Is that the distinction?

Mr. PROXMIRE. That is No. 1. Second, while I have no intention of——

Mr. BROOKE. Chairman Burns does not serve as Chairman for 14 years. He is Chairman for 4 years.

Mr. PROXMIRE. No, but he is a member of the Board for 14 years. He serves 14 years on the Board, and can become Chairman at any time.

Mr. President, I reserve the remainder of my time.

Mr. BROOKE. Mr. President, if no one else wishes to be heard on this matter, I certainly do not intend to raise any question of germaneness. It is just a matter that I think needs to be discussed rather thoroughly. I think I clearly understand the purposes of the amendment, and I shall not be guided, by a ringing endorsement of the amendment by Chairman Burns. As I have said, I do hope the President will renominate him, not only for the good of the President and his administration, but for the good of the country.

I yield back the remainder of my time.

Mr. PROXMIRE. Mr. President, does the Senator from Alabama wish to speak on this matter?

Mr. ALLEN. No. As soon as the time has been yielded back, I wish to raise a point that the amendment is not germane, and appeal to the Chair on that.

Mr. BROOKE. Mr. President, I yield back the remainder of my time, so the Senator can make his point.

The PRESIDING OFFICER. Has time been yielded back?

Mr. PROXMIRE. I have not yielded back my time. The Senator from Massachusetts has.

The PRESIDING OFFICER. All time has been yielded back——

Mr. PROXMIRE. No, Mr. President, I have not yielded back my time as yet. Do I understand I have 7 minutes remaining?

The PRESIDING OFFICER. The Senator is correct.

Mr. PROXMIRE. Mr. President, I understand the argument may be made by the Senator from Alabama that this is not germane, because this is a bill to amend the Housing and Community Development Act, and that could be an amendment to the Federal Reserve Act. I would just like to state my intention.

As I said in the course of the debate, I can think of no officer that has a more profound, direct, and explicit effect on housing than the Chairman of the Federal Reserve Board. If the Chairman, or the Federal Reserve Board itself, decides upon a policy of limiting increasing the money supply, and thus limiting the availability of credit, then, as we experienced in 1966 and 1970, we would likely have a credit crunch, and interest rates go up. In 1966, interest rates went up sharply, and there was a very devastating effect on housing.

The course followed, therefore, by the Chairman of the Federal Reserve Board, and the policies he decides to promote, are probably more important in determining the scope and the effectiveness of housing and community development than the legislation we have before us here.

I think for that reason it is extremely important that we have an opportunity, in considering our housing programs and in deciding on the kind of community development programs that are necessary, also to consider the policies of the Federal Reserve Board, and have an opportunity to pass on the record and the position that has been taken and very likely will be taken by the present Federal Reserve Chairman.

For that reason, Mr. President, I hope that the Chair will find that this amendment is germane.

I might also point out that the Chairman of the Federal Reserve Board, himself, considered this amendment, and he said:

> It has come to my attention that when the Senate considers S. 1523, the Housing and Community Development Act of 1977, early next week, you are planning to offer a floor amendment which would require the appointment of the Chairman of the Board of Governors to be subject to Senate confirmation upon nomination by the President. I have no objection to the amendment you are planning to offer.

Under those circumstances, again I would hope that the Chair would find that this amendment is germane. I yield back the remainder of my time.

Mr. ALLEN. Mr. President, I raise the point of order that the pending amendment is not germane. Had there been no time limitation agreement, of course, germaneness would not have been required. But under the time limit, the statement is specifically made in the agreement that no amendment that is not germane to the provisions of said bill shall be received.

No matter how closely related the Federal Reserve Board is to the housing issue, it still finds no place in this bill, because there would have to be some specific reference to the membership of the Federal Reserve Board for this amendment to be in order, and there is no such reference in the bill itself.

I raise the point that the amendment

is not germane as required by the unanimous-consent agreement.

The PRESIDING OFFICER (Mr. MOYNIHAN). The Chair rules that amendment No. 346 introduces new subject matter not in the bill and is therefore not germane, and the amendment falls.

The bill is open to further amendment.

Mr. PROXMIRE. Mr. President, I yield myself time on the bill. I understand that under the rules of the Senate I would be permitted to appeal that ruling to the Senate.

The PRESIDING OFFICER. The Senator is correct.

Mr. PROXMIRE. And I also understand that a majority vote would overturn the Chair's ruling.

The PRESIDING OFFICER. The Senator is correct.

Mr. PROXMIRE. I do not intend to do that. I intend to let the amendment go because the amendment is pending in the Banking Committee on another bill. I am sure there will be no question of point of order language in that particular case.

Rather than jeopardize the amendment by putting it into a position where it might very well be defeated, not on substantive grounds but on procedural grounds, I will withdraw the amendment and not press it at this time. I assure the Senate it will come up shortly.

The PRESIDING OFFICER. The bill is open to further amendment.

UP AMENDMENT NO. 348

Mr. HARRY F. BYRD, JR. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Virginia (Mr. HARRY F. BYRD, JR.) proposes an unprinted amendment No. 348.

On page 2, between lines 10 and 11, insert the following new subsection:

"(3) By inserting in paragraph (6) 'either' before '(B)' and by inserting before the period at the end thereof the following: 'or (C) has a population in excess of one hundred thousand, a population density of five thousand persons per square mile, and contains within its boundaries no incorporated places as defined by the United States Bureau of Census';"

On page 2, line 11, strike "(3)" and insert "(4)", and on line 14, strike "(4)" and insert "(5)".

Mr. HARRY F. BYRD, JR. Mr. President, the purpose of my amendment is to modify the current definition of an urban county to include any county which has a population of at least 100,000 persons and no incorporated areas as defined by the U.S. Bureau of Census, plus a density of at least 5,000 persons per square mile.

Under the current definition of an urban county, eligibility for direct funding is based on having 200,000 persons exclusive of incorporated areas, except where an agreement has been entered into to undertake essential community development and housing assistance activities.

In the Washington metropolitan area, the District of Columbia, the city of Alexandria, and the counties of Fairfax, Montgomery, and Prince Georges are receiving funding from this act. Only Arlington County is excluded benefits, whereas all contiguous jurisdictions are eligible.

In every way other than the 200,000-population requirement, Arlington County can be considered an "urban" county. It is more like a city—and has only 23 square miles. In addition, it has all the legal authorities of a city.

Arlington is unique in that technically it is a county, but in actuality it is a city.

Yet Arlington, with a population of 156,000 and a density in excess of 5,000 inhabitants per square mile, is excluded under present law.

The proposed amendment will bring only Arlington County into the entitlement program and will have minimal effect on the overall entitlement allocation. It will conform to the intent of the law to provide assistance to urbanized areas, as Arlington obviously is an urbanized area.

Every Member of the Senate, I believe, has been to Arlington County. One could scarcely set foot in that area without recognizing that it is indeed an urbanized area.

Arlington has a larger population than Alexandria—and is more urban than Fairfax County, yet technically is excluded under the current law.

I believe Senators will agree that equity requires approval of the proposed amendment, which was approved by the House committee and is now in the House-passed bill.

I ask the distinguished manager of the bill if he is willing to accept the amendment.

Mr. PROXMIRE. The Senator from Virginia has talked to me about this amendment. I have had a chance to discuss it with the staff. There is some resistance on the part of HUD on the grounds that once they make an exception it sets a precedent. As the Senator from Virginia has said so well, Arlington County is unique. This would not mean that there would be a very large amount of money that would be available elsewhere.

Furthermore, it has the problems of an urban county. I believe we all know that. That is No. 1.

No. 2, it has administrative capacity and legal powers to carry out housing and community activities so it can do the job and do it competently.

No. 3, it has an urban character. It is integral to the District of Columbia.

For all of those reasons it seems to me this amendment is proper and in order. As far as I am concerned, I am willing to accept the amendment.

Mr. BROOKE. I would just have to point out, as my colleague from Virginia knows, that there are other counties that may have unique problems which we may have to deal with. I understand the problem that Arlington County has, and I have no objection to the amendment.

Mr. HARRY F. BYRD, JR. I thank the able Senator from Wisconsin and the able Senator from Massachusetts for favorable consideration of this amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. PROXMIRE. 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.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

UP AMENDMENT NO. 349

Mr. CURTIS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nebraska (Mr. CURTIS) proposes an unprinted amendment No. 349.

At the appropriate place in the bill, insert the following:

"SECTION —. Section 242(c) of the National Housing Act is amended by adding the following sentence:

" 'No mortgage insurance premium shall be charged with respect to the amount of principal and interest guaranteed by the Department of Health, Education, and Welfare under title VII of the Public Health Service Act.' "

Mr. CURTIS. Mr. President, this amendment deals with a situation where the Creighton Hospital, in Omaha, Nebr., is financed by a loan from HUD and a loan from HEW.

The adoption of this amendment would lower hospital costs to the public. It would do so by lowering the cost of financing nonprofit teaching facilities hospitals whose mortgages are both insured by HUD/FHA and guaranteed by HEW under title VII of the Public Health Service Act.

HUD has found a way administratively of making a like reduction in FHA mortgage insurance premiums where the HEW guarantee is under the title VI Hill-Burton program. Unfortunately, that administrative solution will not work in the case of the title VII teaching facilities hospital program, where the guarantee is 90 percent rather than 100 percent. This technical amendment would give equal relief to title VII hospitals. The FHA premium would apply only to the part of the mortgage not guaranteed by HEW.

Mr. President, as I understand this, it amounts to paying a double premium where they are dealing with two agencies and in this particular case it has overcharged the hospital I mentioned by about $100.000 a year.

Mr. President, as I mentioned, the proposed amendment would lower the costs to the public of hospitalization. It would do so by lowering the FHA mortgage insurance premium paid by nonprofit teaching facilities hospitals whose mortgage has both: One, FHA insurance under section 242 of the National Housing Act, and two, an HEW guarantee under title VII of the Public Health Service Act.

HUD should not charge an FHA premium on the portion of a hospital mortgage which is guaranteed by HEW.

The HEW guarantee runs to HUD and removes from HUD any risk on that portion of the mortgage.

HUD has recognized this, and per a HUD legal opinion of April 30, 1976, has found a way not to charge the mortgage insurance premium on the portion of financing guaranteed by HEW under title VI—Hill-Burton program—of the Public Health Service Act. The solution found there was to use two mortgages, a first mortgage insured by HUD and a second mortgage guaranteed by HEW.

This solution, unfortunately, will not work in the case of a title VII hospital where the second mortgage is only 90 percent guaranteed by HEW—unlike the 100-percent guarantee under title VI. Therefore, the proposed amendment is needed.

It should also be noted that Public Law 94-484 enacted last October will enable HEW to provide 100-percent guarantees under title VII, but only on projects guaranteed after September 30, 1977.

In the case of a teaching facilities hospital in Omaha having a mortgage of $50 million of which $22 million is covered by an HEW 90-percent guarantee under title VII, the savings would be about $100,000 per year. The title VII program covers only nonprofit hospitals, so that the savings will benefit the public.

This amendment would have been brought up earlier when S. 1523 was before the subcommittee and committee, but for the fact that the Creighton Omaha Hospital, referred to above, was only advised of the need for corrective legislation on May 27.

The proposed amendment is in the public interest and is in the nature of a technical and corrective amendment to relieve an inequity. It is of limited scope, as described above, but does solve a nationwide problem.

Mr. President, it is my hope that the distinguished chairman and the minority leader of this bill would see fit to accept this amendment.

Mr. PROXMIRE. Mr. President, I congratulate the Senator from Nebraska on this amendment. It is a good amendment. As I understand it, it is just for hospitals in being or under construction. It would not result in new construction. It would help them meet their mortgage payments and somewhat lower those payments. It would reduce the cost to the public and to the hospitals. I think it is an ingenious amendment, a good amendment. I am happy to support it.

Mr. President, I yield back the remainder of my time.

Mr. CURTIS. 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.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

The Senator from Pennsylvania.

UP AMENDMENT 350

Mr. HEINZ. Mr. President, I call up my amendment at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read as follows:

The Senator from Pennsylvania (Mr. HEINZ), for himself, Mr. STONE, and Mr. CRANSTON, proposes unprinted amendment numbered 350.

Mr. HEINZ. 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 12, between lines 3 and 4, insert the following:

"(g) Section 104 of such Act is amended by adding the following new subsection at the end thereof:

"(1) (1) The Secretary shall, in making funds available to the recipients of grants under this title, permit any such recipient to receive funds, in one payment, in an amount not to exceed the total amount designated in the recipient's application, and approved by the Secretary pursuant to this section, for use by the recipient for establishing a rehabilitation loan fund which is to be established in a private financial institution and which is to be used to finance rehabilitation activities that are part of the recipient's community development program. The Secretary may, as a condition of making such payment, require that the rehabilitation loan fund be utilized for the making of loans to finance rehabilitation activities in a manner consistent with this Act. Rehabilitation activities authorized under this section shall begin within forty-five days after the Secretary has made such payment.

"(2) The Secretary shall establish standards for such cash disbursements which will insure that the deposits result in appropriate benefits in support of the recipient's rehabilitation program. These standards shall be designed to assure that the benefits to be derived from the local program include at a minimum one or more of the following elements, or such other criteria as determined by the Secretary:

"(A) Leverage of community development block grant funds so that participating financial institutions commit private funds for loans in the rehabilitation program in amounts substantially in excess of deposit of community development funds;

"(B) Commitment of private funds for rehabilitation loans at below-market interest rates or with repayment periods lengthened or at higher risk than would normally be taken;

"(C) Provision of administrative services in support of the rehabilitation program by the participating lending institutions; and

"(D) Interest earned on such cash deposits shall be used in a manner which supports the community rehabilitation program.

At the time of application, the Secretary shall review and approve all agreements with lending institutions which receive funds for community rehabilitation programs. Such approval shall be made on a case-by-case basis, and upon a determination by the Secretary that the agreement with the lending institution meets minimum benefit standards as listed in this paragraph.".

Mr. HEINZ. Mr. President, I rise to offer an amendment on behalf of Senator STONE, Senator CRANSTON, and myself. I believe both the majority and minority on the committee have received a copy of this amendment.

The purpose of the amendment is to permit clearly the use of community development funds for the establishment of locally designed rehabilitation loan programs in conjunction with local lending institutions. This amendment would allow a community to deposit a portion of its community development entitlement in a lending institution in order to leverage private funds for home repair or mortgage financing in designated neighborhood revitalization areas.

Until recently, there was no need for this amendment. The Department of Housing and Urban Development allowed communities to use community development funds for this purpose. Earlier this year, however, HUD published regulations which would have substantially curtailed this practice. Many successful ongoing local programs would have been stopped. Presently, HUD has indicated that it will revise its regulations to allow for lump sum deposits in lending institutions under certain circumstances.

The amendment that I offer would simply clarify the law so that the use of community development funds in this manner, within certain guidelines and in order to achieve specific benefits, is an eligible use of program funds. Our amendment would eliminate local uncertainty over whether the activity will be eliminated in future years or will be allowed to continue.

The chief benefit to the use of lump sum deposits is that local governments are able to obtain a commitment from a lending institution or institutions for a specific amount of mortgage money to be utilized for loans for home repair and mortgage financing in designated neighborhood revitalization areas. As a result, not only is a substantial amount of private capital made available for housing rehabilitation in deteriorated neighborhoods, but the program is undertaken as part of a comprehensive plan to revitalize very deteriorated older residential and commercial areas.

The lump sum deposit is utilized in several different ways. Some communities have used the deposit as security for high-risk loans to very low income neighborhood residents. Other communities employ the lump sum deposit as a means of subsidizing the interest rates charged low- and moderate-income families. This has been achieved by allowing the interest which accrues on the deposit to be used to reduce the interest which accrues on the deposit to be used to reduce the interest charged on the mortgage or home repair loan. In all cases, the financial institutions administer the loan program and thus eliminate the need for communities to establish parallel administrative structures and serve, therefore, as direct loan agents for the program.

The major opposition to the use of lump sum deposits has come from the Department of the Treasury, which objects to letter-of-credit borrowings in advance of imminent cash needs, since this requires additional borrowings on the part of Treasury on which interest must be paid.

In my view, these objections and the minor additional costs to the Treasury which are involved must be weighed in terms of the benefits. These benefits have been substantial in terms of leveraging private dollars for neighborhood conservation in communities across the country and in terms of expanding the participation of private lending institutions

in older, deteriorated residential, and commercial areas.

The lump sum deposit seems to be an important vehicle for developing comprehensive neighborhood revitalization strategies which involve local elected officials, private institutions, and neighborhood groups.

Finally, this amendment, while permitting the Secretary of Housing and Urban Development to allow this practice, also has safeguards against possible misuse of the lump sum deposit. It also specifies minimum elements of a local program which must be evident before such a lump sum deposit can be made in a financial institution.

Mr. PROXMIRE. Mr. President, will the Senator from Pennsylvania yield on the point he just made?

Mr. HEINZ. Yes, I yield.

Mr. PROXMIRE. He made a very good point. I want to commend him on it.

I call his attention to the fact that we had hearings this morning, at which the Treasury Department appeared and asked that they be allowed to get interest on the money that they deposit in the banks themselves.

What the Senator from Pennsylvania is saying is, with regard to community development money, which the Federal Government makes available to the localities, that they be allowed to get a return. Is that correct?

Mr. HEINZ. That is absolutely correct.

Mr. PROXMIRE. I do not see how inconsistent the Treasury can get. This morning, this very day, they appeared and testified very strongly in favor of this bill, which is designed to do one thing only; that is to let them earn return on the money that they deposit in commercial banks and savings and loans.

Mr. HEINZ. It does not surprise me, Mr. President, that the Secretary of the Treasury is looking for any way he possibly can to increase his revenues.

What I am asking for here, and I think the chairman of the Committee on Banking is sensitive to this, is to give our local elected officials and our private lending institutions a chance to fashion, to customize, their strategies for neighborhood revitalization. If the Treasury gets any more into these communities, these programs, than it already is, we are going to wipe out the ability of local people—citizens, local governments, local financial institutions—to have the tools to get together and really attack the problem of neighborhood revitalization at the local level.

I know the chairman of the committee, the distinguished Senator from Wisconsin, really believes in getting local financial institutions involved. Indeed, title IV of this act is aimed directly at that.

Since I always believe that it is important not just to have a stick but a carrot as well, I believe that this amendment, Mr. President, is vital.

Mr. BROOKE. Will the Senator yield on one point on the subject raised by the chairman?

Mr. HEINZ. Yes, I yield.

Mr. BROOKE. I have not prejudged the Senator's amendment, but I see a distinction between what the chairman said the Treasury testified to this morning and what the Senator from Pennsylvania is attempting to do.

The Treasury Department deposits this money and receives interest on that money. What the Senator from Pennsylvania is saying is that when communities draw down the money, they draw it out of the Treasury. The community wants to deposit that money and receive interest, so that they would be getting the interest rather than the Treasury.

Mr. HEINZ. That is correct. I am not sure there is a direct confrontation here between Treasury and what they testified to today. Unfortunately, I was not at the hearings. Let me explain so we are all clear on how the procedure now works.

A commitment, a reservation, is made for community development money. Under the present system, at least up until HUD wrote some preliminary regulations earlier this year, a letter of credit was issued to the communities and they could draw down on that letter of credit whenever they saw fit. If they wanted to draw down at the beginning of the fiscal year, they could. They then would be authorized, under this amendment, to take part of that money and deposit it in financial institutions in order to leverage funds for neighborhood conservation. There would have to be, under the amendment, certain quid pro quos. They would have to get an appropriate response from the financial institutions in order to deposit in those financial institutions.

Of course, if my colleague has had a chance to read the amendment and I did make a copy of it available earlier, I think both to the chairman and the ranking minority member—he will see that we have very carefully set out the conditions under which the Secretary of HUD may, by regulation, determine in what cases the funds may be drawn down. On page 2 of the amendment, the terms and conditions he may prescribe are set out. Then he is authorized to approve the use of such moneys on a case-by-case basis, so that the Federal Government is very carefully protected here.

Does the Senator from Massachusetts understand that?

Mr. BROOKE. I understand that was a condition under current practice, I think that currently committees can only draw down money that will be used within the next 3 days. They would not draw down all of the funds at one time. And Treasury was able to hold the money until it was needed by the community.

If a community could draw down a year's funds at once, even before it needs the funds, and deposit of money, and draw interest on the money——

Mr. PROXMIRE. If the Senator will yield, the practical fact is—we found this to be true in Milwaukee, Wis.—that if the city has to follow the procedure in the law and cannot handle the money itself, the fact is that it is hogtied. It is very, very hard to operate efficiently, for it to make the payments the way it should make the payments—promptly, on time, efficiently—and coordinate the interest that they can get from their financial institution and what they have to pay their contractors. It works out far better if we give them a little freedom and enable them to earn as much as they can.

Mr. BROOKE. That is true, but is the Senator not just saying that, rather than let the Federal Government draw the interest on the money, the city should be allowed to receive the interest?

Mr. PROXMIRE. So the city can draw a little extra interest.

Mr. BROOKE. What does the Senator mean by a little extra interest? They can draw out all the funds, deposit them in a bank, and draw interest on that money.

I do not understand how, on the one hand, the Senator from Wisconsin wants to cut back on the housing budget, and, on the other, give communities a larger community development entitlement than the Congress authorized.

Mr. PROXMIRE. I do.

Mr. BROOKE. This certainly is going to take money out of the Federal Treasury, because the interest that Treasury could be deriving from their money will go to the cities. Why not just give the money to the cities, as the committee did with the $123 million in housing funds which the Senator just took out of the bill with his earlier amendment?

Mr PROXMIRE. Because, as I say, we have had a practical problem in Milwaukee, where we simply have not been able to get our money in time to the job we want to do. The amendment of the Senator from Pennsylvania would help cure that.

Mr. HEINZ. If I may respond to the Senator from Wisconsin.

Mr. PROXMIRE. Yes.

Mr. HEINZ. The Senator is correct. The amendment would help accomplish two things. First, it would insure the money was always available because it would already be there in the local financial institution.

Mr. BROOKE. The money is available when it is with the Treasury.

Mr. HEINZ. I do not know if in Massachusetts they have had any trouble getting reimbursement from the Federal Government under medicaid or other programs, whether any of the hospitals have had difficulty getting their reimbursement for depreciation as part of the payment under both medicare and medicaid.

In Pennsylvania, we have had enormous problems. The Federal Government is already borrowing from obligations, 30, 60, 90, 180 days, for no reason at all, just slow pay.

Mr. BROOKE. What would be the cost to the Federal Treasury under the Senator's amendment?

Mr. HEINZ. We asked the Treasury to come up with some numbers. We have been asking them ever since we held hearings in the committee over a month ago on this and they have been unable or unwilling, as the case may be, to supply us with any numbers.

It seems to me, if they have a great objection to this, they would substantiate numerically how much money it will cost them. They have not come up with any.

Mr. BROOKE. I can understand what the Senator from Wisconsin said. Maybe Wisconsin, Pennsylvania, and probably my own State and others have had some problems in having the money readily available to pay for housing rehabilitation work. That I understand.

That may be one purpose of the amendment.

But the major purpose of this amendment, as I see it, is to give cities an opportunity to draw interest on this money on deposit. They would get their community development plus interest.

Where is it coming from? It has to come from the Federal Treasury.

Mr. HEINZ. If that were true——

Mr. BROOKE. The cost is borne by the taxpayers.

Mr. HEINZ. But that is not the way it works.

Mr. BROOKE. All right.

Mr. HEINZ. The way it works is that, on a case-by-case basis, the Secretary of HUD would be authorized to allow a city to draw down on its letter of credit money which would be deposited in a financial institution, a bank or something. The interest on that deposit would not go to the municipality to finance its general expenditures, or the local government. What would happen is that the general purpose unit or local government receiving the money would negotiate, prior to any money going to the financial institution, an agreement that could include such things as leveraging, community block grant fund. The participating financial institution would make private funds for loans for rehabilitation available, in an amount substantially in excess of the money deposited out of its entitlement.

It would allow the commitment, for example, of private funds at below market interest rates or with lengthened repayment periods by those same financial institutions.

What it is is a way of extending rehabilitation efforts on a case-by-case basis, using interest admittedly that the Treasury will forgo, but that the interest payments do not go—I think this is the thrust of the Senator's question—to the municipality in the form of some generous unrestricted bonus payment. That is not what happens.

Mr. BROOKE. Let us take an example. A city gets a grant of $3 million, deposits it in a savings and loan, at, say, 5 percent interest.

To me, that means that city X is getting a community development grant of $3 million plus 5 percent on that $3 million. So it is getting a much larger grant from HUD, from the Federal Government, than we have authorized and appropriated.

Is that not correct?

Mr. HEINZ. I say to the Senator that it is true that city X will have the benefit of additional expenditures.

Mr. BROOKE. Does the Senator mean additional income?

Mr. HEINZ. Additional income.

Additional income which will eventually come out of the pocket of the Treasury if we make the assumption the Treasury is now able to invest or borrow less, as the case may be.

Mr. BROOKE. Certainly.

Mr. HEINZ. There is no attempt to say that to the Senator. In fact, I said at the outset that the reason the Treasury is concerned is that they may have to borrow more or invest less, as the case may be.

But it seems to me, if we want to look at this in the most accurate light, what we are giving is an incentive to the cities that have the initiative and the creativity to fashion a more foward-looking program. Involving the private financial institutions in the area, in a neighborhood revitalization strategy.

I think it is quite appropriate that we should give an incentive and reward to those governments that are able to do so.

We are not giving anything away. We are not giving, as I say, a bonus payment without any quid pro quo whatever to some lucky municipality.

We are leveraging and, as a result, I think doing a service to the people who live in those neighborhoods that will benefit from rehabilitation programs.

Let me give an example. First of all, not all the money that the community may be entitled to would be drawn down.

In York, Pa., they have an annual entitlement of some $3 million under the community development program. Under the CD program, as I understand it, they deposited $25,000. Not $3 million, $25,000. This $25,000 then became seed money for high risk loans in deteriorated residential areas of the city.

What they got as a result of that seed money was $500,000 in additional commitments from five financial institutions.

Now, that is a tremendous amount of leverage. That is what we are trying to encourage here.

Mr. BROOKE. I understand the concept of leveraging. What I cannot understand, if I may have the attention of the Senator from Wisconsin, is if we take the example of city X, they got a $3 million community development grant, and can invest that money. They draw down their full entitlement from HUD. They deposit the money in a savings and loan at, say, 5 percent interest, whatever interest rate they can get, and they use this money. That is a revenue loss to the Treasury.

Mr. HEINZ. If the Senator will yield, there is always a revenue loss to pay bills on time.

Mr. BROOKE. Yes. In this bill, we have $3.5 billion in community development funds.

Now, if that money—let us say $4 billion in grant money—is taken by every city and deposited in a bank what you have done would cost the Federal Government about $200 million. The Senate has just agreed to take out $123 million from the housing authorization, and you will give the cities back $200 million. It just seems to me that what we ought to do is go through the authorization and appropriation process and decide on the allocation of community development funds to cities.

Mr. PROXMIRE. Mr. President, if the Senator will yield, it is a matter of all kinds of assuumptions the Senator jumps to, one whole year's interest you are automatically going to get. As I understood it, the Senator's amendment also provided discretion to HUD, did it not?

Mr. HEINZ. Absolute discretion with HUD. It is on a case-by-case basis.

Mr. PROXMIRE. It will be the exception.

Mr. BROOKE. What do you mean by discretion? How would you allow city X to do this and not allow city Y to do it?

Mr. HEINZ. It is going to be based on the benefits of the program.

Mr. BROOKE. What criteria?

Mr. HEINZ. On paying the costs to the Federal Government so that we do not have to increase that community development authorization of $4 billion, $5 billion, or $10 billion so that we can attack the problem of rehabilitation now, not 5 years from now after our buildings have fallen down. I think the program will save money.

Mr. BROOKE. What criteria will the Secretary of HUD use in determining whether city X or city Y shall be allowed to draw down their funds and get interest?

Mr. HEINZ. Well, the overall criteria will be whether the Secretary judges this to be a wise investment of Federal money. There is set forth in the amendment a nonexclusive list but, nonetheless, an exemplar list of criteria.

Mr. BROOKE. What do you mean by a wise investment of Federal money, depositing it in a bank?

Mr. HEINZ. Let me give the Senator an example: Community development grant funds are deposited in participating lending institutions. These institutions in turn commit private funds for loans in designated rehabilitation areas in amounts substantially in excess of the deposit of community development funds. In other words, if $1 is deposited in a bank we are expecting that bank, under the terms of the agreement that we arrived at, to put in $2 or $3 or $5 or $10 of private funds. In fact, in York, Pa., they put out $20 of commitments for every dollar of seed money that is deposited in that institution. That is pretty good. It is called leverage, I say to the Senator.

I understand his concern about the Treasury, and this may cost us a few dollars, but it is not going to be a wholesale raid on the Treasury because we are not talking about drawing down the entire $3.5 billion in community development. We are talking about drawing down a very small portion of it for a relatively modest space in time.

Mr. BROOKE. But under the Senator's amendment, $3.5 billion would be eligible to be drawn down, is not that correct?

Mr. HEINZ. I will say to the Senator I do not see how that would be possible. I have to answer the Senator no, it will not be possible to draw down $3.5 billion.

Mr. BROOKE. If the communities wanted to draw down this money and could get approval from the Secretary of HUD, could they not?

Mr. HEINZ. In my judgment I do not think the Secretary would be meeting his responsibilities to Congress if he were to draw down $3.5 billion and put it out all of a sudden. I do not think that would be right.

Mr. BROOKE. The Senator from Pennsylvania said the Treasury could not give him a cost estimate. Does the Senator have any estimate of costs to the Federal Treasury of this amendment?

Mr. HEINZ. No, I do not. But I will

say to the Senator from Massachusetts this has been a practice at HUD for at least 3 years. The only reason for getting into this amendment is that HUD first had decided they might revise regulations this January or February. This was under pressure, and I do not know why. Perhaps it was from the Treasury Department. Then HUD changed its mind and decided it wanted to continue this program because there were numerous benefits to the communities. There was a lot of flexibility in getting the local financial institutions involved.

Mr. BROOKE. Have we had any hearings? I do not know of any hearings where we have discussed HUD's experience with this practice.

Mr. HEINZ. The reason we have not had hearings on it is because it has been taking place. It was permitted, it is permitted, under existing law, and if my amendment fails the result will be the following: HUD will not be prevented or prohibited or proscribed from what it has been doing these 3 years. We will have, if we reject this amendment, no amendment for intelligent guidelines so that we have an effective, functioning, intelligent program.

Mr. BROOKE. Do we need this amendment only to give HUD guidelines?

Mr. HEINZ. If the Senator would care to look at the amendment, I think he will see we set forth in the amendment very, very thoughtful and careful standards. We tell HUD they can only operate on a case-by-case basis. They cannot, as they may be empowered to do under the existing community development legislation, whether we pass the act before us or not, simply let all this money out.

Mr. BROOKE. These guidelines the Senator sets forth in his amendment would appear to me to be the logical guidelines that HUD must have used anyway during its 3-year experience with this program. Is that not true?

Mr. HEINZ. I would say to the Senator you cannot ever tell what is logical or not with a Federal bureaucracy. If the Senator has found that Federal bureaucracies are always logical I would appreciate his help on some things where I found them to be illogical.

Mr. BROOKE. What my colleague from Pennsylvania is saying is that we do not need this amendment because HUD already has the authority to do what this amendment would give them authority to do, with the exception that the amendment contains certain guidelines which the Senator feels should be written into law .

Mr. HEINZ. I think so.

Mr. BROOKE. Is that a fair statement?

Mr. HEINZ. I think HUD has kind of also created a climate of uncertaintv by proposing some regulations and then withdrawing them, and I think it is also important not only that we have good guidelines but have some constancy about them, and I would hope the Senator could accept the amendment.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HEINZ. 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. HEINZ. Mr. President, I ask on line 1 of my amendment, that the amendment be modified so that the word "shall" after the word "Secretary" be stricken and the word "may" be inserted in lieu thereof.

The PRESIDING OFFICER. The amendment is so modified.

Mr. HEINZ. Mr. President, I understand that with that modification the Senator from Massachusetts does not object to the amendment.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. BROOKE. Mr. President, although I still have some reservations, as I have expressed to the Senator from Pennsylvania, I commend him for trying to work out a solution to his problem. I hope that we are not going down a path which would in any way infringe upon the authorization and appropriation process of Congress.

I think by changing the language so that it is no longer mandatory but is permissive certainly makes it a much better amendment, and I am willing to accept the amendment.

Mr. PROXMIRE. Mr. President, I am happy to accept the amendment. It is a good amendment. I commend both Senator HEINZ and Senator BROOKE on the debate.

I think Senator BROOKE is absolutely right to state the case that others have about our concern that this may go around the appropriations process. But I think the Senator from Pennsylvania has modified his amendment now to make it discretionary and permissive, and I think that is the way it should be. Also, the House of Representatives has accepted the amendment, and I think it is a sound amendment in its present form.

Mr. HEINZ. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the junior Senator from Florida, and the attachments referred to therein.

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

STATEMENT BY MR. STONE

I join today in support of this amendment which directs the Secretary of the Department of Housing and Urban Development to continue to allow on a case-by-case basis lump-sum drawdowns of Community Development Block Grant (CDBG) funds by cities with rehabilitation programs. These funds could then be deposited in local financial institutions and would attract private funds for community rehabilitation purposes in amounts substantially in excess of CDBG money.

Lump-sum drawdowns have promoted involvement of private investment in rehabilitation programs in neighborhoods where such risks would otherwise not be taken. Cities in Florida and in many other states have indicated that it would be very difficult to undertake rehabilitation programs if lump-sum drawdowns of community development funds were discontinued. I attach to my statement, letters I received from the Director of the Department of Housing and Urban Development in Jacksonville, Florida, advising me of Jacksonville's experience with reard to lump-sum drawdowns of block grant funds, and for the serious consequences if the practices were discontinued.

This amendment is supported by the National League of Cities, the U.S. Conference of Mayors and the National Association of Housing and Redevelopment Officials (NAHRO).

I am concerned by reports of abuse of the lump-sum drawdown privilege. To prevent such problems in the future, the amendment requires the authorized rehabilitation project to begin within 45 days after the lump sum payment has been made. It also directs the Secretary of HUD to establish standards to ensure that the deposits result in benefits in support of the community's rehabilitation program. In view of these safeguards, I believe Congress would be well-advised in this case to allow a departure from the Treasury Department policy which discourages the deposit of federal grant money in banks to draw interest.

Mr. President, adoption of this amendment will result in additional private investment and participation in rehabilitation and will reduce the opportunity for abuse. I strongly urge its adoption by the Senate.

ATTACHMENTS

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT,
May 25, 1977.

Re: Drawdown of Community Development Funds.

Senator RICHARD STONE,
The Capitol,
Washington, D.C.

DEAR SENATOR STONE: We are delighted to know of your interest in the practical and workable administration of the Community Development program. The ability of the City of Jacksonville to drawdown a portion of the City's Community Development Block Grant to establish a rehabilitation program has been the only way that we could have had such an effort. I am enclosing a copy of a letter dated December 28, 1976, concerning this same subject. That letter was addressed to the Rules Docket Clerk concerning administrative rules proposed by the previous administration.

The City of Jacksonville approached each of our major lending institutions to generate interest in the administration of a rehabilitation loan program using private funds with a separate guarantee from the Community Development program. We met with unanimous rejection for any program dealing with individual loans and/or guarantees. The only interest was in response to a proposal to deposit a reasonably large sum of funds to back a reasonably ambitious loan program.

Please remember that we were asking private banking institutions to support a program which had been seriously maligned by the past federal administration when the only federal program was the Section 312 loan. We have received excellent support locally for the concept and for the goals of our rehabilitation program. I am confident that with a reasonable degree of experience, we will be able to obtain a degree of "leverage" for private funds. However, to avoid the horrendous administrative costs of processing each loan with a requisition of Block Grant funds, I would anticipate that we would still desire to use a deposit of funds to participate in the guarantee of our rehab loans.

I would agree that there should be limits placed on the amount of funds to be drawn in advance of need and that there should be some relationship to the activity of the program for the retention of those funds. Furthermore, I think it only appropriate that the use of these funds and any interest

gained therefrom be specifically directed toward the rehabilitation loan activity.

On behalf of the City of Jacksonville, I would encourage your efforts to protect our right to make reasonable use of the Community Development funds consistent with local and national objectives.

Respectfully,

JOHN VAN NESS,
Director.

Enclosure.

DECEMBER 28, 1976.

Subject: Docket No. R-76-292 Community Development Block Grants

RULES DOCKET CLERK,

Office of the Secretary, Room 10141 Department of Housing and Urban Development, Washington, D.C.

DEAR SIR: We object to the change in financing rehabilitation loans to be brought about by the addition of Section 570-503(c).

Jacksonville's housing rehabilitation program in nine target neighborhoods is directly effected by this section. The City of Jacksonville deposits Community Development rehabilitation funds with a local savings and loan institution. The deposits serve as insurance against the institution's loans. The interest received on the deposits is a factor in the net difference between the 3 percent rate charged the homeowner and the market rate on the loan charged by the institution.

This approach is the only way we could obtain any interest or commitment from the local financial community. It is the only approach we are aware of that has the potential of obtaining leverage for additional institutional loans beyond the actual Community Development funds. The incentives proposed as an alternative by Section 570-503(c) will not be adequate from our experience to attract the participation by the Jacksonville lending community.

With the abandonment, for all practical purposes, of a national rehabilitation program by the discontinuance of the Section 115 grant program and the "on-again off-again" funding of the Section 312 loans program, cities across the land were confronted with the prospect of developing their own rehabilitation guidelines. We chose the approach cited above and obtained concurrence in its implementation with Community Development funds from the HUD Jacksonville Area Office. Copies of the initial correspondence are attached.

It was our objective from the beginning to involve the private banking sector with the City's rehabilitation program. It was our objective from the beginning to avoid having the City serve as the direct loan agent for the process. As it was, in a twelve-month period we were able to solicit proposals on two separate offerings only from one savings and loan institution. If we must rely on the alternatives proposed by Section 570.503(c), the City may be confronted with three alternatives:

1. abandon the program
2. adopt a direct loan program administered by the City with excessive administrative costs.
3. limit program to the cumbersome Section 312 process.

We can appreciate the Treasury's desire to reduce its borrowing cost. We would hope that the architects of federal regulations would have some appreciation of our urban problems. Jacksonville has an estimated twenty percent of its housing stock in the substandard category. We had hoped to make some inroads on this problem through Community Development rehabilitation loans. Section 570.503(c) is going to make it more difficult to accomplish that objective.

Sincerely,

JOHN VAN NESS,
Director.

The PRESIDING OFFICER (Mr. SARBANES). Is all time yielded back?

Mr. PROXMIRE. Mr. President, 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. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 351

Mr. HUMPHREY. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Minnesota (Mr. HUMPHREY) proposes unprinted amendment No. 351.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the text of the amendment be printed in the RECORD and that the reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place in the bill insert the following language:

The Secretary of the Department of Housing and Urban Development, in consultation with the Secretary of the Department of the Treasury, shall prepare a report which analyzes the fiscal crisis confronting many urban areas. It shall include but not be limited to the following:

a. the number and characteristics of cities presently suffering from or nearing fiscal stress;

b. causes of fiscal stress;

c. specific recommendations and options which are or should be available to the Federal, State, and local governments for preventing and/or reversing fiscal stress.

This report shall be transmitted to Congress no later than March 1, 1978.

Mr. HUMPHREY. Mr. President, the fiscal crisis which hit many of this Nation's cities came as a surprise to many of us. Not only did we in Congress have no prior warning of what was to occur, but nobody in the executive branch was aware of, or immediately prepared to rescue these cities. That was nearly 2 years ago, and from what I have observed, little has changed. We still have no overall, coherent urban strategy to provide a framework for Federal approaches to city problems. We are still spinning our wheels and putting out fires rather than plotting a steady course of preventive and corrective actions. We are still dealing with individual cities and localized problems rather than developing a comprehensive plan which would benefit all cities in all parts of the country.

In 1964, we created the Department of Housing and Urban Development to help revitalize our Nation's deteriorated central cities. And, to the extent that physical deterioration is symptomatic of the problems of the cities, HUD has made a noble effort, despite the obstacles imposed by past administrations. The physical deterioration is, however, just that—symptomatic of other deeply rooted problems. These problems of deteriorating tax base, inability to get credit, outmigration of industry and middle class, and increasing costs of public services are forcing many cities to take drastic actions, and thus to exacerbate their existing problems. These economic and fiscal problems largely ignored in recent years by HUD, share both a cause and effect relation with the social and physical problems with which HUD demonstrated great concern. One, however, cannot be resolved without the other. It is for this reason that I am offering an amendment mandating that HUD work with the Treasury Department to analyze the present and potential fiscal problems affecting our Nation's cities and recommend solutions.

It is about time that the Department of Housing and Urban Development took a long-range and comprehensive look at our Nation's cities and evolve a plan of action to deal with the many facets of a city's problems. My amendment will set them on the road to do just that.

Mr. President, this amendment has been discussed with both the manager of the bill and the ranking minority member. It relates to the Department of Housing and Urban Development making a very comprehensive study of fiscal problems that affect our municipalities.

In 1964, we created the Department of Housing and Urban Development to help revitalize our Nation's cities and particularly to help those that were the central cities. Since that time, as we know, many of our cities have faced very severe monetary and revenue crises. I have asked in this amendment that the Department of Housing and Urban Development, in cooperation with the Department of the Treasury, analyze the present and potential fiscal problems affecting our Nation's cities and present to Congress proposed remedies and solutions.

I seek the response now of the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, as I understand it, this amendment would call for a study by HUD to get some information we urgently need, do not have, but should have if we are going to have a sensible, coherent, and logical policy.

In the first place, it would require the number and characteristics of cities presently suffering from or nearing fiscal stress.

Mr. HUMPHREY. Yes.

Mr. PROXMIRE. There are lots of rumors about and talk about it, but we do not know what the facts are.

No. 2, the causes of fiscal stress. Again we do not know the facts.

And finally, specific recommendations and options which are or should be available to the Federal, State, and local governments for preventing this situation.

As I understand it, the position by HUD is one of not opposing the amendment.

Mr. HUMPHREY. That is correct.

Mr. PROXMIRE. They do not see anything wrong with it. The House of Representatives has put it in their bill.

Mr. HUMPHREY. That is correct.

Mr. PROXMIRE. They have accepted it.

This will not be an amendment that costs money. It does give us information we urgently need to have for a sensible kind of policy. I think it is a good amendment, and I support it.

Mr. HUMPHREY. May I say I extended the date to March 1 instead of January 1, 1978, because I am not at all sure how long it will take for the authorizing legislation here that we have to go through both Houses.

Mr. BROOKE. Mr. President, I have read and studied Senator HUMPHREY'S fiscal stress, fiscal crises amendment. I am sure that it will prevent fiscal crises. I think it is a study that is very sorely needed, and I am very pleased to accept the amendment.

Mr. HUMPHREY. Mr. President, I yield back the remainder of my time.

Mr. PROXMIRE. Mr. President, 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. HUMPHREY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 352

Mr. HATHAWAY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Maine (Mr. HATHAWAY) for himself, Mr. WILLIAMS, and Mr. MUSKIE proposes an unprinted amendment No. 352.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 66, after line 4, insert the following new section:

SEC. 513(a) Title V of the Housing Act of 1949 is amended by adding at the end thereof a new Section 528 to read as follows:

"SEC. 528. All property subject to a lien held by the United States or the title to which is acquired or held by the Secretary under this title other than property used for administrative purposes shall be subject to taxation by a State, Commonwealth, territory, possession, district, and local political subdivisions in the same manner and to the same extent as other property is taxed: *Provided, however,* That no tax shall be imposed or collected on or with respect to any instrument if the tax is based on—

"(1) the value of any notes or mortgages or other lien instruments held by or transferred to the Secretary;

"(2) any notes or lien instruments administered under this title which are made, assigned, or held by a person otherwise liable for such tax; or

"(3) the value of any property conveyed or transferred to the Secretary, whether as a tax on the instrument, the privilege of conveying or transferring, or the recordation thereof; nor shall the failure to pay or collect any such tax be a ground for refusal to record or file such instruments, or for failure to impart notice, or prevent the enforcement of its provisions in any State or Federal Court.".

(b) Notwithstanding any other provision of law, no State, Commonwealth, territory, possession, district, or local political subdivision which has received, prior to the date of enactment of this Act, tax payments from the Department of Agriculture based on property held by the Farmers Home Administration shall be liable for, or be obligated to refund, the amount of any such payment, which, if it had been made after the date of enactment of this Act, would have been authorized by the provisions of section 528 of the Housing Act of 1949, and no officer or employee of the United States shall incur or be under any liability by reason of having made or authorized any such payments.

(c) The provisions of new section 528 set forth in subsection (a) above shall be effective as of January 1, 1977.

Mr. HATHAWAY. Mr. President, this amendment allows the Secretary of Agriculture to pay the property tax imposed by State and local jurisdictions on Farmers Home property that has been subject to foreclosure. The Secretary was doing this by custom until he was advised a few years ago that it was in violation of the supremacy clause of the Constitution. In order to remedy this situation we have to have specific authorizing legislation to allow these State and local taxes to be paid.

The cost of the amendment is $2 million, and it is endorsed by the Secretary of Agriculture. Acceptance of this amendment would complement a number of other improvements contained in the bill with respect to rural housing.

In this regard, Mr. President, I was particularly pleased to review the provisions of title V of ths bill dealing with rural housing. It includes a number of the provisions of S. 1150, the Rural Housing Act of 1977, which I was pleased to join Senator HUMPHREY and a number of my distinguished colleagues in introducing on March 28 of this year.

These provisions should improve the administration of the Farmers Home rural housing programs which are so important to my own State and to all States which have substantial proportions of their populations living in rural areas.

With regard to the particular needs of citizens in rural areas for better housing, I shall cite a couple of statistics.

In 1973, the Joint Center for Urban Studies of Harvard-MIT estimated that there were 13.1 million households suffering from "housing deprivation" and of these more than 5 million, or 38 percent, were nonmetropolitan.

In 1974, the ratio of substandard housing to public housing was 5 to 1 for urban counties, and 17 to 1 for rural counties.

The incidence of substandard housing in nonmetropolitan areas was 3½ times that in metropolitan areas in 1974.

Among the provisions included in the pending bill which are derived from S. 1150, is a section authorizing Farmers Home to make payments for latent construction defects which are undiscovered during final inspection. Also included is a section specifically authorizing the funding of elderly and handicapped housing under Farmers Home programs, and allowing the construction of congregate housing for the elderly.

In addition, there is a section mandating the implementation of Farmers Home rural rental assistance programs. This had been delayed due to opposition and resistance from prior administrations, which had necessitated court battles. Recently, Secretary Bergland indicated to the courts involved that the Department of Agriculture would faithfully carry out the prior legislation in this area, which is gratifying to those of us who have advocated these programs for a number of years. But at the same time, it is useful through legislation to mandate implementation lest future administrations be tempted to reverse the decision of the present one.

Another provision adopted from S. 1150 would direct the Secretary of Agriculture to establish a research capability. Further, it includes a provision which would facilitate the payment of local taxes and insurance by Farmers Home borrowers. It permits the Secretary of Agriculture to advance funds for these purposes when borrowers' prepayments are insufficient to meet these obligations.

Together, these provisions indicate a marked improvement in Farmers Home programs. I am hopeful that the remaining proposals contained in S. 1150 will soon see their way into law, and commend the Senator from North Carolina (Mr. MORGAN) for his determination to hold hearings on these proposals in the near future.

PAYMENT OF STATE AND LOCAL TAXES ON FORECLOSED PROPERTY

There remains one further proposal, not contained in S. 1150, but part of a separate bill, S. 605, which I introduced on February 3 of this year, along with Senator MUSKIE. This proposal is to specifically authorize the Secretary of Agriculture to pay State and local taxes on the value of foreclosed property.

From the inception of the Farmers Home rural housing program, the Secretary would pay these taxes. But within recent years, the Secretary has refused to pay such taxes. This refusal is apparently based upon the supremacy clause of the U.S. Constitution which has been interpreted in numerous court decisions to preclude the Federal Government's payment of taxes to State and local jurisdictions absent specific congressional authority.

The absence of such authority in the present statutory structure and the Secretary's concommitant refusal to pay State and local taxes has worked a severe hardship on a number of local jurisdictions throughout the country. For example, I have heard from town managers and local officials in all parts of my own State who have described the dilemma posed by the Secretary's refusal to pay local taxes on property upon which he has foreclosed. The towns which were earlier denied their greatly needed tax revenues due to the financial instability of the loan program participants who later defaulted, subsequently found that the Secretary also refused to pay past due taxes because of the constitutional difficulty. These towns must nonetheless provide water and sewer services, police and fire protection, and road repair and plowing in the winter to the property in question.

My amendment would remedy this unfortunate situation and would provide the specific congressional authority which the Farmers Home Administration says it needs in order to meet State and local tax obligations. This amendment is cosponsored by my colleague from Maine (Mr. MUSKIE) and by the Senator from New Jersey (Mr. WILLIAMS).

I am pleased to report that the FmHA supports this amendment. It estimates that the annual revenue loss would go to State and local jurisdictions as payments to which they are entitled for services they are already providing. I have also learned from Farmers Home officials that under the present structure local officials in some parts of the country have grudgingly provided police protection and other services to areas dominated by foreclosed property. This is a situation with which neither the Farmers Home officials nor the local officials are comfortable, and the time has come to remedy it.

The language of my amendment provides that foreclosed property held by the Secretary of Agriculture shall be subject to legitimate State and local property taxes. The amendment is effective retroactively to the beginning of the current tax year, and also provides that taxes paid by Farmers Home to State and local authorities during prior years need not be returned, but rather shall be deemed to be authorized pursuant to this amendment.

It is my understanding that this amendment is acceptable to the floor manager of the bill and to the ranking minority member of the committee and I urge its approval.

Mr. BROOKE. Mr. President, will the Senator yield for a question?

Mr. HATHAWAY. I am happy to yield.

Mr. BROOKE. Is the Senator saying that under the present law, if foreclosure occurs, then a State cannot then recover property taxes from the Farmers Home Administration?

Mr. HATHAWAY. The Senator is correct. The title to the property reverts to the United States and the State cannot collect taxes against the United States. The Secretary had been paying these taxes gratuitously until it was pointed out to him that the supremacy clause of the Constitution prevented him from doing that and that he needed congressional authorization in order to resume the practice. Also, there is a provision in the amendment which states that all prior payments made by the Secretary are endorsed by this piece of legislation. With this provision, he will not have to take back from States and localities money that he has already paid.

Mr. BROOKE. How long has this practice existed, if the Senator knows?

Mr. HATHAWAY. The practice has been in existence for the past 2 or 3 years.

Mr. BROOKE. When did the Secretary of Agriculture terminate the practice?

Mr. HATHAWAY. I am mistaken. The act took effect in 1949, and the practice was up until 2 or 3 years ago to pay these taxes. Then it was brought to his attention at that time that this was in violation of the supremacy clause of the Constitution and so the Secretary stopped making the payment.

Mr. BROOKE. Has this caused a hardship in the Senator's home State?

Mr. HATHAWAY. Yes, it has. I have received numerous letters and calls from city managers and town managers asking for the support of this amendment. It has caused a considerable hardship. The amendment, by the way, has been adopted by the House of Representatives. I presume that the State of Massachusetts and every other State in the Union would have similar problems.

Mr. BROOKE. Does the Senator have any cost estimate on this amendment?

Mr. HATHAWAY. Two million dollars.

Mr. BROOKE. What was the cost during the last year that this practice was in operation?

Mr. HATHAWAY. I am sorry. I do not know what it was 3 years ago, but the estimate provided by the Secretary of Agriculture is that it would now cost $2 million. I presume that is based upon what he was paying out 3 years ago plus the increase in the amount of loans.

Mr. BROOKE. This is a national estimate?

Mr. HATHAWAY. That would be the national figure.

Mr. PROXMIRE. As I understand it, that $2 million would not be additional funds that we would have to appropriate. That would come from the program, is that not correct?

Mr. HATHAWAY. The Senator is correct.

Mr. PROXMIRE. As I understand it, furthermore, there is no opposition by the Farmer's Home Administration to this?

Mr. HATHAWAY. No, the Farmer's Home Administration supports this, and the amendment was drafted by them.

Mr. PROXMIRE. Also, the House of Representatives has acted favorably on a similar provision.

Mr. HATHAWAY. The House of Representatives has identical language.

Mr. PROXMIRE. The House of Representatives has identical language, and it would permit a policy to be followed that has been followed from 1949, does the Senator say, until 1975?

Mr. HATHAWAY. That is correct.

Mr. BROOKE. Mr. President, if the Senator will yield, is the Senator asking for an authorization of $2 million?

Mr. PROXMIRE. They do not need an additional authorization, do they? As I understand, they would use funds already authorized and appropriated.

Mr. HATHAWAY. It is to allow specifically what the Department of Agriculture had been doing in prior years, under existing law. It is not for the additional authorization of funds.

Mr. BROOKE. They have the money already in the existing budget, but they need this authority to do it?

Mr. HATHAWAY. The Senator is correct.

Mr. BROOKE. But they would have to reduce the amount they spend on other items?

Mr. HATHAWAY. I presume they would, yes.

Mr. BROOKE. That would mean a cutback on rural housing, for example; is that correct?

Mr. HATHAWAY. The Senator is correct. They would have to take it out of something.

Mr. BROOKE. How much money is authorized for rural housing, if the Senator knows?

Mr. PROXMIRE. An extraordinarily large sum, as I understand. I cannot tell the Senator the exact amount, but this would be a very tiny fraction of the amount; far less than 1 percent; is that correct?

Mr. HATHAWAY. Yes; and I understand in most recent years they have been well under the amount which they have been authorized to spend.

Mr. BROOKE. I ask that question because I know the Senator from Maine has been a leader in championing rural housing programs. I am sure he would not want to be robbing Peter to pay Paul.

Mr. HATHAWAY. The Senator is correct.

Mr. BROOKE. The Senator says there is sufficient money, and so there would be no adverse effect on rural housing?

Mr. HATHAWAY. The Senator is correct.

Mr. WILLIAMS. Mr. President, I am delighted to join with my distinguished colleagues the Senators from Maine (Mr. MUSKIE and Mr. HATHAWAY) in offering an amendment to S. 1523, the Housing and Community Development Act of 1977, in order to correct an inequity that has caused added financial burdens for States and small communities. This amendment would permit States and localities to levy taxes on housing units that have been acquired by the Farmers Home Administration—FmHA—as a result of defaults on FmHA housing loans.

FmHA presently provides rural residents with business and farm loans under the Consolidated Farm and Rural Development Act, and housing loans under the National Housing Act. Under each of these acts, if a borrower defaults on a loan, FmHA takes title to the property for which the loan was made. The Consolidated Farm and Rural Development Act specifically provides that real property acquired by FmHA under that act is subject to State and local taxation in the same manner as privately owned property. However, no equivalent provision exists in the National Housing Act with respect to rural housing loans, and thus States and localities are barred from levying taxes on FmHA-held housing units. It should be noted that State and local governments may already tax housing units acquired by HUD because of defaults on HUD loans. This inconsistency in the law imposes an unfair burden on a number of small communities, many of which are already experiencing budgetary problems as a result of the unstable economic conditions of the last several years.

At the end of February 1977, FmHA's inventory of housing units acquired as a result of defaults on loans totaled a little over 8,000 units. Some of the prop-

erties in the FmHA inventory are resold after only 2 or 3 months, while others remain unsold for as long as 2 years. Throughout the period that FmHA holds title to a housing unit, the jurisdiction in which it is located must continue to provide it with services. Yet the local government cannot recoup its expenses for providing those services because it cannot tax FmHA held housing units.

The amendment now before the Senate would end this inequity by making the National Housing Act consistent with the Consolidated Farm and Rural Development Act, which already permits States and localities to tax FmHA-acquired real property. An identical amendment, sponsored by Representative WILLIAM HUGHES, was recently approved when the House considered its version of the Housing and Community Development Act of 1977. Also, the administration has expressed no opposition to this amendment, which FmHA estimates would cost about $2 million per year.

Mr. President, I believe that this amendment is particularly important for small communities throughout the country, and I urge its adoption.

Mr. PROXMIRE. 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.

The amendment was agreed to.

Mr. PROXMIRE. I move to reconsider the vote by which the amendment was agreed to.

Mr. HATHAWAY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 314

Mr. MORGAN. Mr. President, I call up my amendment No. 314.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from North Carolina (Mr. MORGAN), for himself, Mr. SPARKMAN, Mr. TOWER, Mr. GARN, Mr. LUGAR, and Mr. SCHMITT, proposes an amendment numbered 314.

Mr. MORGAN. 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 54, line 8, delete all of title IV, the Community Reinvestment Act of 1977.

The PRESIDING OFFICER. The Chair would inquire of the Senator from North Carolina as to whether this is the amendment upon which a time limitation has been agreed to.

Mr. MORGAN. There is a time limitation, as I recall, of 2 hours to the side.

The PRESIDING OFFICER. A 4-hour time limit.

Mr. MORGAN. Mr. President, I also ask unanimous consent that the name of the Senator from Nebraska (Mr. ZORINSKY) and the Senator from North Carolina (Mr. HELMS) be added as a cosponsor.

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

Mr. MORGAN. The purpose of the amendment, Mr. President, is to delete the entire title IV of the act. There perhaps may be some question as to the wording of the amendment itself, as to whether or not it would delete the entire title. So I ask unanimous consent that the amendment as printed be amended as follows: by striking out, on the first page, "On page 54, line 8," and then adding, at the end of line 2, after "1977", a comma and adding thereafter "beginning on page 54, line 8, through page 58, line 2."

The purpose of that modification, Mr. President, is to make sure that the amendment is clear, and that it shows my intention that the entire title IV be stricken, rather than just the title line, as might have been indicated by the original amendment.

The PRESIDING OFFICER. Will the Senator send his proposed modification to the desk?

Mr. MORGAN. I have it right here, Mr. President.

The PRESIDING OFFICER. Is there objection to the modification? The Chair hearing none, the modification is agreed to, and the amendment is so modified.

The amendment, as modified, is as follows:

Delete all of title IV, the Community Reinvestment Act of 1977, beginning on page 54, line 8, through page 58, line 2.

Mr. MORGAN. Mr President, the issues that are being considered today in S. 1523 are very important, and they concern me greatly, because I personally believe that one of the greatest needs in America today is for housing, and that anything we can do in Congress to expedite the construction and provision of housing for Americans should be done.

But the particular issue before us, and the one that I have called to the attention of the Senate, is also one that concerns me very greatly. I believe, Mr. President, first of all, that it has no business in the middle of a housing bill; for, in effect, if not the first step toward allocation of credit, or the requirement of the allocation of credit by lending institutions in America, it certainly is a foot in the door.

Because of that I think, it is something that should be considered and debated independently of the very important housing legislation which is before this body at this time.

As a matter of fact. Mr. President, the essence of title IV, which I have moved to strike, was introduced by the distinguished chairman of the Banking, Housing, and Urban Affairs Committee as an independent bill, designated as S. 406. Hearings were held on S. 406 as an independent bill. The title of that bill was "The Community Reinvestment Act of 1977." But during the markup of the housing bill (S. 1523) which we are now considering, the Banking Committee voted to attach an amended version of S. 406, the Community Reinvestment Act, to the housing bill.

I might add by way of emphasis that I did not have the privilege of being present at the time the housing bill was marked up, inasmuch as I was hospitalized at the time. However, I would add that later on, after I was able to return to the committee, we did consider this matter very briefly one day; I moved to reconsider the vote by which this section was added to the housing bill and by my recollection the vote was 7 to 7. Therefore, it being a tie, the motion failed and the section remained in the bill.

Title IV, the provision I am talking about, the Community Reinvestment Act of 1977, requires the Federal supervisory regulatory agencies to make an ongoing assessment of whether or not a financial institution is meeting the credit needs of its primary savings deposit area. This primary savings deposit area is defined—I quote verbatim from the bill—as "a compact area continguous to a deposit facility from which such facility obtains or expects to obtain more than one-half of its deposit customers."

Mr. President, I feel that during the last election a resounding message was sent to Congress. That message was that the American people are tired of additional Federal bureaucracy and paperwork. Our new President has pledged himself to see that as much paperwork as is possible will be eliminated. All too often we in Congress pass legislation which is noble in intent, but which in actuality is counterproductive to our goals. I believe that the Community Reinvestment Act is such a piece of legislation.

During our hearings in March, witness after witness testified on the adverse effects of such a law, including additional paperwork and additional cost to be borne by the consumer, and even the drying up of all credits in some innercity areas.

During the markup of the bill an amendment was offered and adopted which seemed to eliminate all reporting requirements, but upon closer examination it is evident that the financial regulatory agencies would be required to promulgate yet another set of regulations affecting financial institutions, regulations which Chairman Burns and others indicate would be almost impossible to draw up under the provisions of this bill. I can assure my collegaues that with these regulations will come a mountain of paperwork.

Mr. President, I wish that the printed transcript of those hearings was available so that my colleagues would have the opportunity of reading the testimony of all of these various agencies before the occasion arose that we had to vote on this bill. I want to make it clear at this point that I support wholeheartedly the ultimate intent of this bill, which is to assure that the credit needs of the inner city are adequately met. I am very much concerned about the problems of the inner city and during the last Congress, I was cosponsor of a bill which had to do with redevelopment or rebuilding some of the buildings in downtown inner cities in an effort to try to revitalize these areas.

As a past attorney general of my State, I was among the attorneys general of

the country as a consumer advocate. I am thoroughly convinced that this bill as written would have an adverse effect on consumer lending in our financially distressed inner cities.

That is not only my opinion but the opinion of others adequately expressed in the correspondence which has been placed on the desks of the various Senators.

I might say again, Mr. President, as I have said many times on the floor of this Senate, one of the most frustrating things I have found in the Senate is how in the name of commonsense we get a message across to the Members of this Senate. Here we are debating a very important bill with three Members in the Chamber. This is a bill which, in my opinion, will add mountains of paperwork to every savings and loan and every banking institution in America. How do we get the message across? We send out a "Dear Colleague" letter. Members receive at least 2,000 pieces of mail every week. How do they read it? They cannot read it. If we place letters on their desks, they do not have time to read the letters before they come in and vote.

I do not know how we make up our minds to vote. I do believe if I could get just two-thirds of the Members of the Senate to sit in this Chamber for 15 minutes I could convince them that this provision does not belong in a major housing bill.

If we ever adopt a consumer advocacy agency—and I voted for it 2 years ago, but I doubt that I will this time—I hope to the Lord we will apply it to the Congress so it can take a look at the legislation we pass to see if the injection of items such as this into major pieces of legislation constitutes an unfair practice.

I am satisfied that Members of this body come in and think they are voting primarily or solely for a bill that will really develop housing in America.

I do not have the answer to this question. There is no one to blame. It is just the parameters of the work of a Member of the U.S. Senate being so large as to be humanly impossible for anyone to know just what to do.

It is my honest opinion that this bill is based on a misconception of how our financial system operates. Proponents of the bill would argue that deposits in the inner city are being funneled out to make loans in the suburbs and in the more affluent sections of town. I would argue that this is a rare, rare instance, and that the majority of the inner-city areas cannot support savings institutions without the additional resources of the more affluent sections of the cities and their suburbs.

What this legislation would do is actually discourage the financial institutions in the more affluent sections of town from becoming involved in inner-city lending because this would not be meeting the community credit needs of their primary saving deposit areas, defined as a compact area contiguous to a deposit facility from which they get 50 percent of their savings.

What is a savings and loan institution in the suburban area of the city of Washington going to do when more than 50 percent of its savings comes from that contiguous area? Are they going to branch out and bring their money to downtown inner-city Washington which we are trying to develop? I say it is going to have the exact reverse effect. It will be the rare exception when it does.

During the hearings on this legislation, we heard testimony of how a group of financial institutions in the city of Philadelphia banded together to form the Philadelphia mortgage plan to insure that the credit needs of the inner city were being met. I say to my colleagues that if they will check back in their home States, they will find that this is the same type of concerted effort that is being made by concerned financial institutions throughout the country. It is through efforts such as these that we are going to be able to deal with the financial plight of our inner cities, and not additional paperwork and bureaucracy as this bill would require.

We are paperworking the businesses of this country to death.

For example, within the last 5 months, and I ask Senators to please note this, three acts of Congress have gone into effect aimed at redlining and the problems of credit in the inner city. Why not stop and see whether our previous legislative efforts are successful in dealing with this problem before we add yet another layer of legislation, paperwork, and bureaucracy? Let us find out if those three acts which have already passed will have their desired effects.

The Home Mortgage Disclosure Act is aimed at determining whether or not a financial institution is redlining in its home lending policies. If I recall correctly, the reports require that the loans be shown according to census tracts.

Under that law, the first reports were required to be filed in March, just 2 months ago. What do they show? Will these reports indicate that redlining has been practiced? If they do, does not each of the regulatory agencies of the various financial institutions have the authority to step in, to move in, and to see that the financial needs of the deposit facilities are being served?

The preamble to this title says:

> The Congress finds that regulated financial institutions are required by law to demonstrate that their deposit facilities serve convenience and needs of the communities in which they are chartered to do business;

If these reports, which were just filed 2 months ago, indicate that a savings institution is not serving the area or the needs of the community where the deposit facilities are located, the law already requires them to do something about it.

This very act, in which we seek to add another layer of bureaucracy upon the institutions of this country, finds that the convenience and needs of communities include the need for credit services as well as deposit services. It makes it perfectly clear that the law already requires that financial institutions meet these credit needs. Here we have not given the act that we passed just last year but 2 months to come into effect—only 2 months—before we are attempting to lay upon these financial institutions and these regulatory agencies additional burdens which I do not believe they can properly carry out.

The compilations of these reports were at a huge cost to our home lending institutions. Yet there has been little or no interest shown in these reports since their filing in March.

Earlier, during this last 2 or 3 weeks, I had printed in the RECORD, some findings of the savings and loan institutions, of reports that they made. I believe it indicated that their responses had been that, out of 2,775 inquiries, 1,543 had responded and almost no interest was shown. Rather than read the whole thing on my time, I refer my colleagues to the RECORD of Wednesday, May 18.

Let me add, as I have on the floor of the Senate many times, I am a director of a savings and loan in my State. It is a mutual savings and loan, designed primarily to serve the needs of the housing people of my area. There is no one in the Senate who knows better what can happen when you do not have credit because, when I started practicing law, in the area in which I lived, there was no credit available for a person to build a home unless he had about 60 to 70 percent of the downpayment and he could prevail upon one or two insurance companies to come in and make the loan. That is the reason I got busy in 1958 and 1959 and formed a savings and loan and brought it into my town. I know what it can do to a community, I know how it can hamper the development of a community when there are no funds available to build homes.

At the same time, I know what it can do to the financial institutions that are trying to serve these needs when we continue to add and add more and more paperwork, which ultimately must be passed on to the consumer.

In addition to the Home Mortgage Disclosure Act which was passed, there is the Equal Opportunity Credit Act and regulation B, which just went into effect in April, just a month ago. This is designed to prevent any kind of discrimination in the granting of credit by any federally insured or regulated deposit institution.

Compliance with these regulations should assure that credit is granted wherever it is needed and wherever borrowers have the capability to support the debt. The complaint and reporting provisions of these regulations should supply, in time, a fairly sound and realistic appraisal of situations in which credit is being denied.

Third, the argument can also be made that the very recently approved National Neighborhood Policy Act, which authorizes a National Neighborhood Commission, will also provide a source and forum for the consideration of the extent to which credit deficiencies might exist and how they might best be dealt with.

What I am saying, Mr. President, is that, by passage of this act, we are resorting to overkill. To begin with, there have not been conclusive studies to show whether the credit needs of the inner cities are being met, except for sound

financial reasoning, of course. If we do have a serious problem with redlining, then, certainly, we ought to give these other, recently enacted legislative initiatives time to see whether or not they can adequately deal with the problem.

Again, Mr. President, in that connection, let me say there is another effort being made. We felt so strongly about this matter that we asked the Comptroller of the Currency to comment on title IV of this bill. We asked the Federal Reserve Board to comment on it. We asked the Federal Home Loan Bank Board to comment on it. We have responses from these groups, the Department of Housing and Urban Development having already commented during the hearings, according to my understanding.

Today, we received a letter from the Acting Comptroller of the Currency, which we had understood was in the making for a substantial period of time.

In any event, we did get the letter today.

In the immediately preceding paragraph, it alludes to the problems and alludes to a letter that has been sent to Senator PROXMIRE and others; this entire letter is available to anyone who wants it. This is the conclusion.

To consider appropriate strategies for solving these problems, the President has created, by letter of March 21, 1977—

Just 2½ months ago—

and pursuant to Executive Order 11297, the Urban and Regional Policy Task Force, chaired by HUD Secretary Harris with the Secretary of the Treasury playing a prominent role. The initial recommendations of the task force, expected by early fall, promise to be comprehensive in their approach. Undoubtedly, Congress will recognize the wisdom of dealing on a broad basis with the multifaceted social and economic issues which must be addressed in any effective program of community revitalization rather than attacking the problems in a disconnected and piecemeal fashion. Therefore, we urge that legislation of the type embodied in Title V—

It should be title IV, but in the original bill, it was title V—

of the omnibus housing bill be tabled until receipt of the Task Force recommendations.

So, Mr. President, let me go back and racapitulate momentarily.

We first have the Home Mortgage Disclosure Act, passed during the last Congress, which required, just within the last 2 months, that lending institutions file reports showing where their money had been lent. So we have that first safeguard, which no one has had time to act on.

Second, we have the Equal Credit Opportunity Act and Regulation B, which only went into effect in April.

Third, we have the National Neighborhood Policy Act, which created the Neighborhood Commission, to provide a source and forum for consideration of this very problem.

Now we have come along and this administration, this President, on March 21, by Executive order, created another task force to deal with this very same problem.

Mr. President, it just makes sense to me that, before we pile onto all of the rest of the regulatory requirements, we just take the time to see if any of those four practices are going to take effect.

Somebody has said this is a relatively innocuous act and it really will not have much effect. Let me read what section 406 of title IV has to say:

SEC. 406. Regulations to carry out the purposes of this title shall be published by each appropriate Federal financial supervisory agency, and shall take effect no later than one hundred and eighty days after the date of enactment of this title.

Regulations to carry out the provisions of this act. What kind of regulations? Are we talking about credit needs, Mr. President, for homebuilding? Are we talking about credit needs for financing household appliances? Are we talking about credit needs for financing automobiles?

And who is going to determine them? Is the Comptroller of the Currency? Is the Federal examiner going to have to have an ongoing program in every deposit area of America to determine what the credit needs of that area are with regard to housing or appliances or automobiles or whatever?

And how is he going to determine whether they are going to be met?

Is every financial institution in America going to have to keep a record of every verbal as well as written loan application that comes into their banking or financial institution? And then when the examiners come along, are they going to have to determine whether the loan was made or whether it was denied on the basis of sound credit practices? Or whether it was made in the area in which the loan was located?

These are not just questions I have dreamed up in my mind. These are questions that have been raised to me by people of the regulatory agencies as we have tried to get into this matter.

I will read from a letter signed by Dr. Arthur Burns, Chairman of the Board of Governors, in which he had responded to my letter of May 12 asking for comments on the amended language of section 406:

The amended version would still require the financial regulatory agencies to promulgate yet another set of regulations affecting financial institutions.

The legislation would require the supervisory agencies to assess the effectiveness of institutions in meeting the needs of their communities. Before such assessment could be made, the "needs of the community" would have to be identified. In effect, the legislation would require the financial regulatory agencies to measure continuously the credit needs of every community in the United States.

It is unclear how the supervisory agencies are expected to carry out this responsibility. We would hope that the Congress does not envisage extensive on-going surveys of the credit demands of individual communities. Obviously, such studies would be outside the normal supervisory role of the agencies and would involve substantial additional costs.

There is a further two-fold difficulty in determining whether a depository institution is meeting the credit needs of its service area. First, a regulator would have to determine the degree to which the area's credit needs were unmet by all other creditors serving the area. This would involve the difficult task of assessing the activities of banks, thrift institutions, mortgage bankers, finance companies, and insurance companies. Second, after deciding what the unmet credit needs were, if any, a regulator would then have to determine what share of those needs a particular institution should attempt to satisfy.

Moreover, other approaches for implementing this legislation that have been considered by the Board's staff have also been found to be costly and of dubious value in determining community needs. For example, staff has considered whether loan approval and rejections could be analyzed. Loan information would have to be classified as to whether the borrower resided within or outside the bank's primary service area. Applications would have to be placed into specific categories, such as automobile loans, home improvement loans, personal loans and business loans. Examiners would have to compare applications from within the bank's savings service area that had been rejected to those loans outside the bank's savings service area that had been approved.

The examiners would be required not only to assess the soundness of the bank's loan's as at present, but they would also be required to assess the creditworthiness of applicants whose loan requests had been rejected in order to determine if the bank was rejecting loan applications meeting commonly accepted credit standards from within its primary savings service area while making loans outside of its primary service area. Such a process would significantly increase the work load and staffing requirements of the supervisory agencies. Moreover, such procedures would not reach those cases where loan requests were not reduced to a written record, nor would it uncover instances where longstanding policies had created a climate in which few credit requests are made. Thus, we do not believe this approach would accurately address the issue of determining community needs.

Alternatively, if the supervisory agencies took a different approach and required financial institutions to maintain records showing the amount of deposits generated from the primary savings service area and the amount of loans made in the area, we foresee equally serious objections. Aside from the cost of additional record keeping for financial institutions, the principal problem with respect to such an approach is that, given the wide differences in the demographics of service areas and the consequent differences in loan demand, it would probably be impossible to arrive at a reasonable judgment as to what a proper reinvestment ratio should be. Moreover, such an approach would be likely to interfere with the economically desirable flow of credit from areas of supply to areas of demand.

Finally, and most importantly, to the extent that this or any other sanction should prove effective in causing credit to flow substantially into an area on the basis of non-market forces, entry by depository institutions into other similar areas would likely be discouraged. Such areas would then be deprived of additional deposit services and some degree of loan services as well. Thus, the legislation seems likely to prove counterproductive in its effects.

As described in my most recent letter to Chairman Proxmire on this subject (copy enclosed), there are a number of ways in which the Federal Reserve is already encouraging banks to establish lending policies and business practices that are designed to better meet the credit needs of their communities.

For the above reasons, I am opposed to enactment of Title IV of S. 1523.

Mr. President, that letter was dated May 23, long after I voiced my objections to this portion of the bill, but it reaffirms what I had to say.

Mr. President, I ask unanimous consent that the letter of Dr. Burns, the let-

ter of Mr. Marston, Chairman of the Federal Home Loan Bank Board, and the letter of Acting Comptroller of the Currency, Robert Bloom, be printed in the RECORD at the close of my remarks.

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

(See exhibit 1.)

Mr. MORGAN. Mr. President, I ask that that be done so there may not be any misunderstanding about what I have had to say.

In concluding, Mr. President, I would like to raise my most serious objection, and that is that I feel legislation of this nature is a significant step in the direction of credit allocation by the Congress of the United States.

If bills of this nature are pushed to their ultimate conclusion, then the day will come when a financial institution may be forced to make an unsound loan in a specific location in order to meet its quota of loans in a given locality.

Mr. President, I view this as an extremely dangerous and unwise direction for this Congress to take, and I hope my colleagues will join me, along with my distinguished colleagues, Senators SPARKMAN, ZORINSKY, TOWER, GARN, LUGAR, and SCHMITT, in voting to delete this burdensome and counterproductive piece of legislation.

The time, I think, has come for Congress to finally say "no" to further bureaucratic paperwork and regulation.

Let us see if these four remedies which I have already discussed are workable. The Home Mortgage Disclosure Act, the Equal Credit Opportunity Act, the National Neighborhood Policy Act, and the new task force which was appointed by the President on March 21, are four new legislative or executive initiatives designed to look into this problem and, in the meantime, we in the Banking Committee are taking another look at it.

I commend my distinguished chairman for his work in the Banking Committee. I serve on several committees, and I know of no chairman in the Senate who devotes more of his time and efforts to the functions and duties of his committee than does Chairman PROXMIRE. As a matter of fact, I say sometimes facetiously that he is the nearest thing to perpetual motion in the Banking Committee I have ever seen. I say it goodnaturedly, but he does do it.

The chairman is forever having someone into our committee with oversight hearings, and if more Members of Congress, more committees of Congress, did this and had been doing it in the years past I doubt very seriously if the Watergate Committee would have ever existed or the Church Committee would have ever existed, and there probably would have been no need for the Intelligence Committee on which I serve.

So I say in all earnestness we do have a working chairman, and I plead with the Senate to delete this section. Let us wait and see what these four remedies I have described do, and if they have any effect. In the meantime, the chairman can be carrying on ongoing hearings to determine what other remedies would be available, rather than inserting this into one of the Senate's major pieces of housing legislation.

I reserve the remainder of my time, Mr. President.

EXHIBIT 1

FEDERAL RESERVE SYSTEM,
Washington, D.C., May 23, 1977.

Hon. ROBERT MORGAN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORGAN: Thank you for your letter of May 12 asking for my comments on the amended language of S. 406, the "Community Reinvestment Act," which has been incorporated as Title IV of the Omnibus Housing Authorization bill (S. 1523).

As you indicate, the amended version would still require the financial regulatory agencies to promulgate yet another set of regulations affecting financial institutions.

The legislation would require the supervisory agencies to assess the effectiveness of institutions in meeting the needs of their communities. Before such assessment could be made, the "needs of the community" would have to be identified. In effect, the legislation would require the financial regulatory agencies to measure continuously the credit needs of every community in the United States.

It is unclear how the supervisory agencies are expected to carry out this responsibility. We would hope that the Congress does not envisage extensive on-going surveys of the credit demands of individual communities. Obviously, such studies would be outside the normal supervisory role of the agencies and would involve substantial additional costs.

There is a further two-fold difficulty in determining whether a depository institution is meeting the credit needs of its service area. First, a regulator would have to determine the degree to which the area's credit needs were unmet by all other creditors serving the area. This would involve the difficult task of assessing the activities of banks, thrift institutions, mortgage bankers, finance companies, and insurance companies. Second, after deciding what the unmet credit needs were, if any, a regulator would then have to determine what share of those needs a particular institution should attempt to satisfy.

Moreover, other approaches for implementing this legislation that have been considered by the Board's staff have also been found to be costly and of dubious value in determining community needs. For example, staff has considered whether loan approval and rejections could be analyzed. Loan information would have to be classified as to whether the borrower resided within or outside the bank's primary service area. Applications would have to be placed into specific categories, such as automobile loans, home improvement loans, personal loans and business loans. Examiners would have to compare applications from within the bank's savings service area that had been rejected to those loans outside the bank's savings service area that had been approved.

The examiners would be required not only to assess the soundness of the bank's loans as at present, but they would also be required to assess the creditworthiness of applicants whose loan requests had been rejected in order to determine if the bank was rejecting loan applications meeting commonly accepted credit standards from within its primary savings service area while making loans outside of its primary service area. Such a process would significantly increase the work load and staffing requirements of the supervisory agencies. Moreover, such procedures would not reach those cases where loan requests were not reduced to a written record, nor would it uncover instances where long-standing policies had created a climate in which few credit requests are made. Thus, we do not believe this approach would accurately address the issue of determining community needs.

Alternatively, if the supervisory agencies took a different approach and required financial institutions to maintain records showing the amount of deposits generated from the primary savings service area and the amount of loans made in the area, we foresee equally serious objections. Aside from the cost of additional record keeping for financial institutions, the principal problem with respect to such an approach is that, given the wide differences in the demographics of service areas and the consequent differences in loan demand, it would probably be impossible to arrive at a reasonable judgment as to what a proper reinvestment ratio should be. Moreover, such an approach would be likely to interfere with the economically desirable flow of credit from areas of supply to areas of demand.

Since we have not been able to formulate what regulations could be adopted to accomplish effectively the objectives of the legislation, we cannot estimate supervisory costs or costs to financial institutions. Based on the System's experience in enforcing consumer credit regulations, however, it is possible that the costs would be substantial.

I might further point out that the "sanction" provided in the amendment to the proposed Bill that was approved by the Committee on May 9, 1977, i.e., to consider such information in the evaluation of applications for new deposit facilities, would probably not be very effective. First, although it is ambiguous as to holding company banks, it clearly would not impose sanctions on independent banks that are located in non-branching states. In addition, a depository institution that wishes to circumvent the Congressional objective would suffer only the penalty of being limited in the expansion of its deposit-receiving facilities.

Finally, and most importantly, to the extent that this or any other sanction should prove effective in causing credit to flow substantially into an area on the basis of nonmarket forces, entry by depository institutions into other similar areas would likely be discouraged. Such areas would then be deprived of additional deposit services and some degree of loan services as well. Thus, the legislation seems likely to prove counterproductive in its effects.

As described in my most recent letter to Chairman Proxmire on this subject (copy enclosed), there are a number of ways in which the Federal Reserve is already encouraging banks to establish lending policies and business practices that are designed better to meet the credit needs of their communities.

For the above reasons, I am opposed to enactment of Title IV of S. 1523.

I hope that the above comments will be helpful to you in your deliberations.

Sincerely yours,

ARTHUR F. BURNS.

FEDERAL HOME LOAN BANK BOARD,
Washington, D.C., May 18, 1977.

Hon. ROBERT MORGAN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: This is in response to your request of May 12, 1977 for the Board's views on the wisdom of enactment of the Community Reinvestment Act. You have also asked for our comment on the nature of regulations which we might propose as a result of enactment, an estimation of the cost of promulgating and enforcing such regulations and the potential cost to the financial institutions subject to the Board's regulation.

As the Board testified on S. 406 as originally proposed, the Board strongly favors the objective of having depositary institutions meet

the credit needs of communities. In fact, the Board does review an institution's proposed plans for meeting community credit and savings needs in connection with all deposit facility, permission to organize and insurance of account applications. Nevertheless, the Board had a number of difficulties with the proposed legislative approach of S. 406 and continues to have difficulties with the revised S. 406 as adopted by the Senate Banking Committee. This is because although the language of the bill has been considerably altered, it is the Board's view that it is substantively very similar to the original bill.

Let me comment on this point briefly. The Board testified in opposition to the specifics of S. 406 in part because the Board did not believe that the objectives of the bill were well defined. We were unclear as to exactly what the Committee meant by the term "communities needs". For example, were these the needs of inner city blighted or deteriorating neighborhoods or were these the needs of certain members of society experiencing discrimination in obtaining housing credit? In the case of an affluent suburban community, does meeting community needs indicate that channeling funds into the inner city of the central city would be looked upon adversely? The present version of S. 406 does not cure any of these difficulties, and we continue to be unclear as to how to direct examiners to assess an institution's record of service to community credit "needs".

Secondly, and related to the question of which "needs" of the community are to be served, is the problem of defining the community or market area that an institution is supposed to be serving. As we testified on S. 406, the Board finds the definition of the primary savings service area in the bill wholly unworkable. This is because the area as defined is likely to be so small that it would not encompass a reasonable lending area, particularly for downtown branches of associations. As indicated in our testimony, this limited definition of a primary savings service area exacerbates the problem of the mis-match of savings areas and lending areas. In addition, there is a great deal of subjectivity in delineating the primary savings service area, and a large number of alternative areas could be used. Since the amended version of S. 406 contains the original definition of primary savings service area and keys the operative section of the bill to meeting the needs of that area, the Board must reiterate its objection to this feature of S. 406.

Thirdly, a major objection the Board expressed to the original S. 406, which has not been cured in the amended version, is its primary application only to Federally chartered savings and loan associations. Since State chartered savings and loan associations are not required to come to the Board for branch approvals, the impact of the bill would not be felt by such associations. We recognize that State chartered banks are required to receive branch approval from the FDIC and the Fed. However, it is the Board's understanding that a significant purpose of the bill is to serve housing credit needs—as opposed to other "credit needs", such as consumer loans. Therefore, the failure to reach over half of the savings and loan industry, the major housing credit suppliers, is in the Board's view a serious shortcoming. In addition, if enacted, the Board is concerned that Federal institutions may convert to State charter to avoid coverage under the bill. The Board must oppose such a potential erosion to the dual system.

For these reasons, the Board is seriously concerned about implementation of the bill, if enacted. The Board's staff has made an initial analysis of the bill, as amended, from an implementation point of view. As a technical matter, it reflects its rapid drafting. Key terms, for example, are left undefined. The bill as drafted makes application of the provisions to chartering and granting of insurance of accounts to new institutions difficult, if not impossible. As alluded to above, the Board would be given no standard as to how to interpret the "community needs" requirement. The Board would be hard put to provide guidelines to examiners with respect to judging S&Ls on the basis of this criterion. Any guidelines would require that examiners become familiar with housing needs in a community or primary savings area. This requires the skills of a local housing market analyst. Our preliminary analysis of the bill indicates that if the Board were to fashion a definition of the "community" or primary savings service area for each institution, and its various offices it would have to require additional recordkeeping by institutions, probably a register of loan applications. Beyond that, the Board would have to establish a "norm" for each institution, possibly by region, market area, or "community", in order to provide examiners with guidelines as to how to assess each institution in terms of meeting credit needs. This is quite a substantial additional workload for examiners and one for which they are ill-prepared by training. Examiners would have to assess to what extent lending outside of the primary savings areas represents a legitimate lack of "need" for funds in the primary savings area.

In conclusion I would like to remind you of the proposal the Board made in its S. 406 testimony. The Board proposed that each institution's compliance with the fair lending and equal opportunity credit laws be reviewed in connection with each deposit facility application. (As with the whole bill, this proposal has the limitation of having its greatest impact on Federal associations). In the Board's view this proposal is a reasonable alternative to S. 406, as originally proposed and as amended. The alternative has the virtue of being administratively feasible and would certainly insure that a community's needs are being served to the extent protected by the fair lending and equal credit opportunity laws.

Without question S. 406 treats of a very important subject—making mortgage and other credit available to communities. However, the bill's possible goals are many and ill-defined and it constructs an enforcement mechanism which is unfair, as respects only Federal association to the exclusion of State chartered associations, may well be unworkable as an administrative matter, and reflects a basic misunderstanding as respects the sources of savings and the areas in need of mortgage credit.

Sincerely,

GARTH MARSTON.

COMPTROLLER OF THE CURRENCY,
Washington, D.C., June 2, 1977.

Hon. ROBERT MORGAN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORGAN: I was glad to receive your letter of May 12, 1977, concerning the Community Reinvestment Act (S. 406) and to have a further opportunity to explain our reasons for opposing enactment of this legislation, now incorporated into an omnibus housing authorization package as Title V.

The opposition of the Comptroller's office to such a legislative proposal is longstanding and substantially predates the introduction of S. 406. To put the matter in historical perspective, it appears that Chairman Proxmire first focused upon the issues addressed by the Act in connection with a branch application filed by Pacific National Bank of Washington in Seattle. I enclose a copy of our letter of August 27, 1976, which explains the circumstances surrounding that application and the deliberate efforts on the part of this Office to grant a full and fair hearing to all views, especially those of interested groups representing the local community.

Senator Proxmire followed his initial inquiry with three related pieces of correspondence in June and July, reflecting his growing concern that the Comptroller does not adequately consider the convenience and needs of a local community in determining whether to approve or deny an application for a national bank charter or branch facility. By letter of October 12, 1976, a copy of which also is enclosed, we responded to the Chairman in detail, setting forth our policies and procedures for insuring that the national banking system is responsive to the needs of the individual communities across the nation which it has been created to serve. As we attempted to make clear, it is unrealistic to expect those needs to involve only simple local demand for credit, however important a factor that may be.

Senator Proxmire seemed especially interested in the role of banks in alleviating the specific problems of urban decay by meeting inner city demand for home mortgages. In this particular regard we assured the Chairman that disinvestment in urban neighborhoods was an issue to which our Office has assigned high priority. The previous Comptroller emphasized repeatedly that national banks, and all financial institutions, have a duty to provide their communities with leadership and expertise in planning programs to combat such deterioration. However, we also pointed out that these problems cannot be solved by banks alone. A cooperative community-wide effort aimed at eliminating the root causes of housing blight, employment shortages, and educational weaknesses is essential.

To consider appropriate strategies for solving these problems the President has created, by letter of March 21, 1977, and pursuant to Executive Order 11297, the Urban and Regional Policy Task Force, chaired by HUD Secretary Harris with the Secretary of the Treasury playing a prominent role. The initial recommendations of the Task Force, expected by early fall, promise to be comprehensive in their approach. Undoubtedly, Congress will recognize the wisdom of dealing on a broad basis with the multi-faceted social and economic issues which must be addressed in any effective program of community revitalization rather than attacking the problems in a disconnected and piecemeal fashion. Therefore, we urge that legislation of the type embodied in Title V of the omnibus housing bill be tabled until receipt of the Task Force recommendations.

We trust this will be helpful in preparing for debate on the Senate floor. If I or my staff can be of any further assistance, please do not hesitate to call on us.

Sincerely,

ROBERT BLOOM,
Acting Comptroller of the Currency.

Mr. PROXMIRE. Mr. President, I want to thank my good friend from North Carolina for those concluding remarks. He almost persuaded me to support his amendment with the logic and beauty of what he said at the very end.

I must say that regretfully I oppose it. Senator MORGAN is a very, very hard-working member of the committee. He has been particularly interested in housing, especially in the last year or so. He is chairman of our Rural Housing Subcommittee, and I must say there is a great deal of force and logic in his argu-

ments. But I rise in opposition to the amendment, and I urge my colleagues to retain title IV, as reported.

Mr. President, for more than 2 years the Banking Committee has been studying the problem of redlining and the disinvestment by banks and savings institutions in older urban communities.

By redlining let me make it clear what I am talking about. I am talking about the fact that banks and savings and loans will take their deposits from a community and instead of reinvesting them in that community, they will invest them elsewhere, and they will actually or figuratively draw a red line on a map around the areas of their city, sometimes in the inner city, sometimes in the older neighborhoods, sometimes ethnic and sometimes black, but often encompassing a great area of their neighborhood.

We also know that smalltown banks sometimes ship their funds to the major money markets in search of higher interest rates, to the detriment of local housing, to the detriment of small business, and farm credit needs.

In 1975 Congress took the first small step against redlining. We passed a mild version of the Home Mortgage Disclosure Act, requiring financial institutions just to disclose where home mortgage loans are made.

The data provided by that act remove any doubt that redlining indeed exists, that many credit-worthy areas are denied loans. This denial of credit, while it is certainly not the sole cause of our urban problems, undoubtedly aggravates urban decline.

I might point out, Mr. President, that the redlining information has not been available just for 2 months, not just for 3 months, not just for 4 months, but ever since last September 30 in most cases.

Furthermore, the use of that data has been quite extensive. The New York papers have had a very elaborate series of stories on the amount of disinvestment in New York, pointing out that about 11 percent of the money deposited in Brooklyn remains, and 89 percent is invested elsewhere.

In the District of Columbia we find about 90 percent of the money is invested outside of the community where the money is deposited. Chicago has an enormous amount of disinvestment; in California, the data and details flowing from our legislation show that Los Angeles has suffered a great deal of disinvestment; St. Louis has massive disinvestment; Indianapolis is the same way; and in Cleveland, the Cleveland Plain Dealer had a series of stories pointing out this very serious problem, and highlighting the fact that this is something that is undoubtedly contributing or has contributed for a long time to the decay of the city.

Therefore, the committee included title IV to reaffirm that banks and thrift institutions are indeed chartered to serve the convenience and needs of their communities, and as the bill makes clear, convenience and needs does not just mean drive-in teller windows and Christmas Club accounts. It means loans.

Mr. President, the solution to housing and economic development needs is not simply a Federal program, a Federal charge. There is no way that the Federal Government alone can solve this. If HUBERT HUMPHREY had been elected President of the United States, if PAUL SARBANES had been elected President of the United States, if ED BROOKE had been elected President of the United States, and with their deep commitment in the case of each of those three great Senators, to the building up of our cities, there is no way that the Federal Government can solve that problem with its resources.

What it takes is the kind of resources that the local financial institutions have, and they have plenty. They have over $1 trillion, $1,000 billion.

Now, it is possible that the Federal Government may put in a few billion dollars this year or over the next few years to help rebuild our cities. But it will be peanuts compared to what the financial institutions can put in, if they have the will to do it.

The private sector has the capital, the know-how, and the efficiency to do the job. And the banking industry must be encouraged to reinvest in local needs rather than continuing to favor speculative loans to shaky foreign regimes, to REITS, to unnecessary supertanker fleets, to bank insiders, and all of the other questionable ventures that have managed to get credit while our local communities starve.

Mr. President, I have great admiration for our banking system. I started off, when I finished school, in a bank and worked in a bank in New York for my first employment. I think that bankers sit right at the heart of our economic system, and I think they do have much better judgment because they understand their community, and have much better judgment than we have here. But the record shows we have to do something to nudge them, influence them, persuade them to invest in their community.

Just this week, a letter came across my desk from the vice chairman of First National City Bank, defending excessive Third World lending by U.S. banks.

The letter is as follows:

> Bankers who have stepped up their cross border lending in response to urgent financing needs in the developing countries and a decidedly soft loan market at home are being roundly lambasted . . .

You bet they are. What does he mean by a soft loan market at home? Has he talked to young families in Brooklyn and small businessmen in Milwaukee who cannot get loans? What does he mean by urgent financing needs in the developing countries? What about urgent economic development needs in Detroit, Philadelphia, Baltimore, and Boston?

We need to encourage bankers to get out of the office and walk around the block and find loan opportunities here at home. The law already provides that banks are chartered to meet the convenience and needs of their communities.

Let me repeat that. The law now charters banks to do what? To meet the convenience and needs of their communities.

But unfortunately many bankers and many bank regulators have forgotten the meaning of those words.

Title IV provides that:

> Regulated financial institutions have a continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered.

That is what the bill that we are now considering and the part of the bill that the amendment would delete provides.

And we provide that the regulatory agencies shall encourage lenders to give priority to local credit needs, consistent with sound lending practices.

The act provides that bank examinations shall assess how well the lender is serving the local community, and that this assessment will be taken into consideration if the institution makes application for a new branch. Those who are serving their communities should be rewarded. Those who are utterly neglecting their communities should not.

Mr. President, we might say that we simply bewail the situation, leave it to the marketplace, leave it to the bankers. We have done that now for years and years and years. We suffer this problem in the cities, in Detroit, in Milwaukee, in Chicago, in New York. The banks are taking the money out of these communities and investing it elsewhere.

We know, furthermore, as I am going to point out in a minute, that this is not necessary, that in the case of Philadelphia where they have gotten 15 of the most outstanding financial institutions together they have stopped redlining and they have done a great job there. They have made over 1,500 loans and made those loans in the last 18 months.

They have had a default rate of only six-tenths of 1 percent which is about the same default rate in the conventional area. It has been a smashing success. It has worked. They only turned down about one out of five of the applicants that have made application under this system from the inner city. But that can be done elsewhere, but it takes leadership from the Federal Government and takes leadership from the regulatory agencies.

The intent and effect of this measure has been widely misunderstood, and it has been the subject of a scare campaign by some trade associations. And boy how they lobbied. I talked to a number of Senators today who told me how they were called and received many letters from bankers in their State and called, also, by their own personal banker who makes loans to them—that is about as influential as you get from a lobbyist—to urge them to support the Morgan amendment to oppose the section of the bill. An early draft of the bill would have required additional reporting by lenders. The committee considered this provision in markup, and we unanimously agreed that bank examiners already have access to ample data to carry out the purposes of this title. We deleted the reporting requirement.

The Senator from North Carolina has made a very strong point and a very emphatic argument, indicating that this would require a lot more paperwork, a lot more redtape. That was true of the bill originally perhaps, but it certainly is not true of the bill now.

I think the redtape argument is a red

herring. I would say to those who fear increased bureaucracy—if the private sector fails to do the job of reinvesting capital in older communities and the Government has to pick up the pieces, then you will really see redtape. This is a private enterprise proposal.

The proponents of this bill also say it is impractical. Is it? Is it impractical? Let us consider.

We had a test of what this bill would do in two States. Two State banking commissioners have already adopted precisely this approach.

Did the chamber of horrors described by the Senator from North Carolina if this provision goes into effect materialize in those States?

Have we had credit allocation? Have we had redtape? Have we had additional paperwork?

Commissioners Connell of Connecticut and Greenwald of Massachusetts testified in support of the Community Reinvestment Act.

They told the committee that whenever they received branch applications, and this is just what this bill would require to be done on a national basis, they take the opportunity to assess how well the bank is serving its existing areas.

Banks that want to branch into lucrative suburban locations must demonstrate their commitment to areas served by existing city branches.

Let me read briefly from the testimony at the hearings from the Commissioner of Massachusetts, Commissioner Greenwald. She said this:

> In Massachusetts, we have administratively instituted many of the provisions of this bill; we have done so in keeping with our legislative mandate to regulate in the public interest.

And she gives a series of examples of how this has worked out, and I shall quote just a few:

> In one case we got a commitment that the bank would now make mortgage loan applications available at all its branch locations. Another was asked to make a commitment to work with community representatives in the older neighborhoods that it traditionally served, and to seek local area members for its Board of Trustees.
>
> Most interestingly, another bank was granted permission to establish a suburban branch only after it renewed its commitment to a branch in an underbanked neighborhood by relocating it to better quarters, extending banking hours there, and offering the bank's full range of services at the branch. This branch the bank had earlier sought to close; a request which had been denied.
>
> These are the kinds of actions that can be taken at the review process, at a branch hearing by the regulatory agency.

This is exactly the kind of action, as I say, that has been put into effect in Massachusetts, and in Connecticut. There is no evidence that there has been any domination by the regulator and redtape, any credit allocation. But it has worked to improve the opportunities for people in the cities to get loans. This carrot and stick approach delivers better banking services to both city and suburb.

Even at the Federal level, where the bank supervisory agencies are less sensitive to the disinvestment problem, the Federal Home Loan Bank Board, has gently jawboned certain savings and loan associations who were obviously failing to serve their communities. In one case, a savings and loan based in Washington, D.C., was exporting 99 percent of local deposits out of State, despite local credit needs. The Bank Board called in management for a little talk. That was all it took: no redtape, no reports. Just a signal that the regulators felt the institution was neglecting its community. And the next year, the percentage of lending in the city went up from 1 percent to 20 percent.

Similarly, this bill would encourage the agencies to be somewhat more vigorous in reminding lenders of their local responsibilities.

The Senator from North Carolina has circulated a letter from Chairman Arthur Burns opposing this bill. Dr. Burns' letter says that first of all it would be impractical to encourage banks to meet local credit needs. Then he goes on to say that the Fed is already encouraging banks to meet local credit needs.

Now, Dr. Burns is a masterful economist, but he cannot very well have it both ways. If it is impractical, the Fed cannot be doing it already. It is like the fellow accused of assault who says, "I didn't do it, and besides I was provoked".

Interestingly, Dr. Burns is very inconsistent about whether banks should be required to give priority to local credit needs. Let me quote from another letter of Dr. Burns. Back in 1974, at the height of the credit crunch, Chairman Burns wrote a letter to Robert Mayo, President of the Federal Reserve Bank of Chicago. Dr. Burns wrote that feedlot operators were having a very bad year, and that many country banks were cutting back local loans in order to obtain higher yields elsewhere. Then Dr. Burns said:

> While funds should normally flow to the uses offering the greater return, I believe that it is important that each banker realize that the continued availability of credit to local activities may well, in the long run, yield the greater total return to the economy of his community, and thus to his bank as well. Taking due account of relative credit risks, the first obligation of bankers is to the credit requirements of their service area.

Dr. Burns concludes by asking President Mayo to "remind bankers of this obligation whenever the opportunity presents itself."

So Dr. Burns agrees with title IV that the first obligation of banks is to their local service areas, but he would prefer to apply this principle selectively, as suits his fancy, rather than have Congress legislate a consistent public policy.

I would add that Dr. Burns also opposed the Home Mortgage Disclosure Act, which Congress passed and President Ford signed into law. The Federal Reserve Board and the other Federal bank supervisory agencies, unfortunately, have never shown much interest in these issues. It took two oversight hearings by the Banking Committee followed by highly critical committee reports and a lawsuit by major civil rights groups, before the banking agencies even began to enforce the laws against discrimination in lending. So their opposition to the Community Reinvestment Act is in character.

On the other hand, the president of the Nation's largest savings bank, Mr. Todd Cooke, testified in support of this legislation.

Think of that, Mr. President: The president of the largest savings bank in this country supports this legislation. He has had the greatest success of any bank in the country, and he supports it.

Mr. Cooke summed up the need for the bill better than I can. He said:

> One: A financial institution, in my judgment, clearly has a primary and continuing responsibility to the community in which it is authorized to operate. This is an underlying premise of the bill in which I heartily concur.
>
> Two: This responsibility cannot be limited to simply helping meet the community's deposit needs, but must, as a matter of economic logic, extend also to its credit needs.
>
> Three: Accordingly, I take no exception to the bill's directive that the supervisory agencies use their chartering, examining, supervising and regulating authority to encourage financial institutions which may have been lax in this regard, to meet with these twin responsibilities.

Now, this is not Ralph Nader talking. It is the president of the Nation's largest savings bank. Mr. Cooke made certain recommendations for making the bill easier for bankers to live with, and the committee followed them. Mr. Cooke, through his own bank, took the lead in devising the Philadelphia mortgage plan, which voluntarily commits Philadelphia banks to reinvesting in older Philadelphia neighborhoods. It is a model approach.

As I say, it has been a smashing success. People did not think it could be done; but they took the inner city area, and instead of drawing a red line around it, they took every single block, block by block, and if it had less than 10 percent abandoned housing, they would make loans for any sound structure to any applicant who had a reasonable credit record. As I say, they have turned down only something like one out of five loans, and they have had a default record every bit as good as the record in conventional suburban areas and other areas.

That Philadelphia approach is an approach that would be commended to bankers under this bill. And obviously, if all bankers had the foresight and community commitment of Mr. Cooke, we would not need this bill. But the problem is that many bankers neglect their local communities. Arthur Burns has admitted as much in his letter to Robert Mayo.

Mr. President, I do hope that the Senate will not accept this amendment. As I say, I have the greatest respect for the Senator from North Carolina, and particularly for his great sincerity in this matter, but I think that this is the best opportunity we have to provide effective reinvestment, investment buildup in our cities on a sound basis, at no cost to the Federal Government and no cost to the taxpayer in the private sector.

I think in many ways this is the most important part of the entire bill, and I hope the amendment is not accepted.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. RIEGLE). Who yields time?

Mr. MORGAN. Mr. President, I yield myself as much time as I may use.

Mr. President, I have just a word or two in response to my distinguished chairman. I think he makes a good case for deleting the section that I have pointed to, in that he points out that Dr. Arthur Burns, even as early as 1974, was using the regulatory powers of his office to try to make sure that the credit needs of a given group were met. I do not find the inconsistencies in his letter to me, because he says they are already trying to do it, but the difficulty that he points out is, how are you going to carry on a continuing assessment of these credit needs, and what are the ones you are talking to?

My distinguished chairman also alludes to the president of the largest savings bank in the United States. I have not had access to that testimony, and I do not know exactly what he said, but I do know this: The cost of this proposal is going to be passed on, maybe not to the taxpayers directly, but it is going to be passed on to the consumer.

What my chairman said reminded me of a hearing we held in Salt Lake City last Thursday with regard to rural housing. The executive vice president of the largest bank in the State of Utah came in and testified in a very glowing manner with regard to all of the 30-some programs of the Farmers Home Administration, and said that the regulations provided no difficulties at all for his bank.

I asked him if it was not true that most Government regulations provided no real difficulties for the largest institutions, because they can always put on all the help that they need. He acknowledged that that was somewhat true.

The next witness who testified said:

> I beg to differ with the distinguished gentleman, because a branch banker, of a branch of his bank in my hometown, came to see me and wanted to handle some of my building financing, and when I told him I was dealing with section 515, he said, "That is just too complicated," and walked out.

Maybe the big bankers can understand it and cope with these regulations, but most of my bankers in North Carolina are not that big, and most of our savings institutions are not that big.

So I still say most of the cost is going to be passed on to the consumer.

Mr. PROXMIRE. Mr. President, will the Senator yield on that point?

Mr. MORGAN. Momentarily.

Mr. PROXMIRE. I might ask the Senator to explain, why is it that if there is such a substantial cost, the evidence in both Connecticut and Massachusetts, where they have tried this and operated on this basis for some time now, is that there is no cost?

Furthermore, as the Senator knows, we deleted from the bill all the reporting requirements. We said it would be necessary for regulatory bodies to rely on the information they already have, but that should be enough to do the job, and, indeed, in Connecticut and Massachusetts it has been a sufficient amount.

Mr. MORGAN. I would say to the distinguished chairman that, first of all, I have not had access to their testimony. Even though we have tried, the testimony has not been printed.

But even with regard to deleting the reporting costs, it was just the difference between tweedledee and tweedledum, because the committee came back with the requirement that the information required shall be published by each appropriate agency and shall take effect. What you are saying is that rather than we in the Senate taking the time to write the regulations so we will know what reporting will be required, we are going to delegate that authority to some faceless bureaucrat who is not answerable to the electorate. I would rather have had the bill as originally written.

Mr. PROXMIRE. We would all be happier to have minimal regulations; but on the basis of experience in those two States, the regulations would be very minimal, and would not require additional reporting.

We have also had testimony from a small bank, the South Shore National Bank in Chicago, a bank which has total assets of something like $60 million; not tiny, but rather small.

They were enthusiastically in favor of this bill. The president of that bank said this legislation was something he could operate with very well. He did not see any particular additional cost on his part, and he felt it was desirable to encourage banks and to provide incentives for banks to be concerned about loans in their particular communities.

Mr. MORGAN. Since the Senator has made it very clear that there would be no more reporting, would the Senator have any objection to deleting section 406, which says additional regulations shall be provided, and let the agencies act on the basis of information already provided under the law?

Mr. PROXMIRE. Will the Senator withdraw his amendment if we provide that?

Mr. MORGAN. I think he would be more inclined to, but I still think it would be looking toward the allocation of credit. I believe it would be reassuring to the financial institution that whatever was done would have to be done on the basis of all of these reports which we have already required.

Mr. PROXMIRE. If the Senator will permit, let me read that sentence.

> SEC. 406. Regulations to carry out the purposes of this title shall be published by each appropriate Federal financial supervisory agency, and shall take effect no later than one hundred and eighty days after the date of enactment of this title.

That is the whole thing.

Mr. MORGAN. I think it would make it far more acceptable. I still think it would be a first step toward the allocation of credit, but at least it would eliminate a new rash of regulations. Of course, by the same token, I believe the regulatory authorities probably already have it. This would be a clear indication that we did not expect more.

Mr. PROXMIRE. Let me consider that. We do have a problem when we implement a law of this kind without any regulations.

Mr. MORGAN. We already have, under the Home Mortgage Act that was enacted last year, the redlining reporting. All they would have to do would be to look at it and see where the home mortgages were being made. I assume that is basically what we are talking about.

Mr. PROXMIRE. I would be happy to take that under consideration. Perhaps we can arrive at some accommodation. I am sure there will be additional discussion of this amendment. Let me consider that. I believe it is an interesting suggestion.

Mr. MORGAN. Mr. President, I yield to the distinguished Senator from Indiana so much time as he desires.

Mr. LUGAR. Mr. President, I appreciate the distinguished Senator from North Carolina yielding to me. I simply want to draw the attention of this body to title IV and why we are in a debate on this general issue. It is entitled "Community Reinvestment." It suggests, under section 402:

> The Congress finds that—
>
> (1) regulated financial institutions are required by law to demonstrate that their deposit facilities serve the convenience and needs of the communities to which they are chartered to do business;
>
> (2) the convenience and needs of communities include the need for credit services as well as deposit services; and
>
> (3) regulated financial institutions have continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered.

The suggestion of title IV is a reasonable one, that so far as there is a Federal responsibility for supervision of some portions of the banking system, and that some portions of the banking system gain sustenance and strength from the Federal Government, there is an obligation with regard to these institutions to perform services to the public.

The problem, however, very quickly becomes one of the definition of "public" and the definition of "community."

Clearly, "community" is a keyword, both of title IV, as well as of the language, a service of the community in which the deposit facilities are involved.

The definition of "community" is clearly not a part of this act. It has been suggested in testimony before the Banking Committee, and before many other bodies, as to how "community" might be defined. The intent of those who spoke in favor of title IV in committee sessions was to take a look at neglected inner-city areas or other depressed areas, for that matter, of suburbia or rural America, areas in which there are many houses and many persons reportedly wanting to have loans, with the inability to mesh together the institutions which are close by these properties.

Clearly, that has been the intent of much Federal debate and finally Federal legislation in recent years.

Title IV draws this to the fore by suggesting that as a part of extending services, part of the chartering process, the community records be taken into consideration. I would submit that title IV begs

the question, as have most other pieces of legislation, in this respect. It is not clear what community we are talking about. It is not clear how we define community; how criteria are set up as far as these services are concerned.

Finally, of course, we require in other aspects of legislation, not only with regard to banking but in commonsense, that loans be made with a degree of prudence; that there be proper collateral; that there be some hope of repayment; that the normal terms that pertain to banking are not suspended in this process.

There is always the lurking suggestion that bankers who are regulated in this matter have not been doing their duty and that somehow by legislation they can be coerced.

I would suggest that even if that be the case, this legislation is unlikely to make very much difference in that regard. The sanctions that are finally offered, even if some institution is found guilty in the process, are apparently that the institution would have some difficulty extending its facilities, no more and no less than that. That, of course, was a product of some of the debate before the committee in which this section was modified several times around. It was in section 406 of the original bill.

So for several defects, first of all being, the lack of a definition of "community," any idea as to the criteria which would satisfy the community service situation, and finally if a party is found guilty there being very little sanction, these are serious objections to the inclusion of title IV, the community reinvestment portion of this act.

I was surprised to hear the sponsor, the distinguished Senator from Wisconsin, point to this as one of the most important aspects of the legislation. In the judgment of many of us it is not a very important part, and it simply is defective on almost all counts.

What is the constructive alternative of this situation? This is a problem which has faced inner-city America for a long time. It seems to me that the situation calls for a revitalization of local government generally; a revitalization of business generally; a climate in which a people anticipate that there will be adequate law enforcement, for one thing; city services of sewage, sanitary pickup, the cleaning of the streets, the general respect for property, and a sense of community not lined by square blocks, but a sense of community in which there is a general caring about property and about how the city or the community involved is going to be run.

These are of the essence.

This perennial attempt to provide credit allocation, to provide by law some reason why loans must be made at the penalty of losing the business, is simply a gesture in futility. It is brought out annually to try to show a good heart and some faithfulness with regard to this sort of thing, but it seems to me this has very little to do with what is occurring in urban America today.

Until there is at least some sense that loans are made on the basis of the ability to repay, on the basis of reasonable collateral, and on the basis of the general strength of affairs, the fact is that loans will be made in a community and the community will be perceived fairly broadly. The community, in my judgment, ought to be perceived very broadly.

When we begin segmenting by lines and carving by socioeconomic groups, we make a grievous error, not only in government but in financial policy. I have very considerable sympathy for the heart of what is involved in this attempt, but I simply say that title IV is defective in its attempt to remedy and is a part of a long generation of attempts of this sort that I believe should not be a part of this general legislation. Therefore, I have cosponsored the amendment by the distinguished Senator from North Carolina and am hopeful that the Senate will adopt this amendment and thus strengthen the overall legislation by deleting title IV.

I yield the floor.

Mr. TOWER. Will the Senator yield me 3 minutes?

Mr. MORGAN. Mr. President, I yield to the distinguished Senator from Texas as much time as he desires.

Mr. TOWER. Mr. President, I associate myself with the remarks that have been made by my distinguished colleague from North Carolina and my distinguished colleague from Indiana. I am concerned about this business of credit allocation. I know that this is not credit allocation in a general way, but I think if we start getting into credit allocation in a specific way, that is going to be the harbinger of more legislation of this type to come.

Nothing could militate more strongly against the vitality of a market-regulated economy than a growing system of credit allocation. In my view, there are alternatives to the scheme that is proposed in the Community Reinvestment Act. One alternative that I think should be given serious consideration—I do not think it has been—is that one termed shared risk. There may be various types of shared risk proposals, but I have one in mind.

The problem with most neighborhoods which have been redlined is that not only has adequate mortgage credit not been available, but a number of other necessary services are also lacking. Adequate schools, street improvement, garbage pickup, transportation, and other services often are not available, or at least are inadequate.

(At this point Senator STEVENSON assumed the Chair.)

Mr. TOWER. Should we expect mortgage lenders to go into these neighborhoods alone? I think not. If there is not involvement by the whole community, how can we encourage lenders to make mortgage credit available? One proposal would be to establish a scheme of coinsurance, or shared risk.

For example, a premium that would be charged would finance a fund which would be used to help cover any risks incurred by the lenders. In such a scheme, should losses occur, the lender would not bear the full loss, but only a certain percentage of the loss on a particular mortgage.

I think there are probably other workable alternatives which are designed to provide mortgage credit to redlined areas. I do not think that we should indulge in the authorization or, indeed, the mandate of a system of credit allocation, at once not providing adequate guidelines or criteria to be used in making an assessment as to the record of lending institutions or meeting the credit needs of their so-called primary savings service area.

I think that the argument has been made against this measure. I think that before we should consider this, we should look at other alternatives, the idea of credit allocation to be considered only as a last resort, when all else proves to be unfeasible or impractical.

Therefore, I urge the Senate to adopt the amendment proposed by the Senator from North Carolina. I, for one, would be prepared to urge the chairman and other members of the committee to take a look at some alternative solutions to this problem.

I thank my distinguished friend from North Carolina for yielding me this time.

Mr. PROXMIRE. Mr. President, I yield such time as he may require to the Senator from Maryland.

Mr. SARBANES. Mr. President, I rise in opposition to this amendment and in support of title IV in the bill as reported by the committee. I wish to underscore the statement made by the chairman of the committee in support of this proposal.

Really, we should turn the question around the other way: Why should not a banking institution have a responsibility to meet the credit needs of the local communities in which they are located, in the very communities from which they are drawing their sustenance? Why should they not have a responsibility to respond to that community?

The bill is very, very careful in making it clear that, in meeting this responsibility, the safe and sound operation of the institution has paramount consideration. There is nothing in this legislation that is going to require any lending institution to take any risks that are inconsistent with or contrary to the safe and sound operation of the institution. That appears more than once in the course of the title and, in particular, it appears in section 404, where it is stated:

> In connection with its examination of a financial institution, the appropriate Federal financial supervisory agency shall assess the institution's record of meeting the credit needs of its primary savings service area consistent with the safe and sound operation of such institution.

So there is nothing in this legislation that will require them to depart from safe and sound practices and, therefore, that argument is not appropriate. This legislation is extremely sensitive to that concern.

The distinguished Senator from North Carolina made a very strong argument and, in the course of it, he quoted the Chairman of the Federal Reserve System in a letter of May 23, which I understand has been printed in the RECORD. It was talking about the administrative

difficulties of carrying forward the provisions of this legislation—how, if they tried to do it one way, it would pose problems; they tried to do it another way, it would pose problems.

I can appreciate that we are getting the same refrain, of course, from the other supervisory agencies. But I think the important letter is the one Mr. Burns wrote to the president of the Federal Reserve Bank of Chicago, which was quoted by the chairman of the committee, in which he talked, at the time of the credit crunch, about the difficult problem faced by operators of cattle feedlots in the Midwestern States. In the course of that, he noted that it is also possible—this is Chairman Burns—

That some country banks may be reluctant to make adequate funds available locally because of the very high returns that can be obtained by them on money market instruments, including loans to city banks, in the Federal funds market.

He then went on to say, in his letter to was taking place. He reflected his sensitivity to it.

He put his finger on a practice that the president of the Federal Reserve Bank of Chicago:

While funds should normally flow to the uses offering the greater return, I believe that it is important that each banker realize that continued availability of credit to local activities may well, in the longer run, yield the greater total return to the economy of his community and thus to his bank as well. Taking due account of relative credit risks, the first obligation of bankers is to the credit requirements of their service area.

I repeat that sentence: "Taking due account of relative credit risks"—which this legislation seeks to do by the protective language that I referred to earlier of operating in a safe and sound manner.

Chairman Burns states:

Taking that into account, the first obligation of bankers is to the credit requirements of their service area.

That is what this legislation seeks to accomplish, that they should pay their first obligation to the credit requirements of their service area.

I think that is a reasonable standard to be applied. I hope Members of the Senate will support the committee in title IV of the bill and reject the amendment.

Mr. MORGAN. Mr. President, I think about all has been said that can be said on behalf of this amendment and in opposition to it, and certainly, about all that is going to be listened to.

But I do thank my distinguished colleague from Maryland and my distinguished colleague from Wisconsin for pointing out from the letter of Dr. Burns, who is Chairman of the Federal Reserve Board, that the Federal Reserve Board is sensitive to the problems and needs of credit, and why burden them with more and more and more regulations if the Board has already demonstrated, as that letter clearly points out, that they are sensitive to such needs.

Mr. President, the law does say that in keeping with safe and sound operation of such institution. Well, a few bad credit risks in order to meet the 50-percent allocation of credit in the area may not endanger the soundness of that institution, but it might very well endanger the profits or the soundness of that particular loan.

Mr. President, the distinguished Senator from Utah (Mr. GARN) is a cosponsor of this amendment and is unavoidably absent. He had a statement prepared to deliver in support of the amendment.

Mr. President, I ask unanimous consent that his statement be printed in the RECORD immediately following my remarks.

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

STATEMENT BY SENATOR GARN

We believe that inclusion of the Community Reinvestment Act of 1977 as Title V of this legislation is both inappropriate and unwarranted. Only recently were hearings held on S. 406, which has been made Title V of this legislation. The hearing transcript and report are not yet available and the hearing itself produced a great deal of disagreement on the need for the legislation.

Title IV is a modified version of S. 406, the Community Reinvestment Act of 1977, and would require an ongoing assessment of a financial institution's community credit effectiveness. Although we support the intent of the bill to insure greater credit availability for the inner cities, we feel that the bill as reported out would not only add a tremendous amount of paperwork for our already overburdened financial institutions, but would also have the adverse effect of causing a reduction in credit availability in these areas which we are trying so desperately to revitalize.

The many criticisms of the need for the legislation in this form and at this time may be placed in four categories in relation to already existing law and regulation.

(1) The "convenience and need criteria" which is applied by the regulatory agencies at the time of approval of new institutions or branches already requires the same type of review and analysis provided in this legislation.

The Acting Chairman of the Home Loan Bank Board, Mr. Garth Marston, testified before the Senate Banking Committee on March 24, 1977, that pursuant to the statutory requirements in Section (5)(a) of the Homeowners Loan Act, the board issues charters for Federal associations "giving primary consideration to the best practices of local mutual thrift and home financing institutions. In connection with such charter applications the board considers three criteria: (1) the necessity for the proposed association in the community to be served; (2) the reasonable probability of usefulness and success of the proposed association and (3) the question of whether the charter may be granted without undue injury to the properly conducted existing local thrift and home financing institutions."

In regard to bank charters, Title 12 of the United States Code Annotated, Section 1816 enumerates the factors to be considered in issuing certificates to do business for federally chartered banks. It states: "the factors to be enumerated in the certificate required under Section 1814 of this Title and to be considered by the Board of Directors under Section 1815 of this Title shall be the following: the financial history and condition of the bank, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served by the bank and whether or not its corporate powers are consistent with the purposes of this chapter."

What this means is that the supervisory agencies are already considering the credit needs of a community in granting or denying charter applications, and thus the Community Reinvestment Act adds nothing other than additional paperwork to existing law.

(2) The Home Mortgage Disclosure Act, just recently effective, requires that S&L's and other regulated institutions disclose in a very detailed fashion the type and amount of mortgage lending that they do in all geographic areas. The Home Mortgage Disclosure Act has not yet been given sufficient time to provide a body of information on lending activity which might be helpful in formulating policy and regulations which might address special problems of local credit deficiencies wherever they might be found to exist.

(3) The Equal Credit Opportunity Act and Federal Reserve Regulation B promulgated thereunder have only recently become effective and the regulations under the Act provide very stringent and detailed procedures to prevent any kind of discrimination in the granting of credit by any federally insured or regulated deposit institution. Compliance with these regulations should assure that credit is granted wherever it is needed and borrowers have capability to support the debt. The complaint and reporting provisions of these regulations should supply, in time, a fairly sound and realistic appraisal of situations in which credit is being denied.

(4) The argument should be made that the very recently approved National Neighborhood Policy Act, which authorizes the Neighborhood Commission, will also provide a source and forum for the consideration of the extent to which credit deficiencies might exist and how they might best be dealt with.

In summary, it may be said that Congress has recently taken several actions, all of which relate to the issue at hand, and it only seems reasonable that time should be allowed in order to ascertain the effectiveness of these legislative and regulatory actions before imposing upon the industry and supervisory authorities another complex and unwieldy burden.

A number of arguments of a substantive nature need also to be made. The enactment of this Section would have adverse effects upon the free flow of capital within our economy, and "a rose by any other name" is still "credit allocation." This nation is a patchwork of capital short and capital surplus localities and the pattern is changing constantly. The main thrust of government and industry efforts over the last ten or fifteen years has been to solve these problems. Improvement of secondary markets, standardization of mortgage instruments, relaxation of geographic lending limitations are all part of this effort. Enactment of this Section into law would be a step backward, encouraging the creation of barriers to the free flow of funds to places they are needed.

Our lending institutions generally do the bulk of their lending in the communities where they maintain facilities. There may well be exceptions to this pattern, to be found mostly in non-branching states where individual associations are entrapped in loan markets that do not provide adequate outlets for accumulated savings capital. The enactment of this Section and the consequent imposition on the whole nation of costly and complicated procedures embodied in it as a means to cure isolated difficulties would, in fact, be adverse to the public interest.

This Section disregards the need to allow the free flow of funds between different regions of the country. If the marketplace is allowed to operate as it should, funds will tend to flow into areas where they yield the highest rate of return, risk factors being taken into account. Overemphasizing the need to meet local credit needs will discourage the free flow of funds and disrupt the flow of credit from capital surplus areas to capital short areas. This free flow of funds is important because it tends to spread out the

supply of mortgage funds and even out its fluctuations. It reduces the cost of mortgage credit by bringing competition into areas where mortgage demand exceeds supply.

Testimony presented to the Committee by a national citizens' organization stated that the bill could actually have a detrimental impact on the inner city lending. This was supported by the following three contentions:

(1) that it would retard early entrance by lending institutions into neighborhoods which are beginning to undergo significant revitalization as a result of the restriction to meet local credit needs,

(2) that pooling of resources through allocations from other banks may be impaired if the focus is entirely on meeting local credit needs. There is a mismatch in areas having a small deposit base relative to its credit needs, and

(3) it would provide justification for suburban banks and branches to restrict their credit to their local communities, eliminating the obligation to provide credit worthy central city applicants with loans and mortgages.

This section clearly confuses cause and effect in the process of urban decline. The underlying premise of this section is that inner cities may be revitalized by requiring depository institutions to focus on local credit needs. Undoubtedly, lending plays an important role, but deterioration of inner city neighborhoods is due to a number of complex, interrelated factors. Lenders react to a series of events that ultimately lead to neighborhood deterioration.

A recent HUD publication stated that the decision of individuals and groups of people determines most of what happens. Households in the neighborhood decide to move out, households presently looking for a house decide not to buy in that neighborhood, bank officers decide not to loan money for the area, owners of apartment houses decide to cut down on maintenance to keep what they consider to be a reasonable profit. In other words, it is the decisions that people make individually or collectively that have the critical impact on what happens to the buildings, streets, schools and parks.

A task force of a financial industry organization recently completed its study of factors leading to neighborhood deterioration and concluded that their finds reject the allegation that neighborhood deterioration is caused by lenders. This is a simplistic and erroneous conclusion. Lenders are not the prime cause, nor are they blameless in the deterioration of the nation's cities. They are an important part of a very complex process of growth, decline, deterioration and rebirth of major portions of our cities. In this process, home mortgage credit is not the sole nor even the principal reason for neighborhood deterioration.

The bill reported out by the Banking Committee would require the bank examiners to assess the institution's record of meeting the credit needs of its primary service area; yet, the bill sets out no criteria or guidelines upon which this assessment is to be based. We suggest that this assessment can only be based on additional paperwork and bureaucracy which would very well discourage financial institutions from opening branches in our declining inner cities. Undoubtedly the FHLBB and the banking agencies will have to develop a whole set of complicated regulations to "test" whether financial institutions are adequately meeting community credit needs.

One of the bank regulatory agencies recently wrote: "The bill would impose an unnecessary reporting burden on financial institutions which would be largely duplicative of requirements already in effect under the Home Mortgage Disclosure Act." A recent witness who was generally in favor of the legislation stated that, "if passed, it might provoke the federal supervisory agencies to a frenzy of rule-making and regulations which could prove burdensome to the financial institutions involved without providing any real benefit to the public." He further reported that his institution's report, as required by the Home Mortgage Disclosure Act of 1975, was 32 pages in length and had been estimated by their controller to cost $83,000 to produce. Other witnesses generally supported the contention that the recordkeeping provided for herein, whether on a local basis or by the regulatory agency, appeared to duplicate the Home Mortgage Disclosure Act for institutions with home or branch offices in SMSA's.

The U.S. League of Savings Associations recently conducted a survey on the public's use of Home Mortgage Disclosure Act data. Of the 2,775 institutions picked to be questioned about HMDA, 1,543 responded within a week. Those reports are summarized in an attachment. You will note from the enclosed tabulation that *almost two-thirds reported receiving no requests whatsoever* for the data required to be compiled by the HMDA by census tract (and at the price of considerable personnel and management time and effort)! In addition to the raw data, I am also submitting for the record a sampling of notations made on the survey form by the respondents.

According to the survey with 1,533 responses for lending institutions, an overwhelming 1,039 institutions have received absolutely no requests for home mortgage disclosure reports.

Costing upwards of $16.5 million annually to comply with the Home Mortgage Disclosure Act, the Act is a total waste of time, effort and money.

Tabulation of responses re public requests for home mortgage disclosure reports

Total No. of Questionnaires Sent Out	2,775
No. Responses received as of 5/13/77	1,543
No. Associations Receiving No Requests	1,039
No. Associations Receiving One Request	268
No. Associations Receiving Two Requests	101
No. Associations Receiving Three Requests	52
No. Associations Receiving Four Requests	15
No. Associations Receiving Five Requests	23
No. Associations Receiving Six Requests	2
No. Associations Receiving Seven Requests	5
No. Associations Receiving Eight Requests	3
No. Associations Receiving Nine Requests	16
No. Associations Receiving Ten Requests	12
No. Associations Receiving Eleven Requests	3
No. Associations Receiving Twelve Requests	1
No. Associations Receiving Fourteen Requests*	1
No. Associations Receiving Twenty Requests**	1
No. Associations Receiving Thirty-Four Requests***	1
Inquiries from:	
News Reporters	190
Housing, consumer or community activist group members	543
Public officials	51
Private Citizens	520
Other:	
Federal Home Loan Banks	19
Competitors	13
Other Associations	477
Trade Organizations	11

*Talman Federal of Chicago—News People (3), Housing and Activist Groups (2), Private Citizens (9)

**First Federal of Alexandria, La. (all from Private Citizens)

***Chase Federal, Miami, Fla. News People (1), Public Officials (2), Private Citizens (5), Other S&L Assns. (26)

COMMENTS ON QUESTIONNAIRES

People's Homestead, Monroe, La.—This association has spent considerable time and money on this project for no benefit to anyone!

Spring Garden S&L Co., Cincinnati, Ohio—This report costs us $300.00 a quarter for what?

Westerleigh S&L Assn., Staten Island, N.Y.—Cost of having disclosure produced by Data Center was approximately $3,000.00!

Franklin Federal, St. Petersburg, Fla.—Report has been displayed in lobby area and casually observed by no more than a dozen people.

Port Clinton S&L Co., Port Clinton, Ohio—A useless computation!

Standard Federal, Troy, Mich.—We have not received single telephone or in-person request to examine our Mortgage Disclosure Data inspite of the enormous cost which we expended in terms of time and money to prepare these figures. We are located in an urban area—namely Detroit. We have over $1,900,000,000 in assets; we have 36 branches and the truth is that no one wants this information, no one uses this information. It is totally a waste of time and money for all concerned.

Black Mountain S&L Assn., Black Mountain, N.C.—None of our clients have ever uttered anything other than total disgust with the information shown on these required disclosure forms. The typical reaction, in every case that I can recall is "just some more Government red tape." This is a sincere reply.

Carolina Federal, Ashville, N.C.—We have received absolutely no injury from any source for this information. The preparing of this information is made by members of our staff appraisal and inspections department and is compiled by one of our very competent staff members at considerable time, effort and expense to our institutions. The information may have some internal value; but as interest to the public, we have none shown.

Tarrytown and No. Tarrytown S&L Assn., Tarrytown, N.Y.—The whole program is a waste of time and money which the associations are subjected to. The whole program is unreal as who would want to purchase a home in an area where the authorities do not protect life and private property.

Enterprise Federal, Lockland (Cincinnati, Ohio)—Hope this moves someone to act favorably and responsibly.

Greater Delaware Valley S&L Assn., Upper Darby, Pa.—We were requested to send a copy to the State Dept. of Banking.

First Federal, Orlando, Fla.—Local newspaper reporter asked about list but did not want a copy.

Home Federal, Collinsville, Ill.—One copy of 1975 figures to Southwestern Illinois Planning Commission.

Orange Belt Federal, Colton, Calif.—We have three offices located in three different cities. No one has ever even mentioned morgage disclosure data.

Twin City S&L Assn., Neenah, Wis.—The Act is a complete waste of time.

Kenwood S&L Assn., Cincinnati, Ohio—We were not required to make disclosure. However, State Superintendent required us to disclose to his office.

Astoria Federal, Long Island City, N.Y.—We are a billion dollar association and it is a crime we are required to expend so much time, effort and money in preparing these disclosure reports as we have yet to have one

inquiry from any source to inspect same. I hope your efforts will be successful in having this ridiculous requirement eliminated.

Cherokee Federal, Canton, Ga.—No one asked to see this information. We have the information posted in our lobby so a few people may have seen it but none to our knowledge. We feel the disclosure data is a complete waste of our time.

Cambria S&L Assn., Johnstown, Pa.—We have even discussed this disclosure data with two different housing and community groups, one public official and a number of private individuals. They knew nothing about it and were not the least bit interested in examining the information. It is time that groups of people responsible for regulations come visit the "firing line" and see what the real world is like on the outside.

First Federal, Jasper, Ala.—Not one inquiry but a lot of time spent on preparation.

Merchants Co-operative Bank, Boston, Mass.—Our bank was exempt from making a mortgage disclosure as a similar one was needed in the State of Massachusetts. It is interesting to note that we have only had two inquiries during the past two years and both of these were from private citizens doing research work.

Peoples S&L Co., Flushing, Ohio—I feel it's useless.

Chippewa S&L Assn., Chippewa Falls, Wis.—A total waste of time, effort and money.

Home Federal, Fayetteville, N.C.—Another consumerist congressional colossal calamity.

First Federal, Howell, Mich.—Private citizens occasionally will glance at it but doubt if they know what it is all about.

Thrift Federal, Cleveland, Ohio—Local paper asked for copy of first report and published breakdowns by associations and banks. No requests for second report. Seems they are beating a dead horse in Cleveland area.

Argo S&L Assn., Argo, Ill.—Our association plus Summit First Federal and Argo State Bank combined together and ran one newspaper ad with no response.

Bridgeport S&L Assn., Bridgeport, Ohio—We have had no requests for this information—it is a waste of time, money and effort—typical government red tape.

Home Federal, Xenia, Ohio—None, we have not had a single request re. this data. I fully agree, a tremendous expense for nothing.

Lincoln Park Federal S&L, Chicago, Ill.—We mailed copies of the data to the 20 more active community groups in our area on March 30th (without their having asked us for the data). It is interesting to note that we didn't even have any calls before 3/31/77 from any groups or individuals asking when or whether the data would be available, and ours is a very active area for community groups!

Union Federal, Wheeling, W. Va.—Not a damn one!

During the markup, an amendment was offered and was presented as a curative measure to reduce the paperwork burden required by the legislation initially introduced. However, we contend that we must stop and ask the question, "What are the examiners going to base their assessment of the credit needs of a community on if not additional records and reports to be maintained by the financial institutions?" Section 6 of the Act as reported would require the appropriate federal financial supervisory agencies to promulgate regulations to carry out the purposes of this act. We would submit that by regulation we are allowing the federal supervisory agencies to accomplish the very paperwork nightmare which the overwhelming majority of the witnesses at our hearings warned.

During the hearings before the Banking Committee, we heard testimony relating to how a group of financial institutions in Philadelphia joined together to form the Philadelphia Mortgage Plan to help meet the credit needs of the inner city. We suggest that this same type of concerted effort is being made by concerned financial institutions throughout the country and we believe that initiatives like the one in Philadelphia are the way in which we must deal with the financial problems of the inner city—not additional legislation and paperwork as this bill would require.

A number of basic administrative problems can be anticipated by a simple review of the definitions provided or omitted in the section. For example, what is meant by the term "affirmative marking program"? It is not defined. What is meant by the term "lower income persons"? Or, what is meant by the term "older communities"? What guidelines are there for the agencies to evaluate the affirmative marketing programs of depository institutions? What is an adequate affirmative action? What is meant by the term "special outreach effort"? What is meant by the term "credit needs"?

The administration of the proposed law is entirely dependent upon the concept of a primary savings service area or PSSA, which is defined in the Section as "a compact area contiguous to a deposit facility from which such facility obtains or expects to obtain more than one-half of its deposit customers, depending upon whether it is an existing facility or a proposed new facility. Delineation of such an area for a proposed new facility would be an exercise in pure speculation and conjectural argument. In the case of an established facility where some factual data on customer location might be available, it is still virtually impossible to delineate a PSSA on an objective and conclusive basis.

One member of the Banking Committee indicated his serious question about whether or not this new section would call into play a great many more forms which will have to be filled out, further burdening those institutions for the sake of determining whether or not they are doing their business in a proper way. He questioned whether or not the bureaucrats will take up this section and recognize it as being what its supporters intended, or whether they would take the Committee's language and then go wild. He was very troubled with the possibility that this new Section might be creating a new mammoth amount of paperwork.

In conclusion, it should be pointed out that the Administration's witness testified that "we would instead urge the Committee to work with us to develop an overall strategy on urban reinvestment," and further, that "we believe there should be a comprehensive approach to revitalization which includes specific attention to reinvestment problems.

Although the intent of our legislation is a worthy one, we once again state that we must look to see what the ultimate effect of this legislation will be. That ultimate effect could well be a reduction in credit availability in these blighted areas due to the increased paperwork load required of the financial institutions in those areas. In conclusion, we would add that we are of the opinion that we acted in haste in adopting this measure in the Banking Committee and in so doing have created the possibility of another paperwork nightmare which may, in fact, work to counteract the very noble intent of the legislation.

Mr. SCHMITT. Mr. President, I have grave reservations concerning title IV of the legislation now before us. Originally introduced as the Community Reinvestment Act, the title is a step in the direction of credit allocation by Government agencies. I would like to detail some of the problems which are evident in analyzing this title.

First, this legislation would require a great deal of additional paperwork and thus, additional cost for the depository institutions involved. In order for a regulator to determine whether "the needs of a community" are being met, these needs would first have to be identified. This would mean, among other things, that the supervisory agency would have to evaluate what the credit needs of a community were on a continuing basis. As Chairman Burns of the Federal Reserve Board has pointed out, such evaluations are outside of the normal supervisory functions of these regulatory agencies. The legislation would also require examiners to assess the soundness of loans made by the financial institutions. Included in this assessment would have to be an evaluation of rejected loan applications. The examiners are not trained to provide this type of evaluation, and requiring them to make the evaluation would be time consuming and expensive.

Additional tasks assigned the examiners would have to include a categorization of loans by use of the funds and by whether the money would be lent to an applicant within or outside of the institution's service area; a comparison of loan applications from outside the institution's designated service area with those from within; and finally the writing of voluminous regulations and guidelines that would eventually overburden both the institutions and the regulatory agencies.

While there would clearly be an increase in regulatory burden should this title become law, there is no clear indication that the problem which it addresses would be solved. The decay in our urban areas can only be halted when Government adopts a policy which encourages the development of an environment conducive to private investment. Such an environment would include good streets, sewers, street lights, and police and fire protection. Only then will real investment become contagious in these areas.

The requirement that financial regulatory agencies allocate credit under this or any other scheme can have adverse effects. By forcing financial institutions to make loans of dubious quality, the Congress would easily convince financial institutions to close branches in decaying neighborhoods and thus, lead to further economic and social decline in these areas. Chairman Burns has noted this possible result in a recent letter to Senator MORGAN. While I am not convinced that such an incentive for more branches to move out of depressed areas would deprive these areas of loanable funds entirely, their removal from these areas would at least deprive these areas of depository services.

The Banking Committee has heard testimony from many groups on the desirability of this legislation. A great deal of this testimony addressed the question of the effectiveness of and need for this type of credit allocation. The Acting Chairman of the Federal Home Loan Bank Board, Gartha Marston, testified that supervisory agencies do take into consideration the performance of financial institutions in providing several

types of services when applications for branches are submitted to the agencies. Mr. Marston stated that his examiners, as a part of periodic supervisory examinations of institutions under their jurisdiction, review the nondiscrimination efforts of these institutions. In addition, Mr. Marston noted, the Federal Home Loan Bank Board's examiners make special investigations of complaints of alleged discrimination made by individuals and groups. In sum, Mr. Marston felt that his agency and the savings and loans institutions which it supervises are making progress when possible to halt discrimination in lending.

Let me say, in summary, that while the best intentions are attached to the Community Reinvestment Act as embodied in title IV of S. 1523, this legislation would prove burdensome and costly and would not achieve its intended goals.

Mr. MORGAN. Mr. President, I am prepared to yield back my time.

Mr. PROXMIRE. Mr. President, I yield back my time and ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. HUDDLESTON (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Kentucky (Mr. FORD), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Montana (Mr. METCALF), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announce that the Senator from Florida (Mr. STONE) and the Senator from Minnesota (Mr. ANDERSON) are absent on official business.

On this vote, the Senator from Minnesota (Mr. ANDERSON) is paired with the Senator from West Virginia (Mr. RANDOLPH).

If present and voting, the Senator from Minnesota would vote "nay" and the Senator from West Virginia would vote "yea."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Nebraska (Mr. CURTIS), the Senator from Utah (Mr. GARN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Utah (Mr. HATCH), the Senator from Oregon (Mr. HATFIELD), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), the Senator from Kansas (Mr. PEARSON), the Senator from Delaware (Mr. ROTH), the Senator from Vermont (Mr. STAFFORD), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

I further announce that, if present and voting, the Senator from Utah (Mr. GARN), the Senator from Utah (Mr. HATCH), the Senator from South Carolina (Mr. THURMOND), the Senator from Tennessee (Mr. BAKER), and the Senator from Oregon (Mr. HATFIELD) would each vote "yea."

The result was announced—yeas 31, nays 40, as follows:

[Rollcall Vote No. 172 Leg.]

YEAS—31

Allen	Gravel	Schmitt
Bartlett	Hansen	Scott
Bentsen	Hayakawa	Sparkman
Burdick	Helms	Stennis
Byrd, Harry F., Jr.	Hollings	Stevens
Byrd, Robert C.	Johnston	Talmadge
Danforth	Lugar	Tower
DeConcini	McClure	Wallop
Dole	Morgan	Young
Domenici	Nunn	Zorinsky
	Packwood	

NAYS—40

Bayh	Heinz	Nelson
Brooke	Humphrey	Pell
Cannon	Inouye	Percy
Case	Jackson	Proxmire
Chafee	Javits	Ribicoff
Chiles	Leahy	Riegle
Clark	Magnuson	Sarbanes
Culver	Matsunaga	Sasser
Durkin	McGovern	Schweiker
Eagleton	McIntyre	Stevenson
Glenn	Melcher	Weicker
Hart	Metzenbaum	Williams
Haskell	Moynihan	
Hathaway	Muskie	

ANSWERED "PRESENT"—1

Huddleston

NOT VOTING—28

Abourezk	Ford	McClellan
Anderson	Garn	Metcalf
Baker	Goldwater	Pearson
Bellmon	Griffin	Randolph
Biden	Hatch	Roth
Bumpers	Hatfield	Stafford
Church	Kennedy	Stone
Cranston	Laxalt	Thurmond
Curtis	Long	
Eastland	Mathias	

So Mr. MORGAN's amendment, as modified, was rejected.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BROOKE. I move to law that motion on the table.

The motion to lay on the table was agreed to.

Mr. PROXMIRE. Mr. President, I yield to the Senator from Oklahoma for a unanimous-consent request.

Mr. BARTLETT. Mr. President, I ask unanimous consent that Mr. Ed King of my office be granted the privilege of the floor during votes and consideration of this bill.

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

Mr. MCINTYRE. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. PROXMIRE. I yield to the Senator from New Hampshire.

Mr. MCINTYRE. Mr. President, I ask unanimous consent that the privilege of the floor be granted to T. J. Oden, my staff member on banking, during consideration of S. 1523.

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

The bill is open to further amendment.

Mr. PROXMIRE. 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. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. NUNN. 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. GRAVEL. Mr. President, will the Senator yield?

Mr. NUNN. Mr. President, I yield.

Mr. GRAVEL. Mr. President, I ask unanimous consent that Richard Aks of my staff be accorded the privilege of the floor during consideration of this bill.

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

UP AMENDMENT NO. 353

Mr. NUNN. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Georgia (Mr. NUNN) proposes unprinted amendment No. 363.

On page 25, line 24, strike out "and poverty." and insert in lieu thereof "poverty, and impact on the unit's growth of national policy or direct federal program decisions."

On page 21, line 20, strike out "and poverty." and insert in lieu thereof "poverty, and impact on the unit's growth of national policy or direct federal program decisions."

Mr. NUNN. Mr. President, this legislation, among many other provisions, provides funds for community development which can be allocated in the discretion of the Secretary of Housing and Urban Development. Among the criteria examined by the Secretary in fiscal year 1976 for allocation of these funds, pursuant to administrative regulation, was consideration to applicants experiencing "an extraordinary high rate of growth or a severe and rapid decline in population and economic activity—resulting primarily from the impact of national policy decisions or direct Federal program decisions." For some reason, this consideration was not accorded to applicants experiencing these circumstances in fiscal 1977. My amendment is intended to express congressional intent that consideration for the impact on an area of national policy decisions or direct Federal program decisions be included in the criteria which the Secretary reviews prior to allocating these discretionary funds.

It is important to recognize that, if adopted, my amendment would not single out communities which are impacted by these decisions. Rather, it merely adds this fact as one of the many criteria which can be considered in determining an area's needs for the purpose of grant assistance. A community must still meet all eligibility requirements and evidence the requisite commitment to the objec-

tives of the block grant program. In practical terms, we are talking about the need for low-income housing and economic development and, to the extent that a Federal decision affects these needs, it is a rational factor to be weighed.

Mr. President, an example of the type of situation to which I am referring is located in Hinesville, Ga. Fort Stewart, which is located just outside of Hinesville, is the home of the newly created 24th Army Infantry Division. Consequently, the military and civilian employment at Fort Stewart will increase from under 5,400 people to over 15,500 by September of this year. Liberty County will triple in size by 1980.

The Army estimates that over 2,700 families will require off-post housing and no estimates are available, as of yet, reflecting the housing requirements of the single enlisted men. Over 61 percent of the military personnel who will be at Fort Stewart by September 1977 will have incomes below the criteria used by HUD for eligibility in the bloc grant program. As you can see, the demands placed upon the communities' resources as a result of the Federal policy decisions regarding Fort Stewart will be substantial and consideration of this impact in allocating bloc grant funds is eminently reasonable.

Mr. President, Congressman Bo GINN, of Georgia, offered an identical amendment to the housing and community development bill which was accepted when the bill was considered on the House floor. It is my understanding that this amendment is acceptable to the managers of this bill. I believe this amendment is a constructive addition to this bill and I hope that my colleagues will support it.

Mr. President, I understand that the committee staff and the committee chairman have looked over this amendment, and I understand it will be acceptable.

Mr. PROXMIRE. I would like to ask the Senator, the author of the amendment, Senator NUNN, a question: Does this amendment limit in any significant way HUD's administration of allocation of discretionary bloc grant funds, as I understand it?

Mr. NUNN. It does not in any way limit the discretion of the Secretary. It simply adds one other criteria.

Mr. PROXMIRE. There is no earmarking?

Mr. NUNN. There is no earmarking.

Mr. PROXMIRE. And the identical amendment or a very similar amendment is already in the House bill?

Mr. NUNN. That is correct. It was accepted on the House floor. It is simply another criteria for the Secretary to look at when she is considering the allocation of these discretionary funds.

Mr. PROXMIRE. In the event a Federal installation or some other Federal policy has an adverse effect on the communities, that will be taken into consideration; if it has a favorable effect, that will be taken into consideration the other way.

Mr. NUNN. That is right, if the Federal decision causes extraordinary growth particularly in the need for low-income housing, then this would be a fact that the Secretary will take into consideration in arriving at her decision.

Mr. PROXMIRE. Mr. President, I support the amendment.

Mr. BROOKE. Mr. President, I have read the amendment, and as I understand it, it just adds another factor to be considered by the HUD Secretary.

Mr. NUNN. It is the same factor that was added by regulation back 2 years ago, so it is not something brand new. It is something they used 2 years ago but did not use last year.

Mr. BROOKE. I support the amendment.

Mr. PROXMIRE. Mr. President, I yield back the remainder of my time.

Mr. NUNN. I thank the Senator from Wisconsin and the Senator from Massachusetts.

The PRESIDING OFFICER. Is all time yielded back on the amendment?

All time is yielded back.

The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PROXMIRE. Mr. President, the majority leader has asked me to inquire if any Senator on the floor has an amendment he wishes to call up at this time.

Mr. BROOKE. Yes, we have one.

Mr. PROXMIRE. We would be happy to consider it.

Mr. President, I understand that the distinguished Senator from North Dakota has an amendment which he will be offering shortly.

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

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

AMENDMENT NO. 342

Mr. BURDICK. Mr. President, I call up my amendment No. 342, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from North Dakota (Mr. BURDICK) proposes an amendment numbered 342:

At the appropriate place in the bill insert the following:

SEC. —. The twenty-second undesignated paragraph of section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by inserting "or farm" immediately after "residential".

Mr. BURDICK. Mr. President, I have before the Senate an amendment to S. 1523. This amendment is very simple and attempts to address a problem that has arisen in small, sparsely populated States with large rural areas. The amendment would allow savings and loan institutions to make loans for farm buildings and property out of the 5 percent-of-assets "spillover" basket that was created by the Consumer Home Mortgage Assistance Act of 1974. The Federal Home Loan Bank Board adjusts the "spillover" category to conform with each association's net worth and most associations presently realize only a 2-percent category rather than the statutory 5 percent. Therefore, there is little likelihood of an undue amount of "commercial farm enterprise activity" taking place.

My particular concern is that in principally agricultural States such as North and South Dakota, savings and loan associations which have maintained reasonably steady net savings inflows find that they have not been in a position to make the types of farm loans which are commonly made in those States. Federal associations, particularly in these farming jurisdictions, have been forced to export capital to other areas in search of mortgage loans which technically qualify under Board regulations. This minor clarifying amendment would allow associations in these and a few other jurisdictions to keep the money at home.

This amendment has already been incorporated in the companion bill to S. 1523 in the House. Members in that body have seen the need to address this problem which presently faces rurally based savings and loans and their depositors. I am asking the Senate today to address itself to this problem also and grant rural people the opportunity to utilize the assets of their local savings and loan institutions instead of seeing their hard earned savings shipped off to other parts of the country due to a constraint in the savings and loans lending authority. As I have already pointed out, the assets category from which these farm loans would come is so small that it will not in any way misdirect the functions or intent of the Federal savings and loan system. Rural America needs this amendment.

Mr. President, the amendment simply would allow rural areas to use a part of this spillover category which is now going outside the State for farm loans.

Mr. BROOKE. Mr. President, will the Senator yield for a question?

Mr. BURDICK. Certainly.

Mr. BROOKE. As I understand it, this is for commercial farm enterprise loans, is that correct?

Mr. BURDICK. I beg the Senator's pardon.

Mr. BROOKE. Commercial farm enterprise loans?

Mr. BURDICK. Well, if you want to call it commercial. It is farming.

Mr. BROOKE. Farming?

Mr. BURDICK. Yes.

Mr. BROOKE. Can savings and loan associations make these loans at the present time?

Mr. BURDICK. In certain specific nonfarm categories only.

Mr. BROOKE. What categories?

Mr. BURDICK. Is that right, Mr. Chairman? What is the percentage of farm loans, if any.

Mr. PROXMIRE. On federally chartered savings and loan associations?

Mr. BURDICK. Yes.

Mr. PROXMIRE. They can make them for residential housing purposes, but not for farming purposes, for instance, to buy

a herd, or buy dairy equipment, or whatever.

Mr. BROOKE. They cannot make such a loan at all at the present time?

Mr. PROXMIRE. That is right.

Mr. BROOKE. So the purpose of the Senator's amendment is to enable savings and loan associations to make the loans?

Mr. BURDICK. To use only the 5-percent spillover category for that.

Mr. BROOKE. At the present time they cannot make the loans?

Mr. BURDICK. That is right.

Mr. BROOKE. They have no authority for it?

Mr. BURDICK. That is right; and as a result, the money is going into other parts of the country. It is our depositors' money that is going out, and we need the money in the farm areas.

Mr. PROXMIRE. Mr. President, I think there is great merit in this proposal. The Senator's point is that in a State like North Dakota, which is very rural, primarily and overwhelmingly a farm State, the money comes from the deposits of farmers into savings and loans, and the savings and loans make their loans outside the State, though the natural place for them to make them would be in the farm area. He is asking, as I understand it, for only 5 percent.

Mr. BURDICK. That is right.

Mr. PROXMIRE. Not more than that.

Mr. BURDICK. Farm depositors now cannot receive money for farm loans.

Mr. PROXMIRE. The Senator, I think, has offered similar legislation to this in the past.

Mr. BURDICK. Yes. I was advised that it had merit, and I was advised to take it up later, and I am now here later with this amendment.

Mr. PROXMIRE. The House of Representatives has now adopted this provision?

Mr. BURDICK. That is correct.

Mr. PROXMIRE. In their present bill?

Mr. BURDICK. That is right.

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

Mr. PROXMIRE. Yes.

Mr. McINTYRE. Mr. President, I am advised that this very same proposal is before the Financial Institutions Subcommittee now.

Again, it represents an expansion of savings and loan, and gets into this basket question that arose the other day in connection with the proposal of the Senator from California. We are planning hearings on that whole panorama of issues beginning approximately June 21. I would hope that as long as it is in the House bill and thus has an opportunity to be adopted in conference, the chairman would resist this amendment at this time, and give the Subcommittee on Financial Institutions an opportunity to decide whether they are banks with respect to spillovers, or whether they are going to be held to what they were originally designed for, which is residences. Senators are pestering us, calling for piecemealing it bit by bit. With all due respect to the Senator from North Dakota, I think we can solve his problem in good fashion if he will allow us to have hearings in an orderly manner, and not take the matter out of context.

Mr. PROXMIRE. May I say to the Senator that I greatly sympathize with his position, since he brought it up in 1975 and 1976, and has been told that we will have hearings. I can understand he wants action.

Mr. BURDICK. That is correct.

Mr. PROXMIRE. On the other hand, I support the chairman of the subcommittee with jurisdiction over financial institutions when he promises that he will, within days, or is it in 2 weeks——

Mr. McINTYRE. Two weeks.

Mr. PROXMIRE. In 2 weeks we will have hearings, bring it to the floor in a short time after that, and the Senator is even hopeful we can have hearings before the conference is held on this bill. That will give us an opportunity to go into conference on the basis of having it submitted and understanding the situation more clearly than we can with a short debate and vote on the floor today.

Mr. BURDICK. As the chairman has stated, I have been before the Senate before on this very issue, and I have been assured very much as I have been here today. The House of Representatives has acted on the issue. And we are dealing with a very small category; we are dealing with farm money, and it is a farming State. Can the Senator assure us we will have hearings before the conference?

Mr. PROXMIRE. I will refer that question to the chairman of the subcommittee.

Mr. McINTYRE. We will be going to conference, probably, in another week.

Mr. BURDICK. Then I am delayed another year.

Mr. PROXMIRE. No, no, this will be a long conference. We may start the conference in a week, but with all the titles in this bill, I would anticipate it will take several weeks before the conference completes its work.

Furthermore, even if we did go to conference and even if they turned down this provision in the House bill, we would still have an opportunity to act on the legislation before the Financial Institutions Subcommittee, and we would promise action on it.

We will have legislation on financial institutions before this year is out, and I would assure the Senator he would have an opportunity to offer his amendment on that, if the committee did not act.

I would also tell the Senator I have great sympathy for his amendment. My own inclination is to support it, although I would want to get the record of the hearings. It represents reinvestment in the local community, and I am all for that.

But I would greatly appreciate it if the Senator would withdraw his amendment, with the understanding that we will have hearings in a few days, possibly before the conference, and in any event before the end of this year, if it is too late for this particular bill. We will have an opportunity for the Senator to bring it up on the floor before the year is out.

Mr. BROOKE. I, too, would like to say to the Senator that I am very sympathetic with his cause. We have just acted on an amendment which is consistent with what the Senator is trying to do in so far as farms are concerned, regarding money in banking institutions within the inner cities which goes, to the suburbs, and is never used within the cities. The concept is the same. I believe the situations should be treated alike. The Senator is saying that money is deposited in the farmers' district and is exported elsewhere.

Mr. BURDICK. The Senator is precisely correct.

Mr. BROOKE. I do not see how the Senate can say one thing on one issue and another on this question.

I do know the problems the chairman of the subcommittee has had with the entire issue. If he gives the Senator his assurance, as he has, to have the hearings within the next 2 weeks, he will have them. We will be in conference on this matter. Hopefully, we can settle it and not have to put it over for another year. I know the frustration of coming back time and again and hearing, "We will have hearings," but I believe the Senator has a firm commitment now. I hope he will take the assurance of the chairman that we will do everything we possibly can.

Mr. BURDICK. May I ask the manager of the bill, will hearings be held in time to include it in the subsequent legislation, and with the possibility of it appearing in time for the conference on the present bill?

Mr. PROXMIRE. There is every likelihood that hearings will be completed before we finish the conference. I believe the odds are strongly in favor of that. If they are not, I can assure the Senator that the proposal will be considered by the committee in connection with legislation which will be forthcoming before the end of the year. We will notify the Senator so that he has every opportunity to offer this amendment. My present disposition, if the Senator will withdraw it—though I cannot commit myself because I cannot listen to the hearings—is to ask to cosponsor it because I think it is a good proposal. If the Senator will defer his proposal at this time, I believe we can give that assurance.

Mr. BURDICK. I want to say I am a very agreeable man and we get along very well. I want some action on this in 1977. I will press for a vote in 1977 if everything else fails. We are entitled to it. We are not talking about anything big. We are talking about a small part of the money. As the Senator from Massachusetts has said, this is farmers' money going into savings and loans that goes out of the State. They need the money at home. I think it is a very meritorious amendment.

With those assurances, I will relent, after 2 years, but not longer than the end of this calendar year.

Mr. PROXMIRE. The Senator is indeed a patient, gallant, and persistent man. I thank him.

Mr. BURDICK. Mr. President, I withdraw the amendment.

Mr. PROXMIRE. Mr. President, I sug-

gest the absence of a quorum on my time.

The PRESIDING OFFICER. The clerk will call the roll.

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

Mr. PROXMIRE. Mr. President, I ask unanimous consent that a quorum call be held without time being taken from either side.

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

Mr. ROBERT C. BYRD. Will the Senator withhold that request?

Mr. PROXMIRE. I withhold that request.

Mr. ROBERT C. BYRD. Mr. President, I know of no other amendment on which a vote will occur tonight. Does the distinguished manager know of any?

Mr. PROXMIRE. I do not, no sir.

Mr. ROBERT C. BYRD. Does the distinguished ranking member?

Mr. BROOKE. I do not.

Mr. ROBERT C. BYRD. I understand Mr. EAGLETON will call up an amendment tonight and will debate it to a little extent, at least. A vote will occur fairly early tomorrow on that amendment.

ORDER FOR RECESS UNTIL 9:45 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9:45 a.m. tomorrow.

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

ORDER TO RESUME CONSIDERATION OF S. 1523 TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the hour of 10 a.m. tomorrow the Senate resume consideration on the pending measure, the housing bill.

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

Mr. ROBERT C. BYRD. This would mean, Mr. President, that there would be a rollcall vote fairly early on the Eagleton amendment tomorrow.

Tomorrow will be a long day because it is the desire of the leadership to complete action on the housing bill tomorrow so that the Senate can begin action on the Clean Air Act on Wednesday.

There are several amendments yet to be called up. I would anticipate several rollcall votes tomorrow. We will be coming in early. I would anticipate a late session, if necessary, to complete action on the bill.

Mr. President, I suggest the absence of a quorum under the same conditions as enunciated by the distinguished Senator from Wisconsin.

Mr. DOLE. Will the Senator withhold that?

Mr. ROBERT C. BYRD. Mr. President, I withhold that.

Mr. DOLE. I wonder if I might send my resolution to the desk at this time.

Mr. ROBERT C. BYRD. I yield for that purpose.

DIPLOMATIC RELATIONS WITH CUBA

Mr. DOLE. Mr. President, I send a resolution to the desk, on behalf of myself, Mr. HELMS, and Mr. HAYAKAWA.

The PRESIDING OFFICER. The resolution——

Mr. ROBERT C. BYRD. May I ask if Senator SPARKMAN is aware of the nature of this resolution?

Mr. DOLE. It is a resolution on Cuba.

Mr. ROBERT C. BYRD. Has the Senator asked for its immediate consideration?

Mr. DOLE. Not yet. I will take 1 second and then I will.

Mr. PROXMIRE. Will the Senator yield for the purpose of asking that the time not be charged to either side on this matter because it is not relevant to the bill, as I understand it?

Mr. DOLE. Yes.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the time on the resolution to be discussed by the Senator from Kansas not be taken from our time.

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

Mr. DOLE. I will explain the resolution. I am introducing a resolution to express opposition to the normalization of U.S. relations with the Cuban Government until certain preconditions are met. Mr. President, I set forth those preconditions, the compensation for property, the release and repatriation of American citizens, withdrawal of Cuban military troops and advisers from Africa, renewal of an antihijacking agreement with the United States, and guarantee for the future security of the U.S. naval base at Guantanamo Bay, and others.

Based on that brief explanation, Mr. President, I ask for immediate consideration of the resolution.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 182) to express the sense of the Senate with regard to conditions under which the United States will establish diplomatic relations with the Government of Cuba.

The resolution is as follows:

Whereas, the Government of Cuba expropriated approximately $1.8 billion worth of private property owned by United States nationals in 1959, for which no compensation has since been rendered;

Whereas, the Government of Cuba currently imprisons more than 15,000 of its own citizens on the basis of their political beliefs, and incarcerates at least 7 American citizens on political grounds;

Whereas, the Government of Cuba has deployed more than 10,000 Cuban troops and military advisers to the African continent for the purpose of interfering in political issues of a purely domestic nature; and

Whereas, the Government of Cuba has demonstrated little or no willingness to renew assurances with the United States on cooperative anti-hijacking procedures, or on the security of the United States Naval Base at Guantanamo Bay: Now, therefore, be it

Resolved, That it is the sense of the Senate that there should be no United States diplomatic recognition of the Government of Cuba, and no partial or complete lifting of the United States trade embargo against the Government of Cuba, until such time as the Congress of the United States determines that the Cuban government has:

(a) provided reasonable compensation for United States property expropriated in 1959;

(b) released from prison and repatriated those United States citizens held on political charges, and demonstrated significant progress towards observance of the human rights of its own citizens;

(c) withdrawn Cuban military troops and advisers from the African continent; and

(d) provided assurances on cooperation in hijacking situations, and on the future security of the United States Naval Base at Guantanamo Bay.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

Mr. SPARKMAN. Mr. President, I must object, if the Senator insists on calling it up at this time.

The PRESIDING OFFICER. Objection is heard.

Mr. DOLE. Mr. President, I then ask unanimous consent that my resolution be placed under General Orders on the Senate Calendar.

Mr. ROBERT C. BYRD. Mr. President, I object to that.

The PRESIDING OFFICER. Objection is heard. The resolution will go over under the rule.

STATEMENT ON RESOLUTION ESTABLISHING CONDITIONS FOR RESTORING RELATIONS BETWEEN THE UNITED STATES AND CUBA

Mr. DOLE. Mr. President, I have today submitted a Senate resolution to express opposition to normalization of U.S. relations with the Cuban Government until certain preconditions are met. On Friday, the administration announced that a mutual agreement had been concluded to permit the exchange of mid-level diplomatic personnel between our two governments. Negotiations leading to this agreement were conducted in private, outside the realm of public scrutiny and comment. It now appears likely that the administration will proceed with efforts to fully restore diplomatic relations with the Castro regime, and to lift the 16-year-old trade embargo against Cuba. Because I believe that the Cuban Government must demonstrate preliminary good faith on its part, and because I feel strongly that Congress and the American people should provide input into this major policy development, I have offered a resolution to provide guidance in resuming normal relations with Cuba.

My resolution would express the sense of the U.S. Senate that there should be no formal U.S. recognition of the Government of Cuba, and no partial or complete lifting of the 1962 U.S. trade embargo against Cuba until Fidel Castro's regime has met certain conditions. Those conditions are: First, compensation for U.S. property confiscated by Cuba in 1959; second, release and repatriation of American citizens currently imprisoned in Cuba on political charges, along with progress toward observance of the hu-

man rights of Cuban citizens; third, withdrawal of Cuban military troops and military advisers from Africa; and fourth, renewal of an antihijacking agreement with the United States and guarantees for the future security of the U.S. naval base at Guantanamo Bay.

These four conditions reflect the major conflicts between the United States and Cuba for the past 17 years and, in my opinion, should constitute the minimum concessions we expect from Castro before we restore diplomatic recognition and trade.

WE HOLD THE BARGAINING CHIPS

It is important that one fundamental factor be clearly understood at the outset: the Communist Government in Cuba has as much and more to gain from improved relations with United States, as we have to gain from the arrangement. Consequently, it would be a serious mistake for us to forge ahead with unilateral concessions until all outstanding differences between our Governments have been fully explored and at least partially resolved. We, as a nation, have much to offer and much to expect in return. Concessions on our part must be fully matched by substantive, reciprocal concessions on the part of the Cuban Government. And I believe there should be no formal reinstatement of diplomatic relations, nor resumption of normal trade patterns, until agreements have been reached and genuine progress made toward resolving major disagreements as we see them.

It is also important that American policymakers realistically distinguish between Castro's initiatives which are dictated by economic necessity, and those which might reflect genuine moderation in his policies of terror and repression. Our policymakers must recognize that the Communist regime's ideological foundations remain unchanged, and they must insist on certain preconditions before any further consideration of normalized relations takes place.

PRESENT CONDITIONS UNACCEPTABLE

American interests and concerns with regard to Cuban policies remain largely unchanged, and a number of present Cuban policies are clearly unacceptable from our national point of view. In the first place, Cuba has made no effort to compensate American citizens for property and assets expropriated by the Cuban Government following Castro's takeover in 1959. The U.S. Foreign Claims Settlement Commission has certified the value of that loss at $1.8 billion, and has also ruled that American claimants are entitled to interest on their certified claims at the rate of 6 percent per annum from the date of seizure. It was in response to the confiscation of American property that our own Government imposesd a partial trade embargo against Cuba in October 1960, which was followed by imposition of the total trade embargo in February 1962.

In the context of current international concern about the appropriate observance of human rights by governing institutions, the Carter administration should insist upon significant progress in this area by the Castro regime. Credible reports indicate that as many as 15,000 to 20,000 Cuban citizens are imprisoned in Cuba because of their opposition to the Communist government. In addition, I understand that at least 18 American citizens remain imprisoned in Cuban jails, and at least seven of these are incarcerated on charges of espionage or similar allegations of a political nature. Others are held on charges relating to drug use or hijacking activity. In line with a perfectly natural sense of concern by the United States about repressive actions against our own citizens, as well as Cuban citizens, we must insist that tangible steps be taken by the Cuban regime to resolve that concern. It is vital that U.S. policymakers apply the same human rights criteria to Cuba which has been applied to other nations with whom we maintain friendly relations. It is nothing short of ironic that the Carter administration proposes to improve relations with Cuba at the same time that it suggests that we reduce or eliminate interaction with traditional allies in Latin America and other parts of the globe.

It should be made absolutely clear to Castro that there can be no meaningful improvement in American-Cuban relations until he agrees to terminate his active promotion of Communist aggression in Latin America and Africa. It is an insult to the principle to self-determination that Castro still maintains a force of some 10,000 Cuban troops in Angola, 2 years after their strong-arm activities won that country over to the Communists. In addition, Cuban military advisers are being deployed throughout the African Continent—in Ethiopia, Mozambique, and elsewhere—to instigate political turmoil and bloodshed. The Cuban dictator's revolutionary activism has not diminished, despite his earlier promises. It must be halted before we agree to normalize diplomatic relations.

The Cuban Government announced in October 1976 that it would allow its antihijacking agreement with United States to terminate in April of this year. They have indicated no willingness to formally renew the agreement, and I fear that this removes a major psychological force to discourage the hijacking of American planes to Cuba. The administration, and Congress, should insist upon a formal renewal of the hijacking accord, along with Cuban guarantees on the future security of the U.S. naval base at Guantanamo Bay. There have been indications that the Cuban leadership refuses to provide these assurances until the U.S. trade embargo is lifted. If these reports are accurate, and the Cuban Government attempts to "blackmail" the United States into political and economic ties, it should be clearly understood that the United States does not submit to such techniques. Those who insist that the time is at hand for the United States to demonstrate "good faith" by lifting the trade embargo have not, I suspect, fully considered the lack of good faith by the Cuban Government on these and other issues of importance to the American people. I would urge this administration, and my colleagues in Congress, to insist that all these matters be properly addressed before binding agreements with the Cuban Government are consummated.

LITTLE TRADE VALUE

To those in our own country who advocate resumption of diplomatic relations for the purposes of bilateral trade, I would point out that future trade relations are likely to benefit Cuba far more than they will the United States. The precipitous plunge of world sugar prices has been among the major factors which has brought Castro to the point of expressing interest in improved relations with our Government. The return of the U.S. sugar market to Cuba would mean reduced imports of sugar from friendly sugar-producing nations, as well as an additional burden upon our domestic sugar-producing industry.

Castro sees the United States as a prime market for the island's principal export crop as well as other Cuban products like nickel, seafood, rum, and cigars. While trade always has two-way benefits, the Cuban market does not have as much importance for the United States. Cuba will not be a vast market for American businessmen, as a Commerce Department study estimates only about a $300 million potential from the Cuban market. In relation to our annual trade level of about $100 billion, the prospects are indeed insignificant. At present, about 60 percent of Cuban trade is with other Communist countries, and it is worth noting that Cuba currently owes the Soviet Union about $5 billion. By most standards, the Cuba Government clearly has a poor credit rating.

NO UNILATERAL CONCESSIONS

The Cuban Communist regime likes to imply that it is up to the United States to demonstrate good faith and to take the first step in improving political and economic relations. At the same time, some of my colleagues in Congress, and those formulating policy in the administration, are likewise suggesting that it is our responsibility alone to heal old wounds and initiate reconciliation with the island. My point is simply this: Improved relations between the United States and Cuba do not depend upon a unilateral decision by the United States. Instead, Castro is going to have to make some tough decisions of his own based on the intensity of his desire to improve relations with the United States. There is absolutely no reason why policymakers in this country should feel obliged to bend over backwards to curry favor with the Communist regime.

I say this: If there must be concessions made, let them be made bilaterally. And if Cuba is unwilling to restrain subversive activity in Africa; if it is unwilling to compensate American citizens for stolen property; if it is unwilling to release American prisoners and become more conscious of the human rights of its own citizens; and if it is unwilling to provide simple assurances on the safety of Americans who are hijacked to Cuba, then I say Cuba does not warrant U.S. recognition or trade considerations.

The announcement on Friday that 10 American prisoners will be released from Cuban prisons was a welcome sign, but only a minor initial step on Castro's

part. We should not overreact to that token gesture, but insist on further substantive progress in resolving American concerns. The release of some U.S. prisoners demonstrates that Castro is capable of making concessions. We must, therefore, maintain our commitment to acquiring full cooperation on all outstanding issues before relations are "normalized."

I urge my colleagues in the Senate to join with me in supporting this resolution, and I sincerely hope that the President will heed our advice on the matter.

Congressman WILLIAM BROOMFIELD, ranking minority member on the House international affairs committee, is introducing a companion resolution this afternoon in the House of Representatives. I trust there will be early attention to this cooperative effort by both Houses of Congress.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1977

The Senate continued with the consideration of the bill (S. 1523) to amend the Housing and Community Development Act of 1974; to extend housing assistance and mortgage insurance programs; and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum. I ask that the time not be charged against either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

UP AMENDMENT NO. 354

Mr. BROOKE. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. BROOKE) proposes an unprinted amendment No. 354.

The legislative clerk proceeded to read the amendment.

Mr. BROOKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 47, lines 8 and 9, strike, "by the end of calendar year 1977."

And in line 19 insert the following: "(v) fifty or more individual homeowners were joined as parties defendant or were members of a defendant class prior to December 31, 1976, in litigation involving claims to ownership of land in the community by an American Indian tribe, band, or nation."

Mr. BROOKE. Mr. President, this is a technical amendment.

Mr. President, section 306 of the Housing and Community Development Act contains provisions to assure that homeowners severally injured by the Indian land claims suit in Mashpee, Mass., are eligible for FHA mortgage insurance. Such insurance should both encourage financial institutions to write mortgages on Mashpee homes and it should help assure that, if a family is in such severe economic straits resulting from the Indian claims that the mortgage is assigned to HUD, HUD's policies will be sufficiently lenient so as to keep that family in its residence.

Mr. President, only final settlement on the land claims will provide the relief the people of Mashpee truly need—the clearing of title on landholdings. This represents one more attempt by the Congress to provide emergency assistance for those most seriously affected, but it is no overall solution.

I am offering a technical amendment to insure that the legislative intent awarding this aid to Mashpee is even more clear than as originally drafted. And it is my hope this perfecting language will be signed into the law in the very near future.

Mr. President, I ask unanimous consent that an excerpt from the Senate Banking, Housing, and Urban Affairs Committee report on S. 1523 be printed in the RECORD at this point.

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

Section 306(b) would amend section 203 of the National Housing Act by adding a new subsection (o) authorizing the Secretary, notwithstanding any other provision of title II of such Act, to insure, and to commit to insure, under section 203(b), as modified by this proposed subsection, a mortgage which meets both the requirements of this proposed subsection, and such criteria as the Secretary by regulation may prescribe to further the purpose of this proposed subsection, in any community where the Secretary determines that—

(A) temporary adverse economic conditions exist throughout the community as a direct and primary result of outstanding claims to ownership of land in the community by an American Indian tribe, band, or Nation;

(B) such ownership claims are reasonably likely to be settled, by court action or otherwise, by the end of calendar year 1977;

(C) as a direct result of the community's temporarily impaired economic condition, owner occupants of homes in the community have been involuntarily unemployed or underemployed and have thus incurred substantial reductions in income which significantly impair their ability to continue timely payment of their mortgages; and

(D) as a result, widespread mortgage foreclosures and distress sales of homes are likely in the community.

A mortgage would be eligible for insurance under section 203(b) as modified by this proposed subsection without regard to limitations in title II relating to a mortgagor's reasonable ability to pay, economic soundness, marketability of title, or any other statutory restriction which the Secretary determines is contrary to the purpose of this proposed subsection, but only if the mortgagor is an owner occupant of a home in a community specified above who, as a direct result of the community's temporarily impaired economic condition, has been involuntarily unemployed or underemployed and has thus incurred a substantial reduction in income which significantly impairs the owner's ability to continue timely payment of the mortgage. The Secretary would be authorized to encourage or afford directly to or on behalf of mortgagors whose mortgages are insured under section 203(b) as modified by this proposed subsection forbearance, assignment of mortgages to the Secretary or such other relief as the Secretary deems appropriate and consistent with the purpose of this proposed subsection. The Secretary, in connection with any mortgage insured under section 203(b) as modified by this proposed subsection, would have all statutory powers, authority, and responsibilities which the Secretary has with respect to other mortgages insured under section 203(b), except that the Secretary would be authorized to modify such powers, authority, or responsibilities where the Secretary deems such action to be necessary because of the special nature of the mortgage involved. Notwithstanding section 202 of title II, the insurance of a mortgage under section 203(b) as modified by this subsection would be the obligation of the special risk insurance fund created pursuant to section 238 of title II.

Mr. BROOKE. Mr. President, I have discussed this technical amendment with the distinguished chairman of the committee. I believe he will accept it.

Mr. PROXMIRE. Mr. President, I am happy to accept this amendment. We have discussed it and debated it at some length both on the floor and in conference. It is a good amendment. I yield back the remainder of my time.

Mr. BROOKE. Mr. President, 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. BROOKE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BROOKE. Mr. President, I suggest the absence of a quorum. I ask that the time not be charged against either side.

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

The legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 335

Mr. EAGLETON. Mr. President, I call up my amendment No. 335 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read as follows:

The Senator from Missouri (Mr. EAGLETON), for himself and others, proposes an amendment.

Mr. EAGLETON. 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 54, between lines 7 and 8, insert the following:

SEC. 312. (a) Section 202(b) of the Flood Disaster Protection Act of 1973 is amended to read as follows:

"(b) In addition to the requirements of section 1364 of the National Flood Insurance Act of 1968, each Federal instrumentality described in such section shall by regulation require the institutions described in such

section to notify (as a condition of making, increasing, extending, or renewing any loan secured by property described in such section) the purchaser or lessee of such property of whether, in the event of a disaster caused by flood to such property, Federal disaster relief assistance will be available to such property.".

(b) Section 3(a)(4) of such Act is amended by striking out all after "mortgages or mortgage loans" and inserting in lieu thereof the following: "but shall exclude assistance pursuant to the Disaster Relief Act of 1974 (other than assistance under such Act in connection with a flood);".

Mr. EAGLETON. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. EAGLETON. Has 1 hour been reserved on this amendment, to be equally divided?

The PRESIDING OFFICER. The Senator is correct.

Mr. EAGLETON. Mr. President, it is late in the evening and there will be no vote on this until tomorrow morning. I am advised by the distinguished majority leader. I wish to reserve 10 minutes of my hour, to be consumed tomorrow morning at the close of morning business.

Mr. ROBERT C. BYRD. Will the distinguished Senator yield?

Mr. EAGLETON. I yield to the majority leader.

Mr. ROBERT C. BYRD. The Senator may want to have the time begin running at 10 o'clock. Under the order previously entered, the Senate will resume consideration of the bill at 10 a.m. tomorrow.

Mr. EAGLETON. I thank the majority leader.

Mr. President, then I make my request to have my 10 minutes begin at 10 a.m.

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

Mr. EAGLETON. Mr. President, this amendment is cosponsored, in addition to myself, by Senators TOWER, DANFORTH, BUMPERS, BENTSEN, EASTLAND, CURTIS, CHILES, JOHNSTON, DOMENICI, and HELMS.

This amendment would make a modest change in the national flood insurance program. Very simply, it would allow a community which has compelling reasons for not adopting the restrictive HUD land use code to continue to have access to conventional forms of financing. The amendment makes it clear, however, that such communities would not be eligible for Federal construction assistance or flood disaster loans. In addition, it would require private lenders to notify borrowers of the flood designation and advise them the property is not eligible for disaster aid in the event of a flood.

Mr. President, all my amendment seeks to do is give local jurisdictions a small degree of choice about how they handle purely local affairs. It proceeds from a consideration that maybe—just maybe—local people might know a little more about their own town and its problems than some Washington HUD official who has never even been to the community.

There are many good reasons why a community might resist dictation from Washington. One is that most of these communities have already taken account of their flood problems and adopted appropriate zoning regulations. Understandably, they object to having these local initiatives set aside by some HUD official whose only knowledge of the town is based on a crude map drawn by an outside consultant. Even HUD admits that these maps are full of errors, and the GAO says these maps are virtually useless as a basis for administering a sound flood plain management program.

More often, a community's decision is based simply on economics. The town of Cassville, Mo., is a good example. Cassville is a town of 1,900 population, and over the past decade, the people there have made an all-out effort to attract industry and build up their city. They have succeeded in luring industries with 1,100 new jobs to Cassville, which has become something of a boomtown. Now, Cassville has been told by HUD that 60 percent of its incorporated area is subject to flooding. HUD has made this determination despite the fact that there has been no serious flooding in Cassville in human memory; despite the fact that the citizens of Cassville several years ago designated their own, more reasonable flood plain, based on actual experience as well as professional engineering studies; and despite the fact that not one dime in Federal disaster relief ever has gone to Cassville.

Based on that, the people in Cassville decided they would just as soon forego eligibility for Federal disaster aid and stand on their own. But HUD, the all-wise and all-knowing in Washington, says, "No, you cannot look after your own interests. You have no choice but to stop natural growth in this alleged flood plain, even though it encompasses all of your industrial employers, your business district and your town square."

The case of Wooster, Ohio, is another example of the kind of problem my amendment addresses. That community recently was told by HUD that it is being suspended from the flood insurance program, and as of June 15, all the sanctions provided by law would be applied against it.

Wooster is the home of about a dozen companies which, together, provide the bulk of oil well drilling equipment for the entire Midwest region. These companies are located in a low-lying industrial area which, on occasion, has experienced some backwater, but it never has caused significant damage and always has quickly receded. The HUD land use restrictions would make it impossible for these companies to expand or substantially improve their properties, and the companies informed the city council they would pick up and move rather than operate under those kind of conditions. In addition, the county fairgrounds have been included in the HUD map as flood prone and no improvements could be made on those premises, either.

This is the kind of bread and butter concern that has prompted hundreds of other communities across the country to stay out of the program or to seek major changes in the way it is administered. As of April 19, 1977, sanctions were being applied against more than 3,000 communities. I ask unanimous consent that a State-by-State breakdown of those communities be printed in the RECORD at this point in my remarks.

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

STATE-BY-STATE BREAKDOWN

State and total number of cities under sanctions

Alabama	49
Alaska	3
Arizona	4
Arkansas	65
California	14
Colorado	44
Connecticut	1
Delaware	2
Florida	11
Georgia	100
Idaho	20
Illinois	143
Indiana	39
Iowa	266
Kansas	161
Kentucky	52
Louisana	54
Maine	62
Maryland	3
Massachusetts	32
Michigan	88
Minnesota	169
Mississippi	29
Missouri	170
Montana	32
Nebraska	101
Nevada	1
New Hampshire	73
New Jersey	8
New Mexico	22
New York	158
North Carolina	35
North Dakota	83
Ohio	92
Oklahoma	99
Oregon	6
Pennsylvania	282
South Carolina	31
South Dakota	69
Tennessee	290
Texas	240
Wyoming	20
Utah	31
Vermont	54
Virginia	9
Washington	24
West Virginia	4
Wisconsin	54

(At this point Mr. MATSUNAGA assumed the chair.)

Mr. EAGLETON. Mr. President, these communities are tired of dictation from Washington by bureaucrats who know nothing about their local situation and care even less. I have with me a picture of just such a bureaucrat, a representative of the Federal Insurance Administration who was photographed by the Aurora, Mo., Advertiser newspaper while he was dictating his terms to the residents of that community.

I am sorry I do not have a bigger audience, because it is a juicy picture. This is the friendly HUD Director as he invaded Cassville. He is lecturing the people of Cassville on what is in their best interest. To cap off his speech, he referred to Representative TAYLOR and me as un-

mitigated rednecks, or something like that.

Frankly, that designation does not hurt me politically in that part of the State. Anyway, here is this picture. It will speak for itself.

A few years ago, Governor Wallace of Alabama added the term "pointy-headed bureaucrat" to the English language. I urge my colleagues to take a look at this picture and see if this does not epitomize what Governor Wallace may have had in mind.

The people, Mr. President, are fed up with this kind of pointy-headedness, of which the Federal flood insurance program regrettably has become an example. They are tired of listening to bureaucrats like the one in this picture, who told the people in Aurora that anyone who did not like the flood insurance program is a "redneck," and that Congress would do nothing to help them. The people have heard enough of this kind of talk, and they have decided they want some answers, all in all.

Mr. President, the amendment before us, sponsored by 10 or more Senators, would not affect communities which are willing participants in the flood insurance program nor would it jeopardize a single dollar of direct Federal assistance. The only question at issue is whether decisions involving vital planning and development are going to be made by someone in the HUD office here in Washington or whether the local community is to be left even this slightest tinge of local decision, whether a banker cannot make up his own mind whether he wants to loan the bank's money to a businessman in his area.

Opponents of this amendment contend that communities which stay out of the flood insurance program will nevertheless come running to Washington for help if they experience a flood and Congress will be persuaded to give it. Mr. President, that argument ignores the clear words of the Flood Protection Act, which provides that no property owner shall qualify for Federal disaster assistance or construction assistance unless he agrees to purchase flood insurance. The amendment before this body does not change that requirement, and, in fact, restates the condition in the body of the amendment itself. So it is in there twice. Nothing could be plainer than this fact, and if a community consciously decides to stay out of the program, they are not eligible for 1 cent of flood disaster relief.

In conclusion, Mr. President, the amendment would restore the right of local communities to turn down Federal handouts if they choose to go it alone. Therefore, I urge the amendment's adoption. It would do nothing to hinder a community which likes the program from continuing to enjoy its benefits and it leaves intact most of the program's incentives.

Mr. President, I am pleased to yield to my distinguished colleague from Missouri (Mr. DANFORTH).

Mr. DANFORTH. I thank my senior colleague for his excellent statement and for his initiative in offering this amendment. I think he has captured very lucidly the spirit of the people of the State of Missouri who are absolutely up in arms about this particular question.

The saccharin controversy is followed in close order by the flood plain insurance controversy in the minds of the people of our State in their impressions and outrage over the overreach of the Federal bureaucracy in trying to manage their affairs.

As I understand this amendment, and I ask Senator EAGLETON if he will bear me out in this, he is not objecting to the Federal Government conditioning the offering of Federal flood insurance or Federal grants or Federal loans or what amounts to land use planning.

What he is objecting to, as I understand it, is the Federal Government purporting to tell banks with no connection at all other than, for example, FDIC coverage, banks that are located in a community, people who have lived in the community all their lives, that they are not able to make loans in flood plain areas.

Mr. EAGLETON. The Senator is absolutely correct.

Just permitted to fit the loan money to a business deriving in that area if they think it is a good, prudent loan, the bank is permitted to make the loan. That is all the amendment does.

Mr. DANFORTH. Under the law as written now, if a Federal bureaucrat designates an area as being within a flood plain, then a bank which is FDIC-covered, or insured, is prohibited by the present law from making a loan to a business located in that flood plain.

Mr. EAGLETON. The Senator is exactly correct.

Mr. DANFORTH. And this is exactly the kind of overreach by the Federal bureaucracy that we were objecting to in offering this amendment.

Mr. EAGLETON. I thank my colleague. I think he has summed it up very convincingly.

Mr. DANFORTH. Mr. President, in Aurora, Mo., there was a confrontation a few weeks ago between the citizens of Aurora and Federal officials in charge of this program.

Aurora, for those who do not know, happens to be one of the highest points in the State of Missouri. Aurora has never been flooded. Yet the Federal bureaucracy has stated that Aurora is part of a flood plain and has conditions not only of Federal assistance in case of a flood and Federal insurance by bank loans in that community, or Aurora's participation in what amounts to Federal land use planning. During the confrontation between a Mr. McClure and the people of Aurora, Mr. McClure stated, and I am quoting from the Aurora newspaper:

"Don't tell me there have never been any floods here," McClure said at the meeting, "I've heard all the arguments. Just because there has not been a flood here, doesn't mean there won't be. If you gamble that there won't be a flood, and lose, don't call us."

Nobody in Aurora wants to call. The question is whether they are going to call the Federal Government and ask for anything. The question is whether the Federal Government is going to prohibit the people of Aurora from getting loans from banks in their own communities.

I think that this is representative of exactly the feeling that is so prevalent in our country today. The feeling on the part of people throughout the country that Washington is made up of the bureaucracy that knows the answers, that knows all the situations and concerns in a local community, that we in Washington have a monopoly on truth and wisdom and that we are darn well going to tell people in Aurora and Cassville and in communities throughout this country what they should do and what business practices they should have.

I am pleased to join with my colleague from Missouri (Mr. EAGLETON) in cosponsoring this amendment and urging its support.

Mr. EAGLETON. I thank my colleague.

Mr. President, I ask unanimous consent that the name of the Senator from New Mexico (Mr. SCHMITT) be added as a cosponsor of this amendment.

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

Mr. EAGLETON. Mr. President, I ask unanimous consent that a 2½ page letter from the National League of Cities endorsing this amendment be printed in the RECORD at this point.

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

NATIONAL LEAGUE OF CITIES,
Washington, D.C., May 31, 1977.

DEAR SENATOR: On behalf of the National League of Cities, I am writing this letter to comment on S. 1523, the Housing and Community Development Act of 1977, and to commend the Senate Banking, Housing and Urban Affairs Committee for supporting a three-year authorization of the Community Development Block Grant Program. In our opinion, the President presented to Congress a well-balanced legislative proposal and the Senate committee has adopted several valuable amendments to improve the current law.

NLC has consistently endorsed the major elements of the Carter proposal including the proposed dual formula, the Urban Development Action Grants Program (UDAG), and a plan to fund comprehensive small city programs. The League's Board of Directors voted last week, by mail ballot, to reaffirm our commitment to this important legislation and to establish NLC's policy position on two significant formula amendments to the President's proposal.

The first formula amendment, which was introduced by Senator Harrison Williams and later amended by Senator Edward Brooke to include a funding phase-in provision, deals with cities of over 50,000 population and basically benefits those cities which were helped through the Administration's dual formula. The Williams-Brooke formula modification adds a third formula for calculating funding levels for entitlement communities, and it substantially reduces the available dollars for the proposed UDAG program.

The second formula amendment changes the allocation method for distributing the metropolitan and non-metropolitan discretionary balances. A two formula approach, which is similar but not identical to the dual formula for cities of over 50,000 population, is employed to distribute the discretionary balances into a pool at the state level using the 1974 formula or a second formula. The second formula weighs the age of housing 50

percent, poverty 30 percent, and population 20 percent. Each state will receive an allocation based on the larger amount.

Although the League believes that the bill before the Senate is a good piece of legislation, you should be aware that we are opposed to these formula amendments as contained in S. 1523.

The League opposes the Williams-Brooke "impaction" formula because it siphons funds from a highly desirable component of the Administration's proposal—the UDAG program. We believe that the $400 million UDAG program provides HUD with the necessary flexibility to resolve formula inequities or deficiencies of the dual formula, and to promote the economic revitalization of a greater number of cities (both large and small). We urge the Senate to support the $400 million UDAG program as requested by the President.

NLC objects to the second formula amendment or the two formula approach for distributing the discretionary balances for three reasons: First, it transfers elements of the dual formula, devised after lengthy studies and numerous computer runs for larger communities, to smaller communities with the assumption, not with studies or computer runs, that the same considerations would apply to cities under 50,000 population just as for larger cities. Second, the amendment was considered and adopted by the Committee without complete information showing the funding distribution for the metropolitan discretionary balances. Third, no additional funds are provided by this amendment to fund both formulas fully. Thus, some states will receive less money than they would receive if the allocation system was based exclusively on the 1974 formula.

For these reasons, NLC is opposed to this formula amendment and we strongly urge your support of our position.

We are aware that Senator William Hathaway plans to offer a floor amendment to S. 1523 to reserve 25 percent of the funds appropriated for UDAG for the participation of cities with population below 50,000. Senator Hathaway's amendment would allow cities of similar size to compete more equitably for needed federal assistance. His proposal is consistent with the general principles established under the original act, since it extends the same treatment, as applied under the Regular Block Grant Program, to divide the available funds between large and small communities. As I indicated before, the League is totally supportive of the UDAG program, and we urge your support of Senator Hathaway's amendment to guarantee adequate funding and the participation of smaller cities in this program.

The League is also concerned about an amendment which Senator John Tower plans to offer pertaining to the UDAG program. His amendment, as we understand it, would allow "distressed areas" within cities and urban counties to become eligible for the UDAG program. The amendment is contrary to the Administration's proposal and it opens the program indiscriminately to almost every city and county in the country. We oppose this amendment because it would scatter the program's limited resources.

NLC also supports an amendment to be offered by Senators Richard Stone and John Heinz to continue to allow lump-sum drawdowns of Community Development Grant funds by cities with rehabilitation programs. In the past, cities have been able to leverage their CD dollars and attract private investors into neighborhoods where they would not ordinarily take the risk. We feel that this amendment is a good one and its adoption should benefit many local governments.

NLC supports Senator Thomas Eagleton's amendment to the section dealing with flood insurance, which would lift the sanction imposed on Federally-insured banks, and savings and loans institutions in a non-participating community. This amendment does not address all the questions that NLC raised prior to the adoption of the Act in 1973, but at a minimum, it would prevent unwarranted economic hardship by some communities while these questions are answered. Additional improvements in the present law, would require assessment of the economic consequences and land use implications for the community, as well as the private citizen. One answer would be a requirement that a cost benefit analysis should be submitted at the time the community would enter into the permanent program; another avenue to explore would be the establishment of a compensation plan for economic losses.

In conclusion, you should also be aware that the League strongly supports the following Committee improvements to the Administration's bill:

Multi-year funding of small city comprehensive programs.—The League is pleased that the Committee recognized the need for such an amendment. Through this provision, small cities will receive the same treatment as the larger cities, and they can more adequately plan and carry out comprehensive CD programs. We feel confident that this change will favorably benefit our smaller communities and enhance their ability to participate in the program.

An improved loan provision.—To our knowledge, not a single CDBG loan has been provided to any city since the start of the program. The committee recognized that localities need a workable loan program in order to leverage funds and carry out larger development activities.

Title IV, the Community Reinvestment Act.—Title IV reinforces the concept, provided in a previous law, that financial institutions are obligated to serve the needs of their immediate area. This does not force the lending institutions to loan a certain percentage of funds to a given area, but merely directs the regulatory agencies to encourage affirmative lending practices. NLC would prefer the language to be stronger and more specific, but a vote to delete Title IV would be a tremendous setback for any improvement against lending discrimination in the cities.

Housing Budget Authority.—NLC supports the Committee language with regard to calculating assisted housing budget authortiy. The present system grossly misrepresents the annual cost of assisted housing, particularly at the time when priorities and cost are assessed by the Budget Committee and the Congress. The 40-year cost of housing stands side-by-side with one-year programs. This leads to misconceptions of the annual drain on the federal budget and, therefore, the system should be clarified.

The National League of Cities is committed to the reauthorization of this vital program and we hope you will support our efforts to produce the best possible legislation for our nations' cities. Please let us know if we can be of any further assistance to you.

Sincerely,

ALAN BEALS,
Executive Director.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the name of the distinguished Senator from Alabama (Mr. ALLEN) be added as a cosponsor of this amendment.

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

Mr. EAGLETON. Mr. President, I reserve the remainder of my time.

Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I hesitate to object to the distinguished Senator from Missouri and the Senator from Alabama in their position on this.

The senior Senator from Missouri (Mr. EAGLETON) has been extraordinarily diligent. He is very well informed. I cannot recall any measure in which I have been involved which has come before the committee in which a Member of the Senate has been more consistent, better documented, studied the question more thoroughly, gone out to his State and talked with people from all walks of life. He does bring a great deal of thought, experience, and work to this matter.

Nevertheless, I must oppose the Eagleton amendment. I do so because it would drastically, very drastically, alter the Federal flood insurance program. A similar amendment was considered by the committee and rejected by a vote of 8 to 4. The committee adopted, instead, the administration's proposal to extend the program through fiscal year 1978. The 1-year extension would give the new Administration time to review the program, and the Senate another opportunity to conduct oversight hearings. I would like to recall for my colleagues the background of the flood program. It is crucial to understanding the committee's firm opposition to the amendment which Senator EAGLETON offers.

In 1965, Congress directed the administration to study the feasibility of establishing an insurance program to deal with the problem of flood losses. The study showed that the hazards of flood damage in the United States have been rising steadily, and that demand for property in flood-prone areas is increasing.

I think that we should recognize that what typically happens is that people will go back over and over again into those flood-prone areas no matter what kind of warning they have, and they know now, if they are flooded out, the Federal Government is going to come along and take care of them, for we have always done that in the past. It has cost the Government billions of dollars. We are not hard-hearted, we do not turn our backs on American citizens. We have helped them over and over again.

The wise thing to do would be to set up a flood insurance program to do several things: To provide money in case of a flood so they could be taken care of; to provide a disincentive for moving into flood-prone areas; and also to encourage those who are in areas like this to build structures which resist flood. That is what the flood insurance program tries to do.

The study I have talked about here, the 1965 study, found that people are generally uninformed or misinformed about flood risks. Most are overoptimistic about their chances of avoiding flood loss, or expect the Federal Government to bail them out should a flood disaster occur. The staff concluded that a flood insurance program could be established to save not only lives, but the high costs of property losses that are borne by the Federal Government and by individual property owners.

But the study emphasized that for an insurance program to succeed, future flood losses must be reduced through local management of flood-prone areas. I agree that management has not been skillful. HUD has blundered in many cases. It made some sad mistakes, some pitiful mistakes.

I have had the same experience in Wisconsin where people have taken me out and shown me areas where flooding will not likely happen, where they will not have a flood in a hundred years, and will not have a flood in 25 years because there is no way they could be flooded. But the maps they had were out of date. They proceeded from awkward information, and almost in a way, information that was considered very badly informed and very grossly inefficient by local people. Nevertheless, that program is very greatly improved now. It is on a different basis.

The continued unregulated development of flood-prone areas would undermine any effort to provide insurance protection for persons living in areas of flood risk. It is important to remember this, because in 1973 Congress amended the flood insurance law to require communities, as a condition for receiving subsidized insurance, to implement flood plain management regulations and to bar participation by federally regulated lending institutions in construction or real estate activities in communities which fail to participate. Experience showed that communities were not moving voluntarily to do so. Flood losses and Federal disaster expenditures were continuing to mount.

The Congress, after lengthy deliberations and considerable compromise, enacted the present program in order to take into account all viewpoints. And the program is working. More than 15,000 communities are participating in the program. More than 12 million flood insurance policies have been sold. Over $30 billion worth of property is now protected by flood insurance. Local communities are adopting better practices to reduce the likelihood of future flood damage. It is projected that by 1980 the Federal Government will save almost $2 billion each year as a result of the flood program—and private property owners will save even more. Think of that. Here is a program that saves money. It does not cost money, it saves money. It saves billions of dollars.

Those who would amend the present law present two basic arguments to support their view. They argue first that this is an unnecessary infringement on the rights of private property. But experience has shown that this is not the case. Experience has shown that owners of property will build in flood-prone areas—we all know it; it happens in every State—lenders will make loans in areas that are flood prone, and people will buy in areas that are flood prone. And when the flood disaster occurs, the Federal taxpayers will pick up the tab out of compassion.

Mr. President, there is an area in our State on the Mississippi River in which there is a flood almost every year, and every year the people go right out and they build and they have their families there and they get flooded out. They are hopeful it will not happen. If it happens, they will be bailed out and, of course, they have been bailed out at a great cost to the taxpayer. But, of course, the property there is cheap, and the lenders do not care because they are taken care of by the Federal Government moving in. That was true before we accepted this program. Now we have got a rational approach. The history of this program has demonstrated that "carrots" are simply not enough—some sanction is needed to stimulate communities to act. Under the current program, over 15,000 communities have responded. Each month brings new communities into the program. Communities recognize that this program protects private property without unnecessarily infringing on private rights.

Those who propose amending the statute argue, second, that the program has been plagued with problems, particularly with problems in mapping flood-prone areas, as I pointed out.

There is no doubt that mapping has been a problem, and there is no doubt that for part of this period it was incompetent. But the problem of surveying and drawing maps for over 20,000 communities, showing block-by-block areas that are flood prone is a monumental task. It requires preparation of a preliminary, and then a detailed, final map. There have been problems in preparing these maps. But, I am pleased to report, the problem of inaccurate or unclear flood maps is a problem of the past. All of the preliminary, and frequently inaccurate, maps have been redrawn, and thousands of properties have been redesignated.

The problems of mapping and securing understanding and agreement concerning responsibilities do not require a drastic legislative solution. They require continued congressional oversight. The Committee on Banking, Housing, and Urban Affairs plans to hold such hearings during this session, and to take any remedial legislative action needed.

This is no time to interrupt a program that is beginning to produce savings that will amount to $2 billion annually in a matter of years.

This certainly is not the time to turn from a program of insurance to a program of haphazard, emergency aid.

Congress has before it now yet another disaster relief appropriations bill.

The present flood insurance program offers a practical alternative to increased disaster relief spending. The flood insurance program accordingly should be retained without drastic amendment.

Mr. President, these are just not Government agencies that oppose the Eagleton amendment. Let me indicate some of the groups that do, and there are some important Government agencies that have a stake here: The Federal Deposit Insurance Corporation and the Office of Management and Budget oppose the Eagleton amendment. The League of Women Voters; the Secretary of Housing and Urban Development; the American Federation of Labor and Congress of Industrial Organizations; the Conservation Foundation, and practically all the conservation groups; the American Red Cross; the Council on Environmental Quality in the Executive Office of the President all oppose the Eagleton amendment and feel that the present flood insurance program is essential.

Now, in conclusion, Mr. President, I would like to do something that I suppose is rarely done in the Senate, and that is to quote from a speech that was made in the House by the distinguished Congressman from Ohio, one of the ablest Members of Congress, Mr. ASHLEY. I think it sums it up very well. This will just take me a minute to read it, and I would like to call it to the attention of the Senators. Mr. ASHLEY made this point, he said:

> It is patently unfair, if I may conclude for a moment. What I am saying is that it is very unfair to expect the premium for flood insurance to be paid by the taxpayers of this country while the participants in the flood plain legislation, the beneficiaries, are unwilling to change their construction, their building, their living habits sufficiently to obviate the dangers.
>
> Let me just remind the Members of what we have done since 1973. Since the 1973 Flood Disaster Protection Assistance Act, here is how the Congress has attempted to alleviate some of the problems involved in the very tough Federal sanctions of the flood insurance program. I am simply trying to say, Mr. Chairman, that since the adoption of the 1973 Flood Disaster Protection Assistance Act the Congress has provided exemptions for existing structures in place prior to March 1, 1976. We have provided exemptions for small businesses occupied and in place prior to January 1, 1976. We have provided exemptions for home improvement loans not to exceed $5,000. We have provided exemptions for nonresidential agricultural related buildings. Finally, the amendment just adopted, the Ertel amendment, provides improvements to property suffering nonflood damages up to 80 percent of the value of the residence.

So that the point I am making is that the flood insurance program is not something that has been static. It has been very responsive to the kind of complaints against the program that we have heard from our constituents, and it has adapted that program, it seems to me, in a sensible way.

Mr. President, I yield to the Senator from Massachusetts such time as he may require on the amendment.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. BROOKE. Mr. President, I rise to oppose this amendment reluctantly because I have the greatest respect for both of the Senators from Missouri, Senators EAGLETON and DANFORTH, and I know how much this amendment means to them and to their State.

But this is an important amendment not only to them, but an important amendment to the Nation because it really would be the death knell for flood insurance in this country.

The effect of the amendment, Mr. President, would be to seriously weaken the Federal flood insurance program, because the major incentive to participate in the program has been the sanction in section 202(b) against lending in flood-prone areas.

If this section is repealed, communi-

ties will withdraw from the program and develop their flood plains without adequate flood plain management. They could then reenter the program after development and cover those risks under the subsidized insurance program. This amendment would also stimulate investment and development in flood hazard areas without construction safeguards or insurance. The provision in the amendment requiring notification of mortgagors on eligibility for disaster relief would create a serious administrative problem for lenders, who would have to review their mortgage portfolios after each flood to assure that disclosure is made.

Mr. President, as has been said, the administration strongly opposes this amendment. In a letter from OMB Director Bert Lance dated May 25, 1977, he argues that the amendments would essentially make the flood insurance program a voluntary program. He believes that the current program is effective because those who take the risk of living in flood plains bear a share of the cost of the risk. No community is given the option of limited participation or is currently allowed subsidized insurance for its new development. Under the Eagleton amendment, a community could allow uncontrolled development in its flood plain and receive subsidized insurance on that new development in the future.

The OMB Director believes that the additional cost of these subsidies would total billions of dollars over the next 20 years.

As the chairman has said, HUD, the President's Council on Environmental Quality, AFL–CIO, Red Cross, and every environmental group opposes this amendment.

It is true that the Senator is supported by the National Association of Homebuilders and the National Association of Realtors, who are concerned about restrictions on development in flood plains. And the Senator maintains that his amendment would only restore a "small degree of local self-determination" to the program.

There is no doubt that there have been problems with the flood insurance program in the past few years. But the program does protect flood plain residents and is widely available under the current law.

As has been said, over 15,000 communities participate in the program—over 75 percent of the eligible communities are participating in this program. Significant progress has been made in the past year in correcting flood maps and improper designations of flood prone communities and improving the management of the program.

Senator PROXMIRE in his statement said that after these floods occur, the Federal Government comes in and bails out those unfortunate people who have suffered from a flood disaster.

What the Senator from Wisconsin did not say is that they go right back into the same areas and rebuild their homes and assume the same risk all over again. They rebuild in the same flood-prone areas time and time again.

You can be very sympathetic with someone who wants to go back to his home, but there is some real benefit because of the availability of flood insurance.

I think we have a good flood insurance program which has been debated and debated over the years, and, as I have said, even though there are some problems, it has served over 15,000 communities in this country, and even more are now joining the program.

But if we delete section 202, that would be the end of the program, because it then becomes no more than a voluntary program, and I fear we just will not have a national flood insurance program.

I say to the Senators from Missouri, and there may be others who think that they would benefit by this amendment, that in the long run the country would suffer severely by this amendment. It is for that reason that I cannot support the amendment offered by my distinguished colleagues from Missouri.

Mr. PROXMIRE. Mr. President, I understand the Senator from New Jersey is coming to the Chamber to speak on this, and I think it is on a related matter, but not on the Eagleton amendment. I think he has some other amendment he is going to speak on briefly.

I suggest the absence of a quorum and ask unanimous consent that the time not be taken from either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS. 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. WILLIAMS. Mr. President, I rise in opposition to the proposed amendment to S. 1523, the Housing and Community Development Act of 1977.

The amendment would remove section 202(b) of the Flood Disaster Protection Act of 1973, which prohibits federally supervised, approved, regulated or insured institutions from making loans in an area of special flood hazards, unless the community in which the flood-prone area is located is participating in the flood insurance program.

As the original author of the national flood insurance program, which began in 1968, with the National Flood Insurance Act, I would like to spell out some of the enormous successes of this program over the years.

Since 1936, the Federal Government has spent billions of dollars on relief and indemnification for property losses, plus billions more on flood prevention and control. Despite these efforts, losses from floods continue to increase on an annual basis. It is estimated that the Federal Government is now spending $1.25 billion each year for flood disaster relief.

In response to the growing annual loss from flooding, the Congress enacted the National Flood Insurance Act of 1968. This act had two objectives. The first was to make available to residents in flood risk areas federally subsidized insurance at reasonable premium rates. The second was to require communities with flood-prone areas to enact land use and control measures designed to encourage the rational use of land within these areas as a condition for the availability of federally subsidized flood insurance.

Originally, participation in the program was on a voluntary basis. Experience demonstrated that builders and Communities continued to build in areas susceptible to flooding. By 1973, when the Congress reexamined the flood insurance programs, flood-prone property was being developed all over the country. Few communities were entering the program and few property owners were purchasing policies to protect themselves. Few communities bothered to become involved. Almost no local effort was being made to protect homeowners from even the greatest hazards of floods and hurricanes before they occurred. Federal disaster relief after the storms was increasing.

Finding that "the Nation cannot afford the tragic loss of lives caused annually by flood occurrences, nor the increasing losses of property suffered by flood victims, most of whom are still inadequately compensated despite the provision of costly disaster relief benefits," Congress enacted the Flood Disaster Protection Act of 1973. The most important part of the revision to the flood program was section 202(b). This section makes the local availability of federally related mortgages contingent upon the community's adoption of sound flood plain management practices.

With this incentive to community participation, the original objectives of the program are finally being realized:

Today, approximately 70 percent of the Nation's communities participate in the flood insurance program. In New Jersey, all but 30 of the 567 municipalities are enrolled in the program. According to figures just released by the Department of Housing and Urban Development, New Jersey leads the Nation in terms of participation in the flood insurance program;

Over 15,500 communities are participating in the program, compared to 2,856 before the present law was passed;

At least 97½ percent of the property located in the Nation's flood plains can be insured;

One million policies are in force today, or three times the number realized under the voluntary program; and

Today's $30 billion coverage of flood risks is some five times that under the 1968 law.

Mr. President, as these statistics demonstrate, the objectives of the original laws, as improved and refined over the years, are finally being realized. The savings to the taxpayer are considerable. By the year 2000, it is estimated that there will be a $3 billion annual reduction in flood losses.

Beyond these savings to the taxpayers, through community flood plain management and sound construction techniques, residents living in flood plains are protected. And in environmental terms, safer

construction of new flood plain homes reserves the environment by avoiding the necessity of building dams.

Based on the measurable success of the current program, I must vigorously oppose the amendments being offered by the Senators from Missouri and Texas.

The removal of section 202(b) is contrary to the purposes of both the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973. The economic justification for the program—to reduce dependence on massive flood disaster relief appropriations funded by all taxpayers, over 90 percent of whom live outside flood-prone areas—would be undermined. This is so because communities would be under no obligation to practice prudent flood plain management.

Sound flood plain management is of the utmost importance if we are to reduce disaster relief costs and minimize future property damage. This amendment, however, would encourage irresponsible construction which results from imprudent flood plain management.

It would contribute to the high cost of disaster losses. Not only would it be contrary to the basic concept of flood plain management, but it would also unfairly force taxpayers throughout the United States to subsidize irresponsible construction in nonparticipating areas.

Mr. President, it is not difficult at all to predict the likely effects of deleting the present conditions on federally related financing within flood-prone areas, keeping in mind that conventional mortgage loan closing account for about 80 percent of the Nation's total on one to four family homes:

First, a major incentive to community participation in the national flood insurance program would be undetermined. The 15,500 communities already in the program would be penalized as would taxpayers in nonflood-prone communities. Both would be forced to continue to indemnify losses which would inevitably occur in communities permitted to do nothing to protect residences from flood damage.

Second, removal of the flood insurance purchase requirements in participating communities would most certainly undermine the flood insurance program by creating further incentives for new substandard construction in the flood plain.

In other words, it would spell the end of flood plain management and encourage the very irresponsible construction that contributes to the very losses we all regret. Moreover, taxpayers throughout the country would be forced to subsidize this irresponsibility.

Third, without adequate conditions on federally related financing for new construction in flood-prone areas, communities would remain out of the flood insurance program while completely developing their flood plains. At some future time, such as after a flood disaster, they could appeal to the Federal Government for costly flood protection works. Or they could simply enter the program to obtain the benefits of subsidized flood insurance rates.

And last, flood insurance premiums would soar without widespread participation, putting flood insurance beyond the reach of most homeowners.

Mr. President, there are other features of the amendments which either are unrealistic or unworkable, or both. Repealing the flood insurance purchase requirement for structures located in identified flood-hazard areas for nonrelated disasters would expose disaster victims to future uncompensated flood losses. Moreover, the amendment would preclude any form of disaster relief for flood-related disaster in nonparticipating communities. Thus, in the event of a flood, the law would actually prevent the Federal Government from providing even temporary relief for food, shelter, and related assistance to victims.

The amendment would also require private lending institutions to notify borrowers in writing of the existence of any flood hazard.

This putative consumer protection device is intended to serve as a substitute for community participation in the flood insurance program. However, the concept is unworkable for several reasons.

In the first place, the amendment assumes that disclosure by the lender that property is in a high-flood-hazard area would provide some degree of protection to the prospective mortgagor. It may provide notice, but it does not provide protection.

Second, the proposed notification comes too late to serve any purpose. Under the amendment, disclosure would come after the individual had signed the property purchase agreement. Only then would the individual approach a lending institution for financing. At this point, the purchaser has, without knowledge of the flood hazard, signed on the dotted line. With that knowledge, he may not wish to consummate the agreement but could do so only by forfeiting a downpayment.

This is hardly consumer protection or flood disaster prevention. Under the present law, if the lender denies a loan because of flood hazard, the buyer can get out of his contract—it having been conditioned upon his ability to obtain a mortgage—obtain a refund of his downpayment, and walk away from the flood-prone property.

Third, from a practical standpoint, I do not see how lenders could possibly notify all borrowers about the availability of Federal disaster relief in the event of major flooding.

The Carter administration supports a strong flood plain management program, including section 202(b) of the present law. Recently, there have been several affirmative demonstrations of this.

On May 24, the President signed an Executive order directing executive agencies to improve flood plain management and to avoid direct or indirect financial support of unwise flood plain development.

In addition, the President's Council on Environmental Quality, the Office of Management and Budget, and Secretary Harris have reaffirmed this support for the present law and their opposition to the pending amendments.

This sentiment is widely shared. I have been contacted by such diverse groups as the League of Women Voters, the American Red Cross, the American Conservation Foundation, the Consumer Federation of America, the American Insurance Association, the Sierra Club, the Environmental Policy Center and still others. They all support the present flood insurance program and oppose the adoption of the proposed amendments.

Mr. President, I urge my colleagues in the strongest terms to reject these amendments. They would emasculate a highly successful national flood insurance program and expose millions of Americans to extremely hazardous conditions that can be and are being avoided. Rejecting these amendments will save lives, avoid pain and suffering and spare the taxpayers.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant 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.

UP AMENDMENT 355

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. It would require unanimous consent for the amendment to be considered at this time, since an amendment is pending.

Mr. DOLE. Mr. President, I ask unanimous consent that the amendment may be in order at this time.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 355:

On page 6, line 2, after "settlement" insert "and, to the extent feasible, the completion".

Mr. DOLE. Mr. President, I have discussed this amendment with the distinguished floor manager and the ranking minority member of the committee. It simply clears up an ambiguity in the bill. It conforms the bill to the language in the House and Senate report.

My amendment is aimed at an ambiguity in the bill—which could leave the Department of Housing and Urban Development with more discretion than this Senator would like. I note that this is an ambiguity, and that my amendment does not alter the apparent intent of this legislation as expressed in the committee's report on the matter; rather, it clears up the matter in a way which will eliminate potential problems of interpretation in the future.

This bill authorizes $100 million per year for 3 years to finish up uncompleted urban renewal projects. As a Senator from a State with uncom-

pleted projects of this nature, this measure appears to be a very important one which should be given careful consideration.

The text of the bill itself says only that the fund will be used for the "financial settlement" of such programs. The bill itself does not say the "completion" of such programs but says only "financial settlement." However, the Senate committee report says that the fund will be used to "assist localities in the completion and financial closeout of projects." The House report says substantially the same thing. I believe that the report language is clearer, and that we should make it clear that this money shall be used for completion.

The thrust of my amendment is to make it crystal clear to HUD that this fund is to be used for financial settlement and completion.

To illustrate my concern let me use the example which first drew my attention to this ambiguity. The city of Kansas City, Kans., is involved with a clearance program called the Armourdale neighborhood development project. Basically, this generally blighted area is first to be cleared and then redeveloped after improvements in lighting, sewers, and streets.

Here is the precarious status of that program today. It is in its third year of funding and about 50 percent of the area, and most of the residential area, has been cleared. What remains at Armourdale today is the commercial and industrial area and some cleared, but as yet unimproved, open space. The city is concerned because they are facing the prospect of either having vast open space at Armourdale or having to pay for the development themselves out of money which ought to be available for other purposes.

In addition the private merchants in the commercial area are left without the surrounding residential market. Some citizens are so disturbed by the situation that they have initiated a lawsuit in anticipation of noncompletion of the project.

The focus of this measure should be the completion of such projects. It would be technically possible to settle this problem with the Armourdale neighborhood development project financially, and still leave major problems for the city and for the local merchants.

The effect of my amendment would be to alleviate this problem and provide for the completion of such projects.

We encountered this question in connection with the Armourdale urban renewal project. Were they talking about final settlement or completion? The amendment would simply change the relevant phrase to read "settlement and, to the extent feasible, the completion." I think this clears up the ambiguity and any possible confusion.

Mr. PROXMIRE. Mr. President, the Senator from Kansas did take up this amendment with Senator BROOKE and myself. As I understand, the House does not have language of this kind in the bill, but it does have report language. I think it is desirable to have before us in conference the language spelled out in the statute itself, and I will tell the Senator now that I will be happy to press for this change in conference, because I think it is a helpful, logical, clarifying amendment.

Mr. BROOKE. Mr. President, the chairman is quite correct. There is language in the House report, but not in the House bill. What the Senator from Kansas is doing by his amendment is making it statutory language.

I commend him for that, because there are many cities that have not completed their urban renewal programs, and want to do so. I think this language will be particularly helpful. I would hope that the Senate agree to it, and that the House would accept it in conference. That is the intent in the House report language, obviously, but I think the Senator from Kansas has performed a great service in offering this amendment to our bill. When we go to conference with the House we will have this statutory language, which is much stronger than report language.

I commend the Senator from Kansas for having introduced the amendment, and join with the Senator from Wisconsin in accepting it.

Mr. PROXMIRE. Mr. President, I yield back the remainder of my time on the amendment.

Mr. DOLE. I yield back the remainder of my time. It might be possible, to have final settlement before completion. That is the only purpose of the amendment, to clear up that ambiguity.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment was agreed to.

Mr. BROOKE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. The clerk will call the roll.

The 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.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the amendment offered by Mr. EAGLETON tomorrow morning, the distinguished Senator from Rhode Island (Mr. CHAFEE) be recognized to call up his amendment.

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

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order. Senators will take their seats. The Senator from West Virginia may proceed.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 94-280, appoints the Senator from Louisiana (Mr. LONG), from the Committee on Commerce, Science, and Transportation, to the National Transportation Policy Study Commission, in lieu of the Senator from Indiana (Mr. HARTKE).

DESIGNATION OF PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the recognition of the two leaders or their designees under the standing order tomorrow, there be a period for the transaction of routine morning business not to extend beyond the hour of 10 o'clock a.m., with statements therein limited to 2 minutes each.

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

ORDER FOR JOINT REFERRAL OF A NOMINATION

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that the nomination of Roland Ray Mora to be Deputy Assistant Secretary of Labor for Veterans' Employment be jointly referred to the Committee on Human Resources and Veterans' Affairs.

It is my understanding that this matter has been cleared with both committees, and is acceptable to them.

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

TRANSFER OF A MEASURE FROM THE UNANIMOUS CONSENT CALENDAR TO THE GENERAL ORDERS CALENDAR

Mr. ROBERT C. BYRD. Mr. President, there is one measure on the Unanimous Consent Calendar that should go back to the General Orders Calendar. I ask that the clerk transfer back to the General Orders Calendar, Calendar Order No. 182.

The PRESIDING OFFICER. The bill will be so transferred.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 9:45 tomorrow morning.

After the two leaders or their designees have been recognized under the standing order, if there is any time remaining before 10 a.m., there will be a period for the transaction of routine morning business in that interim, with statements therein limited to 2 minutes each.

At 10 o'clock, the Senate will resume the consideration of the housing bill, and the pending question at that time will be on the adoption of amendment No. 335 by Mr. EAGLETON. The yeas and nays have been ordered on that amendment,

and most of the time on the amendment has already been utilized. Mr. EAGLETON has 14 minutes remaining, and the manager of the bill has 13 minutes remaining, which would mean that the rollcall vote on the Eagleton amendment would occur at about the hour of 10:25 a.m.

Following the disposition of the amendment by Mr. EAGLETON, Mr. CHAFEE will be recognized to call up an amendment. There will be rollcall votes throughout tomorrow on amendments and motions in relation to the housing bill. The Senate will stay in late, if necessary, to complete action on that bill tomorrow.

RECESS UNTIL 9:45 A.M. TOMORROW

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 recess until the hour of 9:45 a.m. tomorrow.

The motion was agreed to; and at 7:21 p.m. the Senate recessed until tomorrow, Tuesday, June 7, 1977, at 9:45 a.m.

NOMINATIONS

Executive nominations received by the Senate on June 2, 1977, pursuant to the order of May 27, 1977:

ENVIRONMENTAL PROTECTION AGENCY

Thomas Cash Jorling, of Massachusetts, to be an Assistant Administrator of the Environmental Protection Agency, vice Andrew W. Breidenbach, resigning.

IN THE AIR FORCE

The following officers 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:

MEDICAL CORPS

To be lieutenant colonel

Mathews, Thomas P., xxx-xx-xxxx
Speckhard, Mark E., xxx-xx-xxxx

To be first lieutenant

Ingle, Robert M., Jr., xxx-xx-xxxx
Pees, Richard C., xxx-xx-xxxx
Shore, John W., xxx-xx-xxxx

DENTAL CORPS

To be captain

Feigel, Daniel G., xxx-xx-xxxx

To be first lieutenant

Bullard, David E., xxx-xx-xxxx
Kaplan, Paul, xxx-xx-xxxx
Sanchez, Vincent C., xxx-xx-xxxx

JUDGE ADVOCATE CORPS

To be captain

James, Richard R., xxx-xx-xxxx

The following officer for reappointment to the active list of the Regular Air Force in the grade indicated, under the provisions of sections 1210 and 1211, Title 10, United States Code:

LINE OF THE AIR FORCE

To be lieutenant colonel

Hall, William C., xxx-xx-xxxx

The following persons for appointment as Reserve of the Air Force, in the grade indicated, under the provisions of section 593, 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:

MEDICAL CORPS

To be lieutenant colonel

Brath, William, xxx-xx-xxxx
Caretta Robert F., xxx-xx-xxxx
Dicus, Donald R., xxx-xx-xxxx
Haff, Roderick C., xxx-xx-xxxx
Harris, Gary D., xxx-xx-xxxx
Hill, McArthur O., xxx-xx-xxxx
Johnson, Albert, Jr., xxx-xx-xxxx
Jones, Bertrand T., xxx-xx-xxxx
Koskinen, Kenneth R., xxx-xx-xxxx
Lagomarsino, James L., xxx-xx-xxxx
Lawrence Mills E. III, xxx-xx-xxxx
Maulsby, Gilbert, xxx-xx-xxxx
Pisano, Daniel J., xxx-xx-xxxx
Proctor, Hobart M., xxx-xx-xxxx
Puls, Gerald E., xxx-xx-xxxx
Russell, David S., xxx-xx-xxxx
Wellman, John, xxx-xx-xxxx
Whetsell, Douglas W., xxx-xx-xxxx

The following persons for appointment as Reserve of the Air Force, in the grade indicated, under the provisions of section 593, Title 10, United States Code:

LINE OF THE AIR FORCE

To be lieutenant colonel

McGuire, Robert B., xxx-xx-xxxx
Mitchell, Robert, Jr., xxx-xx-xxxx

The following persons for appointment as Temporary Officers in the United States Air Force, in the grade indicated, under the provisions of sections 8444 and 8447, 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:

MEDICAL CORPS

To be lieutenant colonel

England, Robert L., xxx-xx-xxxx
Jones, Bertrand T., xxx-xx-xxxx
Koskinen, Kenneth R., xxx-xx-xxxx
Lagomarsino, James L., xxx-xx-xxxx
Lawrence, Mills E., III, xxx-xx-xxxx
Pisano, Daniel J., xxx-xx-xxxx
Proctor, Hobart M., xxx-xx-xxxx
Puls, Gerald E., xxx-xx-xxxx

The following officers for promotion in the Air Force Reserve, under the provisions of Sections 8376 and 593, Title 10, United States Code:

LINE OF THE AIR FORCE

Major to lieutenant colonel

Bradley, Terry E., xxx-xx-xxxx
Bustamante, Elizabeth L., xxx-xx-xxxx
Casteel, Elaine Y., xxx-xx-xxxx
Dawson, David S., Jr., xxx-xx-xxxx
Ford, Raymond F., Jr., xxx-xx-xxxx
Johnson, Gerald A., xxx-xx-xxxx
Kennison, Richard J., xxx-xx-xxxx
Larsen, Dean R., xxx-xx-xxxx
Lauris, Dzintars, xxx-xx-xxxx
Mulvihill, Jeremiah J., xxx-xx-xxxx
Peterson, Ronald L., xxx-xx-xxxx
Robbins, Wayne K., xxx-xx-xxxx
Rogers, Joe E., xxx-xx-xxxx
Spencer, James K., xxx-xx-xxxx
Stipe, Martin E., xxx-xx-xxxx
White, Frank C., xxx-xx-xxxx

CHAPLAIN CORPS

Gilhooley, John P., xxx-xx-xxxx

MEDICAL CORPS

Andrara, Manuel T., xxx-xx-xxxx
Bourgeois, Stephen D., xxx-xx-xxxx
Cooley, Daniel J., xxx-xx-xxxx
Crawford, Elwyn D., xxx-xx-xxxx
Dattilo, Frank S., xxx-xx-xxxx
Davis, Merritt G., Jr., xxx-xx-xxxx
Kramer, Roy K., xxx-xx-xxxx
Pavlik, Kenneth K., xxx-xx-xxxx
Pineda, Jose D., xxx-xx-xxxx
Prue, Edmund B., xxx-xx-xxxx
Rosen, Paul R., xxx-xx-xxxx
Rosero, Marciano A., xxx-xx-xxxx
Schwab, Edward T., xxx-xx-xxxx

NURSE CORPS

Garza, Mary I., xxx-xx-xxxx
Greenway, Doris J., xxx-xx-xxxx
Mursch, Sara K., xxx-xx-xxxx
Robertson, Carol C., xxx-xx-xxxx
Smith, Bobbie G., xxx-xx-xxxx

The following named officers for promotion in the United States Air Force in the Temporary grade indicated, under the appropriate provisions of chapter 839, Title 10, United States Code, as amended.

LINE OF THE AIR FORCE

Major to lieutenant colonel

Barnes, Ronald C., xxx-xx-xxxx
Schmidt, Walter E., xxx-xx-xxxx

CHAPLAIN CORPS

Fash, Vernon L., xxx-xx-xxxx

The following Air Force officer for appointment as permanent professor, United States Air Force Academy, under the provisions of Section 9333(b), Title 10, United States Code:

Fisher, Cary A., xxxx

IN THE AIR FORCE

The following officers 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

Barmann, Karl W., xxx-xx-xxxx
Boggs, Jacob M., xxx-xx-xxxx
Elwell, James T., xxx-xx-xxxx
Gilman, Robert R., xxx-xx-xxxx
Jones, Hiram L., xxx-xx-xxxx
Kaczmarek, James A., xxx-xx-xxxx
Mead, Leland C., xxx-xx-xxxx
Szufel, Adam E., xxx-xx-xxxx

To be first lieutenant

Callaway, James H., Jr., xxx-xx-xxxx
Figel, Terence J., xxx-xx-xxxx
Flood, Peter J., xxx-xx-xxxx
Goff, David E., xxx-xx-xxxx
Larkin, James K., xxx-xx-xxxx
Potter, Lorraine K., xxx-xx-xxxx
Pruss, Rodney, Lee A., xxx-xx-xxxx
Scott, Phillip H., xxx-xx-xxxx
Sobin, Roger M., xxx-xx-xxxx
Stephenson, Patrick C., xxx-xx-xxxx
Suhoza, John E., xxx-xx-xxxx
Thomason, Billy G., xxx-xx-xxxx
Wood, John R., xxx-xx-xxxx

JUDGE ADVOCATE CORPS

To be captain

Bunge, Kenneth E., xxx-xx-xxxx
Burdine, Malcolm L., xxx-xx-xxxx
Cloran, William F., xxx-xx-xxxx
Currey, Richard F., xxx-xx-xxxx
Dool, Carl D., xxx-xx-xxxx
Hailey, Robert P., xxx-xx-xxxx
Holt, Lake B., III, xxx-xx-xxxx
Jeffrey, Douglas C., xxx-xx-xxxx
Lindl,Bruce J., xxx-xx-xxxx
Potuk, James N., xxx-xx-xxxx
Stowe, Randolph C., xxx-xx-xxxx
Torres, Carlos E., xxx-xx-xxxx
White, John D. xxx-xx-xxxx
Young. James A., III, xxx-xx-xxxx

To be first lieutenant

Acton, Foster N., xxx-xx-xxxx
Craig. Robert M., III, xxx-xx-xxxx
Donnelly, Michael, xxx-xx-xxxx
Grunick, Gary A., xxx-xx-xxxx
Jacobson, Thomas N., xxx-xx-xxxx

Johnson, John W., xxx-xx-xxxx
Lee, Robert T., xxx-xx-xxxx
Lockwood, Willard K., xxx-xx-xxxx
Markiewicz, Thomas S., xxx-xx-xxxx
Odom, John S., Jr., xxx-xx-xxxx
Reish, Andrew F., xxx-xx-xxxx

NURSE CORPS

To be captain

Allen, Sylvia D., xxxx
Banks, Gloria J., xxx-xx-xxxx
Barry, Judith M., xxx-xx-xxxx
Barton, Gayle J., xxx-xx-xxxx
Berreth, Elaine S., xxx-xx-xxxx
Chryst, Nancy L., xxx-xx-xxxx
Delbene, Susan C., xxx-xx-xxxx
Dohany, Carlene S., xxx-xx-xxxx
Fitzgerald, Sara V., xxx-xx-xxxx
Grossman, Pamela M., xxx-xx-xxxx
Herron, Marilyn M., xxx-xx-xxxx
Hight, Theodora A., xxx-xx-xxxx
Hoppin, Margaret J., xxx-xx-xxxx
Huebner, Linda L., xxx-xx-xxxx
Hutchins, Suzanne, xxx-xx-xxxx
Jackson, David B., xxx-xx-xxxx
Jefke, Maruta, xxx-xx-xxxx
Kochik, Edward J., xxx-xx-xxxx
Lafave, Nancy J., xxx-xx-xxxx
Lafrance, Sandra L., xxx-xx-xxxx
Leatherman, Lorie A., xxx-xx-xxxx
Loper, Georgia A., xxx-xx-xxxx
Mansmith, Fred T., xxx-xx-xxxx
Martinson, D., xxx-xx-xxxx
McGovern, Barbara A., xxx-xx-xxxx
Morgan, Linda K., xxx-xx-xxxx
Murray, Patricia L., xxx-xx-xxxx
Nancarrow, Ruth L., xxx-xx-xxxx
Nicholson, Lindy L., xxx-xx-xxxx
O'Donnell, Mary J., xxx-xx-xxxx
Pittman, Judith M., xxx-xx-xxxx
Robertson, Judith M., xxx-xx-xxxx
Ryniejski, Angela T., xxx-xx-xxxx
Seidel, Nancy M., xxx-xx-xxxx
Sitko, Christine A., xxx-xx-xxxx
Sousa, Carolyn M., xxx-xx-xxxx
Ward, Mary K., xxx-xx-xxxx
Wilson, Roslyn F., xxx-xx-xxxx

To be first lieutenant

Allen, Kathleen A., xxx-xx-xxxx
Alvarez, Irene M., xxx-xx-xxxx
Anderson, Naomi J., xxx-xx-xxxx
Arcaya, Norberto, Jr., xxx-xx-xxxx
Aune, Regina C., xxx-xx-xxxx
Bach, Marian R., xxx-xx-xxxx
Bannister, Eston L., Jr., xxx-xx-xxxx
Beaty, Margo L., xxx-xx-xxxx
Bergstrom, Vincent W., xxx-xx-xxxx
Berry, Reginald, xxx-xx-xxxx
Bishop, Stephanie S., xxx-xx-xxxx
Blackall, Joyce S., xxx-xx-xxxx
Blair, Laura, xxx-xx-xxxx
Boehm, Martyn L., xxx-xx-xxxx
Bourgea, Marilyn A., xxx-xx-xxxx
Brinkman, Linda A., xxx-xx-xxxx
Brown, Barbara A., xxx-xx-xxxx
Bruce, Scott O., xxx-xx-xxxx
Burley, Joseph T., xxx-xx-xxxx
Bush, Jacqqueline A., xxx-xx-xxxx
Carlton, Helen M., xxx-xx-xxxx
Chadbourne, Gretchen A., xxx-xx-xxxx
Close, Kathryn L., xxx-xx-xxxx
Creft, Erenda K., xxx-xx-xxxx
Crompton, Cynthia L., xxx-xx-xxxx
Crowell, Barbara A., xxx-xx-xxxx
Dallemolle, Barbara A., xxx-xx-xxxx
Darcy, Linda L., xxx-xx-xxxx
Davis, Richard L., xxx-xx-xxxx
Davis, Rita R., xxx-xx-xxxx
Deniz, Gloria A., xxx-xx-xxxx
Distelhorst, Gail R., xxx-xx-xxxx
Doney, Melven R., xxx-xx-xxxx
Dworaczyk, Laura J., xxx-xx-xxxx
Edens, Kathleen M., xxx-xx-xxxx
Erickson, Peggy L., xxx-xx-xxxx
Farnum, Janet E., xxx-xx-xxxx
Feincur, Pamela A., xxx-xx-xxxx
Franklin, Kathleen S., xxx-xx-xxxx
Franks, Betty Z., xxx-xx-xxxx
Gendron, Leo A., xxx-xx-xxxx
Gontz, Pamela D., xxx-xx-xxxx
Gonzales, Linda A., xxx-xx-xxxx
Graham, Margaret A., xxx-xx-xxxx
Graziani, Kathryn A., xxx-xx-xxxx
Griffith, Carol A., xxx-xx-xxxx
Gross, Lynn L., xxx-xx-xxxx
Gruber, Cana, xxx-xx-xxxx
Guzman, Alma, xxx-xx-xxxx
Hall, Wanda G., xxx-xx-xxxx
Handy, Patrick R., xxx-xx-xxxx
Hanson, Judith I., xxx-xx-xxxx
Hart, Angela W., xxx-xx-xxxx
Hatch, Janet C., xxx-xx-xxxx
Heffner, Bonita J., xxx-xx-xxxx
Helms, Sherrie J., xxx-xx-xxxx
Hicks, Charles L., xxx-xx-xxxx
Jacobson, Diane E., xxx-xx-xxxx
Jarosz, Mary A., xxx-xx-xxxx
Jeske, Kathlynn J., xxx-xx-xxxx
Johns, Nancy O., xxx-xx-xxxx
Johnson, Carolyn J., xxx-xx-xxxx
Jost, Michael J., xxx-xx-xxxx
Karaku, Ellen P., xxx-xx-xxxx
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Executive nominations received by the Senate on June 3, 1977, pursuant to the order of May 27, 1977:

DEPARTMENT OF STATE

Richard M. Moose, or Arkansas, to be an Assistant Secretary of State.

COMMUNITY SERVICES ADMINISTRATION

William Whitaker Allison, of Georgia, to be Deputy Director of the Community Services Administration, vice Robert C. Chase, resigned.

DEPARTMENT OF JUSTICE

M. Carr Ferguson, of New York, to be an Assistant Attorney General vice Scott P. Crampton, resigned.

Jesse Roscoe Brooks, of Alabama, to be U.S. Attorney for the Northern District of Alabama for the term of 4 years vice Wayman G. Sherrer, resigning.

Richard Blumenthal, of Connecticut, to be U.S. Attorney for the District of Connecticut for the term of 4 years vice Peter C. Dorsey, resigning.

James R. Burgess, Jr., of Illinois, to be U.S. Attorney for the Eastern District of Illinois for the term of 4 years vice Henry A. Schwartz, deceased.

Patrick H. Molloy, of Kentucky, to be U.S. Attorney for the Eastern District of Kentucky for the term of 4 years vice Eldon L. Webb, resigning.

James C. Murphy, Jr., of Georgia, to be U.S. Marshal for the Southern District of Georgia for the term of 4 years vice William M. Johnson.

Executive nominations received by the Senate June 6, 1977:

DEPARTMENT OF LABOR

Roland Ray Mora, of California, to be Deputy Assistant Secretary of Labor for Veterans' Employment. (New position.)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Edward R. Fried, of Maryland, to be U.S. Executive Director of the International Bank for Reconstruction and Development for a term of 2 years, vice Charles A. Cooper, resigned.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Joseph Coolidge Wheeler, of Virginia, to be an Assistant Administrator of the Agency for International Development, vice Robert Harry Nooter.

IN THE ARMY

The following-named officers for promotion in the Regular Army of the United States, under the provisions of title 10, United States Code Section 3284 and 3299:

ARMY PROMOTION LIST

To be lieutenant colonel

Dodd, Calvin G., xxx-xx-xxxx
Lancaster, James G., xxx-xx-xxxx
Redd, John H. Jr., xxx-xx-xxxx

VETERINARY CORPS

To be lieutenant colonel

Dunton, Robert K., xxx-xx-xxxx

ARMY PROMOTION LIST

To be captain

Abraham, George, xxx-xx-xxxx
Agnew, Thomas W., xxx-xx-xxxx

Anthony, Joseph S., XXXX
Baker, Geoffrey B., xxx-xx-xxxx
Bartusch, Robert J., xxx-xx-xxxx
Baxter, Leo J., xxx-xx-xxxx
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Cadorette, Raymond P., xxx-xx-xxxx
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Fowler, David J., xxx-xx-xxxx
Froude, Robert R., xxx-xx-xxxx
Fuentes, Robert M., xxx-xx-xxxx
Garnett, Thomas E., xxx-xx-xxxx
Geoghagan, Michael S., xxx-xx-xxxx
Goodman, Huey D., xxx-xx-xxxx
Gregory, Frank B., xxx-xx-xxxx
Gribble, Garland D., Jr., xxx-xx-xxxx
Griffin, Benjamin S., xxx-xx-xxxx
Haning, Joe M., xxx-xx-xxxx
Harback, Herbert F., xxx-xx-xxxx
Hardin, Michael D., xxx-xx-xxxx
Harris, James R., xxx-xx-xxxx
Harris, Wayne C., xxx-xx-xxxx
Hawk, William F., xxx-xx-xxxx
Hill, Thomas C., xxx-xx-xxxx
Holden, William T., Jr., xxx-xx-xxxx
Holladay, Joseph W., xxx-xx-xxxx
Holt, Robert H., xxx-xx-xxxx
Hugenberg, William C., xxx-xx-xxxx
Hughes, Michael A., xxx-xx-xxxx
Huston, Michael L., xxx-xx-xxxx
Jackson, Ronnie D., xxx-xx-xxxx
Jarvis, Robert L., xxx-xx-xxxx
Johnston, Charles E., xxx-xx-xxxx
Jones, Michael J., xxx-xx-xxxx
Kennedy, James C., xxx-xx-xxxx
Klaus, Edward G., xxx-xx-xxxx
Kling, David M., xxx-xx-xxxx
Knickerbocker, William E., xxx-xx-xxxx
Knight, Odious O., xxx-xx-xxxx
Kobasa, Daniel W., xxx-xx-xxxx
Kuhn, David L., xxx-xx-xxxx
Larch, Paul K., xxx-xx-xxxx
Lipsinki, Edward P., xxx-xx-xxxx
Lippy, Thomas W., xxx-xx-xxxx
Lovett, Michael L., xxx-xx-xxxx
Lucas, Willie C., xxx-xx-xxxx
Lyle, Robert N., Jr., xxx-xx-xxxx
Malson, Bruce A., xxx-xx-xxxx
Mann, Paul A., xxx-xx-xxxx
Marks, Steven M., xxx-xx-xxxx
Martin, Michael D., xxx-xx-xxxx
Minger, Bruce R., xxx-xx-xxxx
Moeller, Delane F., xxx-xx-xxxx
Montano, James J., xxx-xx-xxxx
Moon, Timothy D., xxx-xx-xxxx
Morford, Frederick K., Jr., xxx-xx-xxxx
Moulin, David G., xxx-xx-xxxx
Myers, Michael K., xxx-xx-xxxx
Nelson, John D., xxx-xx-xxxx
Nepote, Peter A., Jr., xxx-xx-xxxx
Nichols, Charles D., xxx-xx-xxxx
Novak, Stephen R., xxx-xx-xxxx
O'Connell, Edward P., xxx-xx-xxxx
Pacheco, Stephen J., xxx-xx-xxxx
Pagni, David A., xxx-xx-xxxx
Pavlovsky, John D., xxx-xx-xxxx
Pedersen, Thomas D., xxx-xx-xxxx
Peresich, Robert J., xxx-xx-xxxx
Perez, Ovidio E., xxx-xx-xxxx
Perla, Livio G., xxx-xx-xxxx
Prickett, Thomas R., xxx-xx-xxxx
Raphael, Victor G., Jr., xxx-xx-xxxx
Ramey, Darrell L., xxx-xx-xxxx
Rieder, John E., xxx-xx-xxxx
Rivers, Wharton B., Jr., xxx-xx-xxxx
Robinson, Russell N., xxx-xx-xxxx
Roecker, Richard L., xxx-xx-xxxx
Sawdey, Steven R., xxx-xx-xxxx
Shaw, Earle A., Jr., xxx-xx-xxxx
Silverman, Michael A., xxx-xx-xxxx
Sinclair, William R., xxx-xx-xxxx
Sines, Robert G., Jr., xxx-xx-xxxx
Solom, Gary, xxx-xx-xxxx
Stoll, Ned C., xxx-xx-xxxx
St Pierre, Normand L., xxx-xx-xxxx
Sullivan, James P., xxx-xx-xxxx
Tanksley, David M., xxx-xx-xxxx
Taylor, William L., xxx-xx-xxxx
Thomas, Robert H., xxx-xx-xxxx
Thompson, Peter J., xxx-xx-xxxx
Toney, Dwight D., xxx-xx-xxxx
Turdici, James, xxx-xx-xxxx
Vanvoorhis, Victor V., xxx-xx-xxxx
Wahl, Robert G., xxx-xx-xxxx
Walsh, Edward O., xxx-xx-xxxx
Watson, Jesse L., III, xxx-xx-xxxx
Weilbrenner, James M., xxx-xx-xxxx
Wetzel, William J., xxx-xx-xxxx
White, Paul A., xxx-xx-xxxx
Wing, Freddie V., xxx-xx-xxxx
Wolf, Donald J., xxx-xx-xxxx
Zanow, William L., xxx-xx-xxxx

JUDGE ADVOCATE GENERAL CORPS

To be captain

Davidson, Selmer A., xxx-xx-xxxx
Judd, Kim K., xxx-xx-xxxx

WOMEN'S ARMY CORPS

To be captain

Fisher, Carla K., xxx-xx-xxxx
Martini, Carol A., xxx-xx-xxxx
Palmer, Edwina P., xxx-xx-xxxx
Terrell, Brenda L., xxx-xx-xxxx

IN THE ARMY

The following named person for reappointment in the active list of the Regular Army of the United States, from the Temporary Disability Retired List, under the provisions of Title 10, United States Code, section 1211:

To be major, regular Army and lieutenant colonel, Army of the United States

Godall, Billy R., xxx-xx-xxxx

The following named persons for appointment in the Regular Army, by transfer in the grade specified, under the provisions of Title 10, United States Code, sections 3283 through 3294:

To be captain

Davis, Edmund L., xxx-xx-xxxx

To be first lieutenant

Maguire, Daniel M., xxx-xx-xxxx

The following named persons for appointment in the Regular Army of the United States, in the grade specified, under the provisions of Title 10, United States Code, sections 3283 through 3294 and 3311:

To be colonel

Landry, Gelmar S., xxx-xx-xxxx

To be major

Beans, Harry C., xxx-xx-xxxx
Bensinger, Thomas A., xxx-xx-xxxx
Brown, Paul E., xxx-xx-xxxx
Edgren, James A., xxx-xx-xxxx
Holsonback, John K., xxx-xx-xxxx
Lloyd, Joseph D., xxx-xx-xxxx
McLeod, Ronald M., xxx-xx-xxxx
Mitchell, Charles H., xxx-xx-xxxx
Stansifer, Philip D., xxx-xx-xxxx
Tipton, William R., xxx-xx-xxxx
Rinkel, Marcia L., xxx-xx-xxxx
Winstead, Reginald, xxx-xx-xxxx
Zajtchuk, Russ, xxx-xx-xxxx

To be captain

Akins, Stanley E., xxx-xx-xxxx
Allard, Carl K., Jr., xxx-xx-xxxx
Angel, Elliot E., xxx-xx-xxxx
Appleby, Ronald P., xxx-xx-xxxx
Atcheson, Gordon F., xxx-xx-xxxx
Austin, Melvin J., xxx-xx-xxxx
Bakle, John L., xxx-xx-xxxx
Beckman, David C., xxx-xx-xxxx
Blessing, Cynthia B., xxx-xx-xxxx
Bolton, John S., xxx-xx-xxxx
Borel, John E., xxx-xx-xxxx
Bozeman, John R., xxx-xx-xxxx
Brougham, William J., Jr., xxx-xx-xxxx
Brown, Daniel G., xxx-xx-xxxx
Brown, Douglas B., xxx-xx-xxxx
Brown, Robert H., xxx-xx-xxxx
Brown, Terry E., xxx-xx-xxxx
Burns, Rodney D., xxx-xx-xxxx
Bystran, Sharon F., xxx-xx-xxxx
Campbell, Jack H., xxx-xx-xxxx
Cappone, Theodore T., xxx-xx-xxxx
Carson, Robert G., xxx-xx-xxxx
Cartwright, James W., Jr., xxx-xx-xxxx
Cefola, Richard A., xxx-xx-xxxx
Churchill, Charles W., xxx-xx-xxxx
Codney, Robert C., xxx-xx-xxxx
Crittenden, David A., xxx-xx-xxxx
Cullinane, Paul E., Jr., xxx-xx-xxxx
Currey, Robert M., xxx-xx-xxxx
Deitrick, George H., xxx-xx-xxxx
Diehl, William J., Jr., xxx-xx-xxxx
Dixon, Robert S., xxx-xx-xxxx
Doyle, Frank M., xxx-xx-xxxx
Dunn, Rey M., xxx-xx-xxxx
Dyson, Gregory W., xxx-xx-xxxx
Elliott, Thomas R., Jr., xxx-xx-xxxx
Ensman, Timothy A., xxx-xx-xxxx
Frost, Gary C., xxx-xx-xxxx
Gentry, Don R., xxx-xx-xxxx
Germain, Allen L., xxx-xx-xxxx
Gerzel, John I., xxx-xx-xxxx
Glidewell, John R., xxx-xx-xxxx
Grammer, Allen K., xxx-xx-xxxx
Granado-Diaz, Manuel A., xxx-xx-xxxx
Hammond, Dean C., Jr., xxx-xx-xxxx
Hanna, Leroy P. Jr., xxx-xx-xxxx
Harper, Arthur J., Jr., xxx-xx-xxxx
Hartmeyer, James T., xxx-xx-xxxx
Heckert, Joachim G., xxx-xx-xxxx
Heckman, Glenn W., xxx-xx-xxxx
Helberg, James A., xxx-xx-xxxx
Helms, Dewey R., xxx-xx-xxxx
Hooks, Rodney J., xxx-xx-xxxx
Hosel, James T., xxx-xx-xxxx
Huff, William H., III, xxx-xx-xxxx
Ison, Mark A., xxx-xx-xxxx
Jacobs, Michael W., xxx-xx-xxxx
Jaissle, William F., xxx-xx-xxxx
Kaplan, Marshall M., xxx-xx-xxxx
Kohler, Kathleen N., xxx-xx-xxxx
Kulild, James C., xxx-xx-xxxx
Lanier, James R., xxx-xx-xxxx
Lawrence, Robert G., xxx-xx-xxxx
Leffler, Edwin R., Jr., xxx-xx-xxxx
Lichty, Galen K., xxx-xx-xxxx
Luff, Lawrence P., xxx-xx-xxxx
Mackinlay, William A., xxx-xx-xxxx
Marshall, Robert A., xxx-xx-xxxx
Martin, Lawrence A., xxx-xx-xxxx
Massey, Tommie R., xxx-xx-xxxx
McLaughlin, Peter D., xxx-xx-xxxx
Meadows, William T., xxx-xx-xxxx
Milling, James S., xxx-xx-xxxx
Nason, Gardner M., xxx-xx-xxxx
Newman, Harry T., xxx-xx-xxxx
Ontiveros, Gilbert, xxx-xx-xxxx
Owen, Frederick E., xxx-xx-xxxx
Parham, Richard O., xxx-xx-xxxx
Paulsen, Alfred L., xxx-xx-xxxx
Perkins, Ellis C., Jr., xxx-xx-xxxx
Pope, James C., xxx-xx-xxxx
Portell, Frank R., xxx-xx-xxxx
Porthouse, Harry W., xxx-xx-xxxx

Rankin, Richard K., xxx-xx-xxxx
Rath, James F., xxx-xx-xxxx
Reese, David D., xxx-xx-xxxx
Rivera, Hidalgo Francisco, xxx-xx-xxxx
Robinson, George S., xxx-xx-xxxx
Roemer, William S., xxx-xx-xxxx
Runyon, George W., xxx-xx-xxxx
Sale, David F., xxx-xx-xxxx
Samuel, Taliaferro L., xxx-xx-xxxx
Schneider, John P., xxx-xx-xxxx
Segars, Jerry, II, xxx-xx-xxxx
Simmons, Michael E., xxx-xx-xxxx
Southerland, Norman K., xxx-xx-xxxx
Speed, Roosevelt, xxx-xx-xxxx
Stefani, Dennis E., xxx-xx-xxxx
Stephens, Charles R., xxx-xx-xxxx
Stephens, Quewanncoii C., xxx-xx-xxxx
Tatham, Stephen R., xxx-xx-xxxx
Taylor, Leslie H., xxx-xx-xxxx
Torrence, Max W., xxx-xx-xxxx
Tutt, James T., xxx-xx-xxxx
Vanpelt, Richard S., xxx-xx-xxxx
Walea, Alfred W., xxx-xx-xxxx
Weiss, William, xxx-xx-xxxx
Weske, John T., xxx-xx-xxxx
Willis, Leon R., xxx-xx-xxxx
Wilson, Richard A., xxx-xx-xxxx
Wirtz, David W., xxx-xx-xxxx
Zabicki, William B., xxx-xx-xxxx
Zemp, Robert W. M., xxx-xx-xxxx
Zupancic, David P., xxx-xx-xxxx

To be first lieutenant

Acuff, Robert C., xxx-xx-xxxx
Adams, Richard W., xxx-xx-xxxx
Adams, Stephen F., xxx-xx-xxxx
Adams, William B., xxx-xx-xxxx
Alexander, Kenneth D., xxx-xx-xxxx
Alspach, Robyn L., xxx-xx-xxxx
Anderson, Eddie F., xxx-xx-xxxx
Armstrong, Bertram B., xxx-xx-xxxx
Arnett, Gary W., xxx-xx-xxxx
Babb, James D., xxx-xx-xxxx
Bain, Linda L., xxx-xx-xxxx
Baltimore, Roland T., xxx-xx-xxxx
Barker, Herbert J., xxx-xx-xxxx
Beasley, Linda M., xxx-xx-xxxx
Beaty, Jessie D., xxx-xx-xxxx
Bell, Joseph A., xxx-xx-xxxx
Blanchard, William J., xxx-xx-xxxx
Bobo, Yvonne J., xxx-xx-xxxx
Bowden, Barry D., xxx-xx-xxxx
Brady, Thomas M., Jr., xxx-xx-xxxx
Bralley, James H., xxx-xx-xxxx
Brooks, Waldo W., III, xxx-xx-xxxx
Brown, David, Jr., xxx-xx-xxxx
Brown, Dee Ann M., xxx-xx-xxxx
Bryan, George M., xxx-xx-xxxx
Buffington, Edwin L., Jr., xxx-xx-xxxx
Buggert, Donn J., xxx-xx-xxxx
Case, Linda A., xxx-xx-xxxx
Cassem, Richard K., xxx-xx-xxxx
Cassity, Marilyn J., xxx-xx-xxxx
Cheek, Dalmer D., Jr., xxx-xx-xxxx
Christie, Donald H., Jr., xxx-xx-xxxx
Chudy, Jeanne H., xxx-xx-xxxx
Compton, William M., xxx-xx-xxxx
Cox, Gary W., xxx-xx-xxxx
Craig, Shirley J., xxx-xx-xxxx
Cramer, Robert G., Jr., xxx-xx-xxxx
Crider, Giles F., xxx-xx-xxxx
Davis, William J., xxx-xx-xxxx
Deeter, David P., xxx-xx-xxxx
Della, Jacono John J., xxx-xx-xxxx
Deutsch, Allen, xxx-xx-xxxx
Dilday, Douglas L., xxx-xx-xxxx
Dillon, James P., xxx-xx-xxxx
Dimestria, Judith L., xxx-xx-xxxx
Dodd, Mary C., xxx-xx-xxxx
Dodson, Frank A., Jr., xxx-xx-xxxx
Donaldson, Gary, xxx-xx-xxxx
Dorsey, Howard A., Jr., xxx-xx-xxxx
Drach, Ann K., xxx-xx-xxxx
Drouillard, Mark C., xxx-xx-xxxx
Drummond, Raymond R., xxx-xx-xxxx
Dunn, Keith A., xxx-xx-xxxx
Edens, William T., xxx-xx-xxxx
Edwards, Bruce C., xxx-xx-xxxx
Engoglia, James M., xxx-xx-xxxx
Field, Robert A., xxx-xx-xxxx
Fisher, Martin J., xxx-xx-xxxx
Fletcher, James, xxx-xx-xxxx
Gardner, John S., Jr., xxx-xx-xxxx
Glyer, Peter C., xxx-xx-xxxx
Godzak, Elaine G., xxx-xx-xxxx
Grange, Caryl T., xxx-xx-xxxx
Haake, James W., xxx-xx-xxxx
Hancock, Rickie D., xxx-xx-xxxx
Hayes, Grant C., xxx-xx-xxxx
Hennigan, Daniel C., xxx-xx-xxxx
Hensel, Lee K., xxx-xx-xxxx
Hergert, Robert W., xxx-xx-xxxx
Hirlinger, Roger C., xxx-xx-xxxx
Hitchcock, Lee W., xxx-xx-xxxx
Hollister, Gary L., xxx-xx-xxxx
Huff, Reid S., xxx-xx-xxxx
Hulme, David F., xxx-xx-xxxx
Hyman, Maryann V., xxx-xx-xxxx
Jamison, Steven P., xxx-xx-xxxx
Johnson, Stanley M., xxx-xx-xxxx
Jolley, Beverly C., Jr., xxx-xx-xxxx
Jones, Fleming H., xxx-xx-xxxx
Jones, Michael P., xxx-xx-xxxx
Joyce, Gerald W., Jr., xxx-xx-xxxx
Joyce, Lynda L., xxx-xx-xxxx
Justusson, Jerald W., xxx-xx-xxxx
Keenan, John M., xxx-xx-xxxx
Keenan, Kevin P., xxx-xx-xxxx
Kenny, Deborah S., xxx-xx-xxxx
Kessler, David E., xxx-xx-xxxx
Kirtland, William B., xxx-xx-xxxx
Kitt, Nicolette, H. J., xxx-xx-xxxx
Krom, Frances A., xxx-xx-xxxx
Kulick, Paul B., xxx-xx-xxxx
Laperla, Philip A., xxx-xx-xxxx
Layne, Edward B., III, xxx-xx-xxxx
Lichay, Donald, xxx-xx-xxxx
Lindley, Robert P., Jr., xxx-xx-xxxx
Livingstone, Michael E., xxx-xx-xxxx
Lovaas, Patricia K., xxx-xx-xxxx
Mamaux, David H., xxx-xx-xxxx
Mann, Dorothea E., xxx-xx-xxxx
Martin, George P., xxx-xx-xxxx
Marx, John A., xxx-xx-xxxx
Matthews, James W., Jr., xxx-xx-xxxx
May, Larry W., xxx-xx-xxxx
Maynard, Emery G., Jr., xxx-xx-xxxx
Mazur, Blanche E., xxx-xx-xxxx
McClellan, Karen L., xxx-xx-xxxx
McDonough, Thomas V., xxx-xx-xxxx
Melcher, Max D., xxx-xx-xxxx
Merrick, Christy J., xxx-xx-xxxx
Miner, Barry D., xxx-xx-xxxx
Mitchell, Eric T., xxx-xx-xxxx
Monette, Rhonda L., xxx-xx-xxxx
Montes, Porfirio, xxx-xx-xxxx
Morrison, Alton D., xxx-xx-xxxx
Moyer, Daniel R., xxx-xx-xxxx
Munden, Ronald L., xxx-xx-xxxx
Nelson, Stephen K., xxx-xx-xxxx
Nichols, William E., xxx-xx-xxxx
Oliver, Roger M., xxx-xx-xxxx
O'Neill, Mary K., xxx-xx-xxxx
On Lewis, C., Jr., xxx-xx-xxxx
Orsini, August R., xxx-xx-xxxx
Padilla, Joe E., xxx-xx-xxxx
Parnell, Rondie B., xxx-xx-xxxx
Pillsbury, Richard C., xxx-xx-xxxx
Pohler, Michael S., xxx-xx-xxxx
Powell, David C., xxx-xx-xxxx
Prasil, Colleen F., xxx-xx-xxxx
Pullen, Stephen R., xxx-xx-xxxx
Pursel, Thomas L., xxx-xx-xxxx
Rada, Ronald G., xxx-xx-xxxx
Reichard, Douglas W., xxx-xx-xxxx
Reynolds, James C., xxx-xx-xxxx
Rickman, Richard M., xxx-xx-xxxx
Ritezel, William A., xxx-xx-xxxx
Roberts, Troy D., Jr., xxx-xx-xxxx
Robinson, Darlene S., xxx-xx-xxxx
Ryan, James T., xxx-xx-xxxx
Samick, David J., xxx-xx-xxxx
Schaeberle, Donald C., xxx-xx-xxxx
Schaver, Thomas L., xxx-xx-xxxx
Schwartz, Gerard W., xxx-xx-xxxx
Seagle, Van J., xxx-xx-xxxx
Showers, Walter M., xxx-xx-xxxx
Sidwell, Michael W., xxx-xx-xxxx
Sims, Ronald C., xxx-xx-xxxx
Skvorak, David A., xxx-xx-xxxx
Smith, John B., xxx-xx-xxxx
Sommerfeld, Paul R., xxx-xx-xxxx
Sondervan, William W., xxx-xx-xxxx
Speicher, Lana K., xxx-xx-xxxx
Steggeman, Kenneth F., xxx-xx-xxxx
Stephany, Michael E., xxx-xx-xxxx
Swartz, Leonard G., xxx-xx-xxxx
Sylvester, William G., xxx-xx-xxxx
Tice, Edward M., xxx-xx-xxxx
Trimble, James R., xxx-xx-xxxx
Turner, Ed S. III, xxx-xx-xxxx
Turnier, John C., xxx-xx-xxxx
Tuttle, Michael E., xxx-xx-xxxx
Salmons, Joel L., xxx-xx-xxxx
Tilson, Timothy T., xxx-xx-xxxx
Van Doren, Paul H., xxx-xx-xxxx
Vengrovskie, Edward F., xxx-xx-xxxx
Vervack, Larry P., xxxx
Vowell, Denise Kathyrn, x-xxxx
Waller, David A., xxx-xx-xxxx
Williams, Lee E., xxx-xx-xxxx
Williamson, Clarence E., xxx-xx-xxxx
Wintle, Bruce D., xxx-xx-xxxx
Withrow, Randall W., xxx-xx-xxxx
Womack, George D., xxx-xx-xxxx
Wood, David A., xxx-xx-xxxx
Wray, John D., xxx-xx-xxxx
Wyatt, Lee T., xxx-xx-xxxx
Wyman, Richard H., Jr., xxx-xx-xxxx
Young, James D., xxx-xx-xxxx
Zaremski, Walter F., xxx-xx-xxxx

To be second lieutenant

Conner, Dale R., xxx-xx-xxxx
Kelly, David S., xxx-xx-xxxx
Nicks, Dennis W., xxx-xx-xxxx
Tyler, Benjamin, Jr., xxx-xx-xxxx
Vernaelde, Linda D., xxx-xx-xxxx
West, Larry R., xxx-xx-xxxx
Williams, Ronald D., xxx-xx-xxxx

IN THE NAVY

The following named lieutenant commanders of the Reserve of the U.S. Navy for temporary promotion to the grade of commander in the line, pursuant to title 10, United States Code, section 5910, subject to qualification therefor as provided by law:

Ackerman, Ronnie J.	Beltrami, Albert P.
Adorno, Arnaldo	Belyea, Ivan L.
Albin, Robert L., Jr.	Bennett, Robert F.
Allan, Alexander J.	Bentley, Johnny E.
Allan, Andrew S., III	Bentz, Alan E.
Allee, Donald W.	Berlandi, Francis J.
Allen, Dennis K.	Betts, Fred R.
Allen, Richard E.	Beyer, Robert H.
Ames, Robert S.	Beyette, Thomas K.
Amick, Neal J.	Bigsby, Charles F.
Anderson, Alan A.	Bird, Walter R.
Anderson, Chase D.	Bisbey, John E.
Anderson, Larry G.	Black, Donald A.
Arens, Stewart S.	Blair, Ronald E.
Armstrong, Daniel L., III	Bock, Joseph G., Jr.
	Boettcher, Thomas C.
Auborn, James J.	Bogle, Robert J.
Augustine, William D.	Bourland, David L.
Austraw, James D.	Bramble, Arthur W.
Averitt, Raymond V.	Brand, Walter N., III
Avignone, Frank T., II	Branning, Delos J., Jr.
Babcock, Richard B.	Breece, James P.
Bachman, Richard C., Jr.	Breeze, Harrel R.
	Breiten, Oscar A., Jr.
Baker, Herbert N., Jr.	Breithaupt, Paul D.
Baker, James R.	Brisack, Philip R.
Balderston, Kenneth K.	Brock, Leroy K.
	Brockway, David M., Jr.
Bannon, Edward K.	
Barker, James E.	Brockway, Edwards L.
Barkman, Paul E.	Brouwer, Dirk V.
Barnes, Thomas L.	Buchanan, David G.
Barrett, Gary T.	Buelow, Thomas W.
Bartell, Ronald	Bulow, Harland C.
Bartlett, John B.	Bundy, Bobby F.
Bass, Arthur E.	Bunn, Donald B.
Batt, David B.	Burchfield, Nejel
Batts, Charles J.	Burkart, Melvin G.
Beakschi, Peter F. M., III	Burke, Joseph P.
	Butler, William P., Jr.
Beesley, Norman L.	Buxton, Joseph T., III
Begin, Donald R.	Cahill, Theodore K.
Beidleman, Wynn H.	Cajski, Thomas A.
Beisel, Robert E. T.	Calligan, Christopher C.
Bell, Ronald I.	
Belli, William J., Jr.	Campbell, Richard B.
Bellino, Joseph M.	Cannon, Leo J.

Cantus, Howard H.
Cardenas, Carlos G.
Carlson, Paul E.
Carr, Paul B.
Carrico, James E.
Cavanaugh, James P.
Chamberlain, Richard J., Jr.
Chigos, David K.
Ching, Stephen T. T. K. I.
Cistriano, John J.
Clark, James M.
Clark, Ralph W.
Clark, William B.
Clark, William E.
Cohn, Peter S.
Cole, Robert J.
Colton, William S.
Commins, William J.
Conklin, John B.
Conte, John C.
Cook, Richard A.
Coonrod, Donald H.
Cooper, Richard M.
Cornforth, Clarence M.
Cortelyou, Robert J.
Coughlin, Joseph A., Jr.
Cram, Kenneth R.
Cuccio, Michael V.
Curtis, Richard A.
Cutting, Guy D.
Dale, Donald M.
Danley, Warren H.
Davis, James D.
Davis, Lloyd J.
Dearth, Andrew H.
Delgado, Rene, Jr.
DePasquale, Peter J.
Depman, George T.
Dewyer, William L., III
Dick, Warren H.
Dickson, Charles H.
Dieckhoff, Philip H.
Dietschweiler, Leon E.
Dillon, Ronald L.
Ditchey, Robert L.
Dombrowski, Chester J.
Donnelly, Michael J.
Donohoe, Keith W.
Donovan, Daniel J., Jr.
Doyel, Marion L.
Dressel, Henry F.
Dresser, George B.
Dubs, Theodore B.
Durocher, William T.
Earle, Ronald L., Jr.
Ebbs, James G.
Edgar, Bobby G.
Edgar, John B.
Edwards, Colvin M.
Eichenbaum, Harold, Jr.
Elliott, Wilson W.
Emerick, Robert H.
English, Robert J.
Espenmiller, Allen R.
Estey, David W.
Evans, John C.
Evans, Robert B.
Evans, William L.
Fagerson, Robert J.
Fahey, John P.
Farrell, Gerard D.
Faulkner, Bennie J.
Fay, Edward D., Jr.
Feeney, James F.
Fendt, Otis H., Jr.
Finnes, Roger G.
Fitzgerald, George M.
Fleming, Robert W.
Feltcher, Robert
Flynn, Richard P.
Flynn, William K.
Foley, Dennis J.
Foley, Michael T.
Foltz, Peter C.
Ford, Preston W., Jr.
Fore, William D.
Forney, Paul B., Jr.
Forrestal, James J.
Fossedal, Donald E.
Foster, George O., Jr.
Foster, Robert G.
Foster, William L.
Fowler, Eugene F., Jr.
Fox, Kenneth J., Jr.
Francis, Paul E.
Frank, Kenneth D.
Friedman, Leslie H.
Frizzell, George E.
Gagen, Michael H.
Gann, James W., Jr.
Ganun, James V., Jr.
Garrett, Robert A.
Gasper, Charles A.
Gecrge, Willard E.
Gere, William B.
Gerosa, William A.
Gilbertson, Roger G.
Glawe, Paul A.
Goble, Robin P.
Goehl, Kenneth E.
Gomez, Francis A.
Goodman, Grayson A.
Gordon, Samuel J.
Gorgas, Chester W.
Gorman, Timothy J.
Graham, David K.
Granneman, Gary A.
Gray, James S.
Grebe, Leslie E.
Greenwood, James S.
Greer, Glynn R.
Gregory, George M., Jr.
Gregory, Herbert W.
Griggs, Stanley D.
Gross, Omer S., Jr.
Groth, Roger P.
Guillette, Robert
Hahn, Richard C.
Hakala, Jack W.
Halsey, Maurice E.
Hamilton, Robert C.
Hansen, Richard A.
Harper, Bruce G.
Harris, Ronald L.
Hart, Vernon D.
Hartley, James W.
Hartman, Harvey L.
Hause, Rusel C.
Hawkins, William F.
Henshaw, Lawrence K.
Herr, Richard K.
Herrick, Richard E.
Hicks, Charles D.
Hicks, Gerald F.
Hil, Joe D.
Hogan, Earl A., Jr.
Holland, Charles E., Jr.
Holmes, Milburn J.
Holubec, Ray A.
Hooper, Charles E.
Horsman, Oliver W.
Hubbs, David A.
Huff, Stanley R.
Hughes, Faust F., Jr.
Hulette, Paul J.
Hull, Ronald W.
Hungarland, John D., Jr.
Hurley, James G.
Hurt, Clarence M.
Huston, Donald B.
Hutchinson, Fred A.
Hyndman, Harry L.
Ingram, Charles R.
Interian, Alfred F.
Irwin, Thomas C.
Ivans, Garvin J.
James, Edward B., Jr.
Jancuski, John
Jenks, David M.
Jennings, Robert W., Jr.
John, Joseph R.
Johnson, Bjarne E.
Johnson, Charles D.
Johnson, James F.
Johnson, Robert C.
Jones, George C.
Jones, Louis E.
Jordan, Jonathan H.
Joseph, John B.
Juda, Richard J.
Julian, Ronald H.
Kallus, Ernest R.
Karlsen, Gustav E.
Keane, John T.
Kee, Kenneth R.
Keenan, Thomas D.
Keller, Warren R.
Kelley, Richard A.
Kelso, Gerald K.
Keltner, Jerry M.
Kemp, Michael H.
Kennedy, Herbert M.
Kenney, James R.
Keough, Richard J.
Ketchum, Daniel C.
Kettenhofen, Billy W.
Key, Thomas H., Jr.
Kimmel, William K.
King, Allen L.
King, Kenneth P., Jr.
Kirk, David Q.
Kirkeby, Lenny E.
Kisiel, Roger W.
Kiss, Joseph T.
Kjellman, John V.
Klapp, Anthony J.
Klinkowski, Johnnie F.
Klingler, Peter J.
Knapp, Larry J.
Knibloe, Paul C.
Knight, Robert L.
Kolar, Michael J.
Koutsky, Milos J.
Krauss, Gordon W.
Kremer, John R., Jr.
Krucke, Hans H.
Kuchem, Francis R.
Kuruzovich, George
Kyriakakis, Thomas
Lacey, James M.
LaCroix, Michael H.
LaGrandeur, Larry B.
Lamperts, Ronald
Langell, James D.
Langland, Jay E.
LaRocque, David F.
Larrick, Robert D.
Lauer, William J.
Lawson, Charles A., Jr.
Legard, Edwin N., Jr.
Lemieux, Robert A.
Lidstone, Alan J.
Lincoln, Donald R.
Lindenauer, Richard M.
Lingan, Henry B., III
Lipscomb, Lee M., Jr.
Litka, Adam L.
Lorenzen, Phillip H., Jr.
Losa, John W.
Lovejoy, James L.
Lutes, Billy D.
Lutton, James D.
Lyman, Richard F.
Magee, John J.
Maiorana, Mario
Mann, James T.
Manta, Vincent J.
Marquis, Dean A.
Martin, Kenneth H., Jr.
Marxen, Harry A.
Masat, Kenneth J.
Mashek, Harold E.
Mast, Benjamin V.
Mayberry, Clarence D.
Mayfield, David M.
McAlick, John
McBurney, Robert M.
McCasland, James S.
McClarren, Ralph G.
McDowell, Gary D.
McDowell, William M.
McElligatt, Edward C.
McGraw, Thomas M.
McGregor, Theodore S.
McGrew, Edwin W.
McGruder, Jon C.
McGuire, Francis J.
McKenna, Michael P.
McKenna, William J.
McKinley, John H., Jr.
McLaughlin, John P.
McLellan, Laureston H.
McLoone, Hugh E.
McMenamin, Joseph L.
Mead, David R.
Melkerson, Jon E.
Messikomer, Edwin E.
Messman, Arthur R.
Metcalf, Conrad
Metz, Thomas R.
Meyer, Victor A.
Michels, Bruce E.
Miller, Kenneth R.
Minturn, Robert B., Jr.
Miralia, Lauren M.
Moore, Robert H.
Moore, Walter J., Jr.
Moore, Winslow L.
Morency, Donald C.
Moran, Gerald F.
Morgan, Charles V.
Morgan, Floyd T.
Morgan, James W., Jr.
Morrison, Michael F.
Mundis, John A.
Murray, Thomas P.
Myers, John A.
Nash, Spencer J.
Neibauer, James E.
Nelson, Allen J., Jr.
Nelson, Bruce R.
Nelson, Lowell B.
Nickerson, Guy D.
Nickles, Lawrence A., Jr.
Nienstedt, John F.
Nolan, John T.
Nolan, Michael E.
Norman, Peter A.
Norman, William S.
Notter, Frederick W.
Oakes, Don E.
O'Brien, Martin J.
Ochel, Henry R.
O'Connor, Thomas P.
O'Gorman, George D.
Ohnstad, Donald A.
Old, Harold E., Jr.
Olivari, Robert J.
Olson, Donald W.
Olson, Vernon E.
Osborne, Thomas M.
Ostertag, Larry G.
Ott, Carl L.
Otterlee, Stuart E.
Palmer, George M., III
Panico, Robert G.
Pape, Brian V.
Pappas, Sam G.
Patterson, Charles E.
Pearson, Melvin E.
Pedersen, Ronald G.
Petersen, John H.
Peterson, Alan E.
Peterson, Carl A., Jr.
Pethick, Donald R.
Pewitt, Nelson D.
Pflieger, James E.
Phillips, Ewart E.
Phillips, George B.
Pittsey, Tony E.
Plohetski, William
Pollard, Jerry D.
Poole, Peter P.
Potts, Raymond A.
Price, Robert N.
Primacio, Leo P.
Printer, Norman G.
Purdy, Kenneth L.
Rackett, Peter J.
Rauscher, Bernard J.
Read, Nathaniel B., Jr.
Reece, Dale I.
Reed, Dale F.
Reed, Robert A., II
Rehberg, Richard E.
Reid, Charles P. P.
Reilly, Hugh
Reker, Frederick A.
Resor, Joseph D.
Reynolds, John M.
Rhodes, Lee R., Jr.
Richards, Nelson C.
Ricks, Morris L., Jr.
Riddle, Ferdinand A., Jr.
Rikkers, William J.
Riley, Harold P.
Roach, Ronald G.
Roach, William J.
Robertson, Alfred L.
Robertson, Charles L., Jr.
Robinson, Andrew F., Jr.
Rogers, Paul D.
Romancheck, Walter R.
Romero, Darryl J.
Rose, Waldo B.
Ross, Chester S.
Royal, Loren E.
Rudolph, Walter P., Jr.
Rumrill, James K.
Ryan, Calvin C., Jr.
Safarik, Robert L.
Salassi, Raymond J., Jr.
Salko, Andrew
Salmon, Richard G.
Salvatore, Anthony J.
Sargent, Joel A.
Satterlee, Thomas M.
Satterthwaite, Francis G.
Savage, John E.
Scanlan, Thomas M., Jr.
Scharles, Henry G., Jr.
Schlegel, James D., II
Schmal, Donald V.
Schmidt, Robert H.
Schmitt, Richard R.
Schneider, William B.
Schroeder, Douglas D.
Schroeder, Earl E., Jr.
Schuster, Stephen H.
Scott, Richard R.
Severance, Alexander G., Jr.
Seymour, John E.
Shanley, Peter A.
Siciliano, Eugene L.
Siftar, Frank C.
Silldorff, James S.
Simchock, John W., Jr.
Simmons, Joseph L.
Sinclair, Robert E.
Singer, Robert S.
Sipes, John D.
Slater, John W., III
Sleavin, Frank R., Jr.
Smith, Don P.
Smith, Hamilton S., Jr.
Smith, Kenneth A., Jr.
Smith, Richard Carroll
Smith, Richard Cole
Smith, Robert E.
Smith, Wilbur C., Jr.
Snyder, George A.
Sobieray, Edmund S.
Spence, Donald W.
Spence, James A.
Sprague, Robert A.
Stagg, Robert B.
Stanford, Harold M.
Stark, Daniel H.
Staub, Bernard F.
Stender, Charles F.
Stewart, Robert J.
Stilwell, William E., III
Stoorza, Edwin L., Jr.
Strickland, Clarence L., Jr.
Stuart, Charles L., Jr.
Swart, Coleman A.
Takeuchi, Robert S.
Tate, Willie H.
Taylor, Emory W.
Taylor, Joshua E.
Taylor, Kenneth B.
Thacker, Tommy G.
Thews, Albert W., Jr.
Thomas, Gene A.
Thomas, Paul R.
Thompson, Donald R.
Thompson, John W., Jr.
Thornton, Jack W.
Tober, Gary E.
Todd, William D., Jr.
Toler, William G.
Toner, David J.
Toups, James E., Jr.
Townsend, John F.
Travis, James E.
Trepagnier, Albert J.
Trimble, Donald M.
Tripple, Harvey D.
Turco, Robert I.
Turk, Alan R.
Unger, Robert F.
Usiskin, Lawrence G.
Vallee, Robert P.
VanDeavander, Benjamin F., Jr.
VanGorp, Dirick P.
Waddoups, Jed M.
Wagner, John D.
Wahler, Fred R.
Waller, John C. H.
Weissbach, Albert F., Jr.
Weller, Reginald F.
Wenzler, Robert T.
Wertz, Joseph S.
Wesenberg, William W.
Walsh, Roger W.
Ward, Norman J., Jr.
Washburn, Rolla G.
Wasserman, Lary P.
Webb, Robert W., III
Weisenburger, Philip J.
Wesner, Ross C.
Westall, Charles L.
Westerman, Christian C., III
Wheaton, David J.
Wheeler, Donald R.
Wheeler, Felder B., Jr.
Wheeler, William A.
Whetsel, Carlton E.
Whitfield, James B.
Wieber, John A.
Wilkerson, William D.
Wilkinson, Richard P.
Willard, Gerald W.
Williams, David M.
Williamson, Thomas D., Jr.
Willingham, Robert J., Jr.
Wills, John A., Jr.
Winter, Milford F., Jr.
Wolf, Gerald P.
Wolfe, John C.
Womack, William G.
Wood, Donovan M.
Wood, John R.
Wyman, Elliott H.
Yates, Walter T.
Zaiser, Ray W., Jr.
Zimmerman, Robert C.
Zinn, Clyde D.
Zirkle, Don E.
Zschau, Julius J.