but we must make certain that both survive.

Finally, our Nation was also founded on the principle of freedom of choice, and the belief that a good education is the best possible legacy we can leave our children. We have long believed that the way to break the cycle of poverty and rise to a better life is through education. We have recognized that the way to improved employment is through a good education. To give our children the best education possible, we consider all available alternatives. Most parents choose the public school system, and public schools do provide excellent educational opportunities. Some parents prefer to send their children to private schools, feeling that a particular private school would better meet their needs. The House of Representatives, in approving the tuition tax credit bill, wished to help assure the freedom to choose the school which best provides the educational needs of all children.

For the first time ever, the House of Representatives voted on legislation providing tuition tax credits for education expenses. Much controversy surrounded the issue, and the debate is not over yet. Knowing the importance of this legislation, I examined it in great detail, analyzing the arguments and finally voting as I determined would best benefit the varied educational needs of the 24th District of Pennsylvania and the rest of the Nation.●

HOUSE OF REPRESENTATIVES—*Monday, July 24, 1978*

The House met at 12 o'clock noon.

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

The Lord is near to all who call upon Him, to all who call upon Him in truth.—Psalms 145: 18.

O God, our Father, as we draw near to Thee in prayer do Thou come near to us and stay with us all through the activities of this day. With Thee we can make our decisions wisely; with Thee we can do our work worthily; with Thee we can plan our day wonderfully. So we place our hands in Thine to be led by Thee through the coming hours.

We pray for the people in our districts whom we endeavor to serve faithfully and fully. Make us sensitive to their needs, careful to evaluate their requests, and ready to do all we can to help them.

We pray for our Nation that we may help to so strengthen her foundations that our greatness may be in character, our security in spirit, and our life together in good will.

We pray for all nations that the spirit of fraternity may begin to bind us together and make this planet a fairer place for all to live together in peace.

In Thy holy name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 1420. An act for the relief of Umberto Ruffolo.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 785. An act to declare that all right, title, and interest of the United States in two thousand seven hundred acres, more or less, are hereby held in trust for the Paiute and Shoshone Tribes of the Fallon Indian Reservation and Colony, Fallon, Nev., to promote the economic self-sufficiency of the Paiute and Shoshone Tribes, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House with an amendment to a bill of the Senate of the following title:

S. 920. An act relating to the disposition of certain recreational demonstration project lands by the State of Oklahoma.

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

H.R. 8449. An act for the relief of Lourdes Marie Hudson.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 85. An act for the relief of Raul Arriaza, his wife, Maria Marquart Schubert Arriaza, and their children, Andres Arriaza and Daniel Aivouich Arriaza;

S. 140. An act for the relief of Dr. Kok Liong Tan, and his wife, Gloria Siao Tan;

S. 340. An act for the relief of Dr. Belinda A. Aquino;

S. 613. An act for the relief of Kwok Hung Poon and his wife, Sandra Shau Man Lai Poon;

S. 1564. An act for the relief of Tomiko Fukuda Eure;

S. 2061. An act for the relief of Dr. Angelito Dela Cruz;

S. 2067. An act for the relief of Cesar B. Ibañez II, doctor of medicine;

S. 2209. An act for the relief of Munnie Surface;

S. 2243. An act for the relief of Rohini;

S. 2326. An act for the relief of Anupama Alis Chandrakala;

S. 2377. An act for the relief of Muradali P. Gillani;

S. 2509. An act for the relief of Rodolfo N. Arriola; and

S. 2639. An act for the relief of Mrs. Kerry Ann Wilson and Jason John Barba.

CYPRUS AND THE SENATE

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

Mr. BRADEMAS. Mr. Speaker, I take this time only to call to the attention of the Members of the House an excellent editorial appearing in the New York Times of Saturday last, July 22, 1978, entitled, "Cyprus and the Senate." The New York Times editorial argues very forcefully, and I think correctly, that it would be most unwise, for several reasons, for the Senate to vote to repeal the limitations on arms sales to Turkey.

Mr. Speaker, I insert the editorial at this point in the RECORD:

CYPRUS AND THE SENATE

The Senate is about to vote on whether to continue the limitations on arms sales to Turkey. They were imposed after Ankara used American-supplied weapons to occupy two-fifths of Cyprus in 1974, in violation of a Congressional prohibition. We have argued in the past that the limits should be kept until Turkey indicates it will withdraw its forces. We still think so.

Few controversies are as vexing as the feud between the half million Greek Cypriots and the 120,000 Turkish Cypriots over how they will coexist on their island. Their centuries-old quarrel has reached into American politics. The Turks and Turkish Cypriots and their American sympathizers contend that national pride forbids concessions on Cyprus so long as the "embargo" stands. Directly, they predict that maintaining last year's $175-million limit on arms sales will drive Turkey out of NATO, perhaps even into Moscow's arms. But it would be no gain for the West to purchase Turkish good will at the price of Greek resentment.

When Jimmy Carter was a candidate for President he held that the restriction on arms sales should stand until Ankara withdrew the force that enables Turkish Cypriots, with 20 percent of the island's population, to occupy roughly 40 percent of its territory. This spring, however, he urged that the embargo be lifted. Administration spokesmen maintain that once it is lifted, Ankara will make generous diplomatic proposals. But the Government of Prime Minister Bulent Ecevit has so far given no sign that it is prepared to risk the domestic consequences of offering the concessions needed to reach an accommodation. The vague proposal put forward by the Turkish Cypriots on Thursday for resettling some Greek refugees is welcome but scarcely sufficient. The Turkish concessions need to be territorial.

Where Greek Cypriots go wrong is in insisting that their preponderance in numbers also entitles them to the kind of predominance they enjoyed under the island's 1960 constitution. If the Turkish Cypriots would yield significantly on territory, they could more credibly insist on a constitution that provides for virtually autonomous states for the two communities, linking them only for a minimum of such "federal" functions as conducting foreign affairs and issuing currency.

Greek Cypriots denounce this idea as a mere division of the island. Even if this were true, there would be no alternative; nothing except good will can force the two communities to work together. Because ending Turkey's occupation remains an essential first step toward creating an atmosphere of trust,

Congress should not yet relax the restrictions on arms sales. It should make clear to the Greek Cypriots, however, that the United States intends to help them reclaim their farms and villages but not to restore their domination of the Turkish population.

CALL OF THE HOUSE

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

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 587]

Abdnor	Flynt	Nichols
Addabbo	Ford, Mich.	Nix
Ambro	Ford, Tenn.	O'Brien
Anderson, Calif.	Fraser	Oakar
Anderson, Ill.	Frey	Patten
Andrews, N.C.	Garcia	Pepper
Andrews, N. Dak.	Giaimo	Pettis
Applegate	Gilman	Pressler
Archer	Goldwater	Pritchard
Armstrong	Gonzalez	Pursell
Ashbrook	Goodling	Quayle
Ashley	Green	Quie
Badham	Hagedorn	Quillen
Barnard	Hanley	Railsback
Beard, R.I.	Harrington	Rhodes
Biaggi	Heckler	Richmond
Blouin	Hefner	Roberts
Boland	Hillis	Rodino
Bonior	Holland	Roncalio
Breckinridge	Hollenbeck	Rose
Brinkley	Holtzman	Rosenthal
Broyhill	Howard	Rostenkowski
Burke, Calif.	Ireland	Rudd
Burton, John	Jacobs	Ruppe
Butler	Jeffords	Russo
Caputo	Jenkins	Ryan
Cavanaugh	Johnson, Calif.	Sarasin
Cederberg	Johnson, Colo.	Scheuer
Chisholm	Jones, Tenn.	Schulze
Clausen, Don H.	Kasten	Sebelius
Clawson, Del	Kemp	Shipley
Cleveland	Keys	Skubitz
Cochran	Le Fante	Spellman
Cohen	Lent	Staggers
Coleman	Levitas	Stokes
Collins, Ill.	Lott	Symms
Conyers	Lundine	Teague
Corman	McCloskey	Thone
Cornell	McDade	Traxler
Cotter	McDonald	Treen
Crane	McEwen	Tsongas
Cunningham	McKay	Tucker
Daniel, Dan	McKinney	Udall
Danielson	Maguire	Vander Jagt
Davis	Mann	Walker
de la Garza	Marriott	Wampler
Dellums	Mathis	Waxman
Dent	Meeds	Weiss
Devine	Metcalfe	Whalen
Dicks	Meyner	Whitley
Diggs	Michel	Whitten
Dodd	Mikulski	Wiggins
Drinan	Mikva	Wilson, Bob
Early	Milford	Wilson, C. H.
Evans, Del.	Miller, Calif.	Wilson, Tex.
Evans, Ga.	Moakley	Winn
Fascell	Moffett	Wydler
Fenwick	Mottl	Young, Alaska
Fish	Murphy, Ill.	Young, Tex.
	Murphy, N.Y.	Zeferetti
	Neal	

The SPEAKER pro tempore (Mr. SIMON). On this rollcall 252 Members have recorded their presence by electronic device, a quorum.

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

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 3(b) of rule XXVII, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

After all motions to suspend the rules have been entertained and debated and after those motions to be determined by "nonrecord" votes have been disposed of, the Chair will then put the question on each motion on which the further proceedings were postponed.

NATIONAL LUPUS WEEK

Mr. LEHMAN. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H.J. Res. 682) to provide for the designation of a week as "National Lupus Week," as amended.

The Clerk read as follows:

H.J. RES. 682

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized and requested to issue a proclamation designating the week of September 17 through 23, 1978, as "National Lupus Week" and inviting the Governors of the several States, the chief officials of local governments, and the people of the United States to observe such week with appropriate ceremonies and activities.

The SPEAKER pro tempore. Is a second demanded?

Mr. LEACH. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Florida (Mr. LEHMAN) will be recognized for 20 minutes, and the gentleman from Iowa (Mr. LEACH) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. LEHMAN).

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

Mr. Speaker, House Joint Resolution 682 was introduced by the gentleman from California (Mr. ANDERSON) and provides for the observance of "National Lupus Week" during the week of September 17–23, 1978. Lupus erythematosus, a variety of lupus disease, is a chronic and occasionally fatal disease of the connective tissues between vital organs. Public attention should be called to this disease, which afflicts 500,000 Americans, so that medical research can be encouraged for proper diagnosis and treatment.

Mr. Speaker, this resolution has received 230 cosponsors.

Mr. Speaker, I urge adoption of this resolution, and I reserve the balance of my time.

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

Mr. Speaker, the minority is strongly in favor of this bill, and we urge its passage with as strong as possible support.

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. LEHMAN) that the House suspend the rules and pass the joint resolution (H.J. Res. 682) as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the joint resolution, as amended, was passed.

A motion to reconsider was laid on the table.

NATIONAL GUARD DAY

Mr. LEHMAN. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H.J. Res. 946) to designate October 7, 1978, as National Guard Day.

The Clerk read as follows:

H.J. RES. 946

Whereas several units of the militia of the Massachusetts Bay Colony were organized on October 7, 1636, as the First Militia Regiment and became the forerunner of the National Guard of the United States;

Whereas the National Guard has served with distinction, during the three hundred and forty-two years since 1636, in every major military conflict involving the United States, from the Revolutionary War through the Vietnam conflict;

Whereas the National Guard currently consists of nearly four hundred and fifty thousand volunteer soldiers and airmen, organized into nearly four thousand military units located in the several states, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands, and forms the Reserve Military Force that supports the Regular Army and Air Force; and

Whereas the people of the United States owe a debt of gratitude to those citizen soldiers and airmen who are members of the National Guard for their continuing contribution to the security of the United States: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation declaring October 7, 1978, as "National Guard Day", and calling upon the people of the United States and interested groups and organizations to observe such day with appropriate ceremonies and activities.

The SPEAKER pro tempore. Is a second demanded?

Mr. BROWN of Ohio. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Florida (Mr. LEHMAN) will be recognized for 20 minutes, and the gentleman from Ohio (Mr. BROWN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. LEHMAN).

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

Mr. Speaker, House Joint Resolution 946 was introduced by Congressman CLARENCE BROWN of Ohio and provides for the observance of "National Guard Day" on October 7, 1978 The National Guard has served in every major military conflict involving the United States during its 342 years. This resolution brings to the attention of the American people the contributions of the National Guard to the security of the United States.

This resolution has obtained 231 cosponsors.

Mr. Speaker, I urge adoption of this resolution and reserve the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today Members of this body have the opportunity to recognize

an organization for its consistently outstanding contributions to national defense and the welfare of the citizens of the Nation, past and present and for the future as well. The organization to which I refer is the National Guard.

Oldest by far of the components of the U.S. defense team, the National Guard, as we know it today, is an outgrowth of early America's reliance on its civilian-soldiers. This is a tradition that traces its way through American history in an unbroken thread.

The modern-day soldier or airman of the National Guard carries with him or her the heritage of those who triumphed over the wilderness, hostile Indians, and foreign armies. They are the true lineal descendants of the minuteman, joining as Adam Smith wrote in 1776, "the avocation of a soldier to whatever ordinary vocation or trade he happens to carry on."

No one has put this principle into better words than George Washington. The first President declared that, "Every citizen who enjoys the protection of a free government owes not only a portion of his property, but even of his personal services, to the defense of it."

The National Guard was not, by a stroke of the pen, legislated into existence. It came about as a result of the process of evolution. That evolutionary process had its origin with the first colonists of the North American continent. The National Guard originated on October 7, 1636, when the general court of the Massachusetts Bay Colony ordered the formation of the North Regiment and soon thereafter, the East Regiment of the Massachusetts Colonial Militia. The 1st Regiment of Middlesex is now the 1st Battalion, 182nd Infantry, and the Militia Regiment of Essex County is now the 101st Engineer Battalion, Massachusetts Army National Guard.

So important was this concept of citizen soldiers, that the Founding Fathers of this country made provisions for it in article I, section 8, clause 16 of the Constitution, commonly known as the militia clause. In doing so, it gave the Congress the power to provide for organizing, arming, and training the Militia according to the discipline prescribed by Congress.

The name National Guard came about as a result of a visit to the United States by the Marquis de Lafayette in 1824. The honor guard during his visit to New York was furnished by the 2d Battalion, 11th Regiment of New York Artillery. In tribute to Lafayette's command of the Garde Nationale of the Army of France, in Paris, during 1789, the New York battalion became the "Battalion of National Guards."

It was not long before other militia units adopted the name National Guard. By the turn of the century all but a handful of States had redesignated their militia as National Guard.

A distinguishing feature of the National Guard is its dual status as both a Federal and a State military force.

This dual Federal-State role enables a single body of men and women, with a single outlay of money for training, equipment, facilities and administration, to fulfill two vital tasks—one of national defense as part of the total force of the Nation and one of assistance during State emergencies.

The use of military forces of the United States for public protection is a requirement which stands apart from combat employment. Public protection is a peacetime military requirement which occurs with great frequency, usually without warning, throughout the United States.

The military public protection function is primarily performed by the National Guard, both Army and Air, of the several States. Only when this role requires actions and resources that exceed the capability of the State's National Guard does the Governor of a State call on the Active Forces and other Reserve component forces for assistance. If there were no Guard forces available to perform the function, Active forces would have to accept the mission.

Public protection roles are diverse. They include such things as civil disturbances which may require commitment of the entire National Guard of a State. They also include emergency medical evacuation which may require only one helicopter and its three-man crew. Mobilization figures do not always tell the full story of Guard involvement in protecting citizens. During extended operations, Guard personnel are often rotated, so that a 1,000-man callup can often affect two and three times that number of guardsmen, depending on personnel turnover.

In 1977 there were more Guard callups than ever before in history. In that year, guardsmen were mobilized by their States on 231 separate occasions. The biggest single mobilization was Wisconsin's call for 3,652 guardsmen to provide essential State services during a 19-day State employee strike in July 1977. Service during and after flood, tornado, and hurricane disasters is commonplace. In 1977, California alone called guardsmen for forest fire service eight times. In 1977 guardsmen responded to 27 separate snow and cold weather emergencies in 22 States. Twenty-seven mobilizations and flood emergencies were recorded in that same year, with the largest requiring use of 2,421 guardsmen over a 19-day period in Johnstown, Pa. Guardsmen were on duty during a power outage in New York City. They served during a chemical spill clean-up in Tennessee and during danger periods following train derailments in Nebraska and Louisiana. Most recently, in early July 1978, Tennessee National Guardsmen were mobilized during the Memphis firemen's strike.

During that operation 885 guardsmen were mobilized and deployed, while an additional 3,100 guardsmen were on standby alert in case of need.

The dispersal of Guard units in both urban and rural areas throughout each State contributes to the rapid reaction capability of the Guard in all types of State emergencies. The variety of units found in the organizational structure of each State makes it possible for Governors and State Guard commanders to selectively mobilize the units best fitted to the task requirement, that is, infantry units for civil disturbance operations, engineer units for tornado recovery and restoration work.

In its Federal role, the National Guard is the backbone of the total force. Fifty-four percent of Army total force deployable forces are provided by the Reserves with the Army National Guard providing the bulk of the combat forces.

Fifty-two percent of all the artillery of the Total Force Army units is furnished by the Guard. Let me cite another example of the heavy Guard combat role. The Guard has 51 armored cavalry squadrons and tank battalions, while the Active Army has 48. I think this indicates the reliance placed on the Guard in the total force.

The Air National Guard provides over 60 percent of the air defense interceptors of the Active Air Force and nearly 50 percent of the tactical airlift aircraft. These units are closely tied to the Active Air Force and are gone within a few hours of notification to deploy.

The same high standards of readiness required for our active forces are required of Guard units, with one big difference: Training time. Full-time forces train full time. The Guard attempts to produce a level of readiness that approaches or exceeds that of full-time forces, yet must do this in a scant 16 to 20 hours per month, plus 15 days of full-time field training each year.

Obviously, you cannot cram the same amount of training into 20 hours for part-time fighting men that full timers can produce in a full working month. The Guard commanders have a real problem—how much time and effort can they reasonably expect a part-time guardsman to exert when he or she, like any civilian, is attempting to make a living, carry on a normal life and pursue other civilian activities? Out of dedication to get the job done right, Guard leaders devote far more of their time to their unit than they are being paid for.

Since 1636, members of the Guard have maintained their military skills along with maintaining a home, family, and livelihood. This has not been without cost to the individual: Cost in terms of depriving the family of a husband and father for countless hours while he is training to protect the Nation. In many cases, military training has required more time than they can afford from their civilian job.

Therefore, when we think of honoring members of the National Guard by proclaiming October 7, 1978, as National Guard Day, we must not overlook the wives, husbands, family and employers who have supported those hours dedicated to national defense. They too, deserve to be included in the honor we seek to accord the National Guard, for without their sacrifices, understanding and encouragement, the National Guard we depend on today could not be possible.

Mr. LEHMAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, I rise in support of this resolution to recognize October 7 as "National Guard Day." I am particularly proud of the 20,000 members of the National Guard Association of Texas. They have always been ready to defend our country when called and have a distinguished record in war and in peace. These National Guard members who train regularly each week so that they will always be ready to serve deserve this recognition.

The State of Texas is particularly fortunate to have unusual leadership in Gen. Thomas Bishop and his staff. These officers, and men make a distinct contribution to our Nation's defense and welfare.

As we observe National Guard Day, I am glad to pay my special respect to our own Guardsmen in Texas.

Mr. Speaker, I yield to the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I sincerely appreciate the gentleman from Florida (Mr. LEHMAN) and the Post Office and Civil Service Committee for the reporting out of House Joint Resolution 946 and giving Members an opportunity to express their gratitude to our citizen-soldiers by declaring October 7 as "National Guard Day." I would also like to commend the gentleman from Ohio (CLARENCE BROWN) for initiating this resolution. I was pleased to be able to join with him in securing the necessary number of cosponsors.

When we think about our Nation and its various institutions and organizations, we usually date everything from 1776 or later. However, there is one American institution which is older than the United States itself—the National Guard. The Guard has played an important role in our Nation's history and defense ever since the first corps of volunteer militiamen was formed in the Massachusetts Bay Colony in 1636.

This coming October 7 the National Guard will be 342 years old. Designating October 7 as "National Guard Day" would be a fitting way of bringing to the attention of the American people the many contributions of this fine organization.

Mr. Speaker, as everyone is aware, I have long been a strong supporter of the National Guard and have worked for actions aimed toward improving its readiness and its potential as a back-up force. Under the all volunteer concept, the National Guard must be prepared more than ever to meet our Nation's defense needs. However, the reverse seems to be true and positive reinforcement is needed to stimulate interest in the Guard and its activities. This resolution can provide that reinforcement and interest and would help to attract men and women into the National Guard.

It is only fitting that we should be recognizing the National Guard for its dual role as a vital component of our Armed Forces and its responsibilities on the State level during times of natural disasters and domestic strife.

Mr. Speaker, I have said it many times in the past, but it bears repeating—the National Guard is the best buy the American people receive for their defense dollar. I urge my colleagues to give their overwhelming support to this resolution declaring October 7 as National Guard Day.

I then add the further comments.

I would add only that one of the reasons such a resolution is needed is that the National Guard and Reserve are having problems in their strength levels in recruiting young men and women to come into the National Guard and Reserves. I would hope that this resolution would give us some opportunity to attract these young people to look at the Guard and Reserves.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, I want to say to the gentleman from Mississippi, I appreciate his support and his leadership on that side of the aisle in helping to obtain the cosponsors of this legislation. More than half the Members of the House are in support of this resolution.

It would be my hope that on October 7, when open houses are held in the various Guard units around the country, Members of Congress would have an opportunity to express in their own congressional districts, as they so clearly express in this resolution today, their support of the National Guard and their encouragement to others to support the Guard, as they have done here.

Mr. MONTGOMERY. Mr. Speaker, I thank the gentleman for his remarks. I would also like to add that really, under the voluntary arrangement that we now have that we really do not have much choice and that these young people have got to come in and volunteer for either the regular armed services or the Reserves or the National Guard and if they do not do so, then there is no question but that we will have to go back to the Selective Service System or we will have no military forces whatsoever.

I might add further, Mr. Speaker, that I think the National Guard is certainly a good buy for the taxpayers of America in that to have one of these units in training the cost is half as much as that required to keep a regular unit trained for the same mission.

Further, Mr. Speaker, there is not a month or a week that passes but that somewhere in this country the National Guard is called out such as in the case of a natural disaster, or because of some problem that public officials are having in their communities.

So, Mr. Speaker, I believe the resolution before us is very timely. Again I commend the gentleman from Ohio (Mr. BROWN) and also the Committee on Post Office and Civil Service for giving us this opportunity to discuss this resolution before the House of Representatives.

Mr. LEHMAN. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. FOUNTAIN).

Mr. FOUNTAIN. Mr. Speaker, I rise in support of House Joint Resolution 946, a joint resolution authorizing and requesting the President to declare October 7, 1978, as "National Guard Day."

On June 16, 1978, I introduced House Joint Resolution 1004, an identical joint resolution.

Mr. Speaker, I want to associate myself with the remarks today of others who have spoken in favor of this legislation. Since 1636, the National Guard—the militia—has been an indispensable part of America's military capability. Today, units of the National Guard are regularly called upon to serve the citizens in each State during times of emergency. And they always respond to the challenge, probably in more ways, at more times, and more places than any similar institution we have.

I know of no other organization which has done so much, for so many people, with so little recognition. Anytime a crisis or a natural disaster threaten our security, our property, or our well-being, we can depend on the National Guard.

Hopefully, "National Guard Day" will bring to the attention of Americans everywhere the many past and present contributions of the Guard to our country, and its accessibility for the future. I wholeheartedly commend this joint resolution to the support of my colleagues.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Maryland (Mrs. HOLT).

Mrs. HOLT. Mr. Speaker, I would like to associate myself with the remarks given by those who have preceded me here on the floor today. I believe that this is a very, very important piece of legislation because it is time that we recognize that the Guard is one of the most cost effective and efficient parts of our armed services. We should emphasize the need for readiness and preparedness. The people who serve us so faithfully should have the materiels with which to train and serve.

As a member of the House Armed Services Committee, and especially of the Military Personnel Subcommittee, I have gained a firsthand knowledge of the vital role played by the National Guard in our national security.

I am happy to be associated with my colleagues in supporting House Joint Resolution 946 and urge others to support its passage.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, finally, let me say that this piece of legislation is dedicated in a personal sense by me to two young guardsmen who were killed in a fire when they were called out during a tornado in Xenia, Ohio, in April 1974, one of the communities in my district.

That tornado destroyed half the community and took 35 lives. They, no less than those who were killed by that tornado itself, were victims of that tornado. They had come there to provide protection for those who were homeless, to offer physical assistance to the community and to clean up and help toward reconstruction. Their sacrifice is only typical of the kind of dedication shown and work done by the National Guard.

Many of my friends, with whom I grew up in a small town and with whom I used to play basketball and participate in other activities in the National Guard's Armory and assembly hall, later joined the local Guard unit and were dedicated Guard members. They also were those who were among the first to report for active duty in both World War II and the Korean War, were ready to go and willing to go when their Nation needed them. Such people are part of what has made the National Guard what it is today and has been because they have the patriotic citizen-soldier spirit that has served so well in this country now and for over 300 years. We want it to continue and to continue receiving the honor it deserves.

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

Mr. BROWN of Ohio. I am happy to yield to the gentleman from California.

Mr. DORNAN. Mr. Speaker, I would like to be associated with the remarks that have been so supportive of our National Guard here today.

Mr. Speaker I flew for years with the California Air National Guard and I must say that the standard of excellence of both the Army and Air Guard in California is absolutely phenomenal. Maintenance particularly was superior to everything that I observed during my 5 years of active duty in the Air Force service. In order to keep sophisticated fighter jet aircraft flying you need the best young men and women our Nation can produce as volunteers, the same with new Army equipment. To keep the morale of our Guard forces as high as possible should be a primary goal of our defense efforts in this Congress, and that is why I cosponsored and wholeheartedly support this resolution.

Mr. LEHMAN. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. I thank the distinguished gentleman from Florida.

I would like to ask a question, if I may. Of course, all of these three bills would commemorate very worthwhile and important matters. I think especially National Family Week and National Guard Day are matters of concern to every person. National Lupus Week is concerned with those people who happen to be afflicted or who have relatives afflicted with the disease. Of course, there are many, many worthy causes in the world. There are many diseases which we would like to eradicate.

I would like to ask the gentleman from Florida if there is any restraining policy so that we do not spend a good part of our time, that could be devoted to matters of substance enacting legislation, on these things which are commemorative or for recognition but which do not actually produce any movement toward solving problems or legislatively support these causes. I would just like to ask the gentleman if he can tell me whether there is some sort of control over this.

Mr. LEHMAN. Mr. Speaker, we do have rules in the Committee on Post Office and Civil Service that have been able to somewhat control the number of these resolutions that come to the floor. This year we have brought, I think, around 14 of these resolutions of all kinds to the floor. There have been almost 500 of these resolutions submitted to the committee. The prerequisite is to get 218 cosponsors. There is a committee policy that I would like to put in the RECORD at this time for the benefit of the the Members so that they can once again see the manner in which these various resolutions can be brought to the floor and in which areas, such as the commemoration of living persons, they cannot be brought to the floor under the policies of the Committee on Post Office and Civil Service.

Mr. Speaker, I ask unanimous consent to make this a part of the body of the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The statement of policy is as follows:

COMMITTEE POLICY FOR CONSIDERATION OF COMMEMORATIVE LEGISLATION

It shall be the policy of the Committee that legislation providing for designation of commemorative days or other periods shall be considered only three times each year during the months of February, June and October.

The following types of proposals shall not be reported:

(a) Any proposal concerning a commercial enterprise, specific product, or fraternal, political or sectarian organization;

(b) any proposal concerning a particular State or any political subdivision thereof, city, town, county, school, or institution of higher learning;

(c) any proposal concerning a living person; and

(d) any proposal providing for recurring annual commemorations.

All other proposals with national appeal and significance, which shall be demonstrated by co-sponsorship of the resolution or written endorsement, or a combination thereof, by a majority of the Members of the House, may be reported.

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

Mr. LEHMAN. I yield again to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

Of course, any time 218 Members wanted to, they could sign a discharge petition and force an issue to the floor in any case, so I suppose that that is almost a necessary policy. But it does seem to me that this can get out of hand. It is awfully easy to sign a petition that does not hurt anybody, and it is awfully hard to say no if it is a worthwhile cause. But I would hope that if the thing starts to proliferate, the committee might come up with some suggestions so that we could prevent the use of the time of this House for matters which are not of legislative import.

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

Mr. LEHMAN. I yield to the gentleman from Texas.

Mr. ECKHARDT. I thank the gentleman for yielding.

I would like to compliment the gentleman from Ohio for bringing up this question. Of course, I intend to vote for this National Guard Day. It is a fine institution. I think the family is a fine institution. I think we have got a resolution on that sometime. But, really, if we are to depend on whether or not there is a majority of the House signing such resolutions, we have a very weak barrier to bringing these matters up constantly at great cost in time and in effort. If we really regard the National Guard, we do not have to set aside a day for it. We respect it for its own purposes.

I really do raise that question as a serious one that the House needs to concern itself with.

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

Mr. LEHMAN. I yield to the gentleman.

Mr. SEIBERLING. I thank the gentleman for yielding.

The National Guard is something that is of concern to all of us because it is part of our system of national defense. I can see some sense in having National Guard Day the same as we have Armed Forces Day and Armistice Day, but what I am concerned about is that there are hundreds of organizations in this country dedicated to eradicating some disease. Some may affect hundreds of people; some may affect tens of thousands of people. But they are all worthy causes. I just feel that it is very hard to say no. Yet I understand that there is a backlog of some 120 bills that are matters of substance that are on the nonpriority list this year that are probably going to be sidetracked because we are running out of time.

So I suggest that we ought to have some control, so that we do not end up with hundreds of these things taking a great deal of our time from our other legislative duties. That is the only point I wanted to make.

Mr. LEHMAN. Mr. Speaker, I think that the points of the gentleman from Ohio and the gentleman from Texas are well taken. I have no quarrel with them. The facts of life are, though, that in this body there is a lot more pressure on this committee and this subcommittee to relax these rules and prerequisites for consideration. It is difficult even to hold the number down to what we have at the present time, which eliminates, as I said, living people, commercial enterprises, States and political subdivisions of any kind, and other matters.

I think it would be prudent at this time

that this committee and this subcommittee in particular, perhaps, hold hearings in the next Congress in order to revise or maybe further limit the manner in which these particular items can be brought up for consideration by the full body.

Mr. Speaker, I have no further requests for time. I yield back the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Speaker, apparently the gentleman from Texas and the gentleman from Ohio are not privy to the manner in which this House of Representatives conducts its business. They show an ignorance of the reason why these resolutions were brought up today on a Monday when we only have about 50 working days left in the entire session, when the leadership is jettisoning major pieces of the President's legislation, rather than let the ship go under, throwing off the deck chairs, so to speak.

I am not denigrating in any way these worthy resolutions. They shall have my support. They are good and worthy causes, but the only reason they are brought up today is because today is the day of the annual Congressional Golf Tournament and we bring up things of lesser importance, as far as missing votes, so that Members will not miss the big ones. That is why some of us are sitting here on this beautiful afternoon in Washington with a great many of our colleagues away engaged in other pursuits.

I do not think we should be too hard on this committee. They are doing their job. They acquit themselves admirably and we owe them a debt of gratitude for bringing these matters to our attention. The complaint should not be with the gentleman from Florida (Mr. LEHMAN). Rather, the questions should be put to the leaders of the majority. I would be glad to cooperate with my colleagues in that regard.

I would make one other point, that these are far more meritorious bills than the majority of the bills this House passes on many occasions. I suspect the citizenry of the United States would rather have Congress do nothing than to do what the majority has been doing to America for the past 2 years.

Mr. BROWN of Ohio. Mr. Speaker, I think the committee has acquitted itself and discharged its responsibility for bringing these pieces of legislation to the floor.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. LEHMAN) that the House suspend the rules and pass the joint resolution (H.J. Res. 946).

The question was taken.

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

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

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 264, nays 10, not voting 158, as follows:

[Roll No. 588]

YEAS—264

Akaka	Florio	Minish
Alexander	Flowers	Mitchell, Md.
Ambro	Flynt	Mitchell, N.Y.
Ammerman	Foley	Moffett
Andrews, N.C.	Forsythe	Mollohan
Annunzio	Fowler	Montgomery
Applegate	Frenzel	Moore
Aspin	Fuqua	Moorhead, Calif.
AuCoin	Gammage	Moorhead, Pa.
Bafalis	Gaydos	Moss
Baldus	Gephardt	Murphy, Ill.
Baucus	Gibbons	Murphy, N.Y.
Bauman	Gilman	Murphy, Pa.
Beard, R.I.	Ginn	Murtha
Beard, Tenn.	Glickman	Myers, John
Bedell	Gore	Myers, Michael
Benjamin	Gradison	Natcher
Bennett	Grassley	Neal
Bevill	Gudger	Nedzi
Bingham	Guyer	Nichols
Blanchard	Hall	Nolan
Boggs	Hamilton	Nowak
Bolling	Hammer-schmidt	Oberstar
Bonker	Hannaford	Panetta
Bowen	Hansen	Patterson
Brademas	Harkin	Pattison
Breaux	Harris	Pease
Breckinridge	Harsha	Perkins
Brodhead	Hawkins	Pickle
Brooks	Heftel	Poage
Broomfield	Hightower	Price
Brown, Calif.	Holland	Rahall
Brown, Mich.	Holt	Rangel
Brown, Ohio	Horton	Regula
Buchanan	Hubbard	Reuss
Burke, Fla.	Huckaby	Rinaldo
Burke, Mass.	Hughes	Risenhoover
Burleson, Tex.	Hyde	Roberts
Burton, Phillip	Ichord	Robinson
Byron	Jacobs	Roe
Carney	Jenrette	Rooney
Carr	Johnson, Calif.	Roybal
Carter	Jones, N.C.	Runnels
Chappell	Jones, Okla.	Ryan
Clay	Jones, Tenn.	Satterfield
Collins, Tex.	Jordan	Sawyer
Conable	Kastenmeier	Seiberling
Conte	Kazen	Sharp
Corcoran	Kelly	Shuster
Corman	Kemp	Sikes
Cornell	Keys	Simon
Cornwell	Kildee	Sisk
Coughlin	Kindness	Skelton
Crane	Kostmayer	Skubitz
Cunningham	Krebs	Slack
D'Amours	Krueger	Smith, Iowa
Daniel, R. W.	LaFalce	Smith, Nebr.
de la Garza	Lagomarsino	Snyder
Delaney	Latta	Solarz
Derrick	Leach	Spence
Derwinski	Lederer	St Germain
Dickinson	Lehman	Staggers
Dingell	Livingston	Stangeland
Dornan	Lloyd, Calif.	Stanton
Downey	Lloyd, Tenn.	Steed
Drinan	Long, La.	Steers
Duncan, Oreg.	Long, Md.	Steiger
Duncan, Tenn.	Lujan	Stockman
Eckhardt	Luken	Stratton
Edgar	McClory	Studds
Edwards, Ala.	McCormack	Stump
Edwards, Calif.	McDonald	Taylor
Edwards, Okla.	McFall	Thompson
Eilberg	McHugh	Thornton
Emery	Madigan	Trible
English	Mahon	Ullman
Erlenborn	Markey	Van Deerlin
Ertel	Marks	Vanik
Evans, Ind.	Marlenee	Vento
Fary	Martin	Volkmer
Findley	Mattox	Waggonner
Fisher	Mazzoli	Walgren
Fithian	Miller, Ohio	Walsh
Flippo	Mineta	Watkins
Flood	Weaver	Wright
White	Wylie	Young, Mo.
Whitehurst	Yatron	Young, Tex.
Wirth	Young, Fla.	Zablocki

NAYS—10

Bellenson	Obey	Schroeder
Evans, Colo.	Ottinger	Stark
Miller, Calif.	Pike	
Myers, Gary	Rogers	

NOT VOTING—158

Abdnor	Ford, Tenn.	Pressler
Addabbo	Fountain	Preyer
Anderson, Calif.	Fraser	Pritchard
Anderson, Ill.	Frey	Pursell
Andrews, N. Dak.	Garcia	Quayle
Archer	Giaimo	Quie
Armstrong	Goldwater	Quillen
Ashbrook	Gonzalez	Railsback
Ashley	Goodling	Rhodes
Badham	Green	Richmond
Barnard	Hagedorn	Rodino
Biaggi	Hanley	Roncalio
Biouin	Harrington	Rose
Boland	Heckler	Rosenthal
Bonior	Hefner	Rostenkowski
Brinkley	Hillis	Rousselot
Broyhill	Hollenbeck	Rudd
Burgener	Holtzman	Ruppe
Burke, Calif.	Howard	Russo
Burlison, Mo.	Ireland	Santini
Burton, John	Jeffords	Sarasin
Butler	Jenkins	Scheuer
Caputo	Johnson, Colo.	Schulze
Cavanaugh	Kasten	Sebelius
Cederberg	Le Fante	Shipley
Chisholm	Leggett	Spellman
Clausen, Don H.	Lent	Stokes
Clawson, Del	Levitas	Symms
Cleveland	Lott	Teague
Cochran	Lundine	Thone
Cohen	McCloskey	Traxler
Coleman	McDade	Treen
Collins, Ill.	McEwen	Tsongas
Conyers	McKay	Tucker
Cotter	McKinney	Udall
Daniel, Dan	Maguire	Vander Jagt
Danielson	Mann	Walker
Davis	Marriott	Wampler
Dellums	Mathis	Waxman
Dent	Meeds	Weiss
Devine	Metcalfe	Whalen
Dicks	Meyner	Whitley
Diggs	Michel	Whitten
Dodd	Mikulski	Wiggins
Early	Mikva	Wilson, Bob
Evans, Del.	Milford	Wilson, C. H.
Evans, Ga.	Moakley	Wilson, Tex.
Fascell	Mottl	Winn
Fenwick	Nix	Wolff
Fish	O'Brien	Wydler
Ford, Mich.	Oakar	Yates
	Patten	Young, Alaska
	Pepper	Zeferetti
	Pettis	

The Clerk announced the following pairs:

Mrs. Spellman with Mr. Abdnor.
Mr. Addabbo with Mrs. Fenwick.
Mr. Shipley with Mr. Pressler.
Mr. Zeferetti with Mr. Anderson of Illinois.
Mr. Howard with Mr. Fish.
Mr. Richmond with Mr. Hillis.
Mr. Pepper with Mr. Lott.
Mr. Moakley with Mr. McCloskey.
Mr. Rostenkowski with Mr. Walker.
Mr. Santini with Mr. Symms.
Mr. Biaggi with Mr. Ruppe.
Mr. Ashley with Mr. Wydler.
Mr. Giaimo with Mr. Whalen.
Mr. Hanley with Mr. McKinney.
Mr. Le Fante with Mr. Devine.
Mrs. Meyner with Mr. Coleman.
Mr. Wolff with Mr. Young of Alaska.
Mr. Rosenthal with Mr. Schulze.
Mr. Rose with Mr. McEwen.
Mr. Bonior with Mr. Marriott.
Ms. Mikulski with Mr. Winn.
Mr. Weiss with Mr. Cohen.
Mr. Fascell with Mr. Butler.
Mr. Dent with Mr. Broyhill.
Mr. Cotter with Mr. Wiggins.

Mrs. Chisholm with Mr. Jeffords.
Mr. John L. Burton with Mr. Hollenbeck.
Mrs. Burke of California with Mr. O'Brien.
Mr. Russo with Mr. Pritchard.
Mr. Stokes with Mr. Goodling.
Mr. Traxler with Mr. Quie.
Mr. Waxman with Mr. Rudd.
Mr. Charles H. Wilson of California with Mr. Green.
Mr. Yates with Mr. Frey.
Mr. Whitten with Mr. Ashbrook.
Mr. Diggs with Mr. Badham.
Mr. Whitley with Mr. Bob Wilson.
Mr. Charles Wilson of Texas with Mr. Dellums.
Mr. Anderson of California with Mr. Andrews of North Carolina.
Mr. Fountain with Mr. Goldwater.
Mr. Patten with Mr. Pursell.
Mr. Blouin with Mr. Rousselot.
Mr. Boland with Mr. Sarasin.
Mr. Garcia with Mr. Thone.
Mr. Teague with Mr. Lent.
Mr. Tsongas with Mr. Cleveland.
Mr. Udall with Mr. Don H. Clausen.
Mr. Meeds with Mr. Burgener.
Mr. Danielson with Mr. Armstrong.
Mr. Dan Daniel with Mr. Cochran of Mississippi.
Mr. Cavanaugh with Mr. Evans of Delaware.
Mr. Brinkley with Mr. Archer.
Mr. Harrington with Mr. Hagedorn.
Mr. Ford of Michigan with Mrs. Heckler.
Mr. Preyer with Mr. Railsback.
Mr. Maguire with Mr. Sebelius.
Mr. Levitas with Mr. Treen.
Mr. Mikva with Mr. Kasten.
Mr. Dodd with Mr. Vander Jagt.
Mr. Davis with Mr. Caputo.
Mrs. Collins of Illinois with Mr. Cederberg.
Mr. Mann with Mr. Del Clawson.
Mr. Metcalfe with Mr. Leggett.
Mr. Early with Mr. McDade.
Mr. Evans of Georgia with Mr. Michel.
Mr. Jenkins with Mr. Wampler.
Mr. Ireland with Mr. Tucker.
Mr. Hefner with Mr. Scheuer.
Mr. Gonzalez with Mr. Quillen.
Mr. Ford of Tennessee with Mrs. Pettis.
Mr. Burlison of Missouri with Mr. Milford.
Mr. Conyers with Mr. Quayle.
Ms. Holtzman with Mr. Roncalio.
Mr. Dicks with Mr. Mottl.
Mr. Barnard with Mr. McKay.
Mr. Mathis with Mr. Nix.
Mr. Lundine with Mr. Johnson of Colorado.
Mr. Frazier with Ms. Oakar.

So (two-thirds having voted in favor thereof) the rules were suspended and the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. LEHMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous matter on the joint resolution (H.J. Res. 946) just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

REQUEST TO CONSIDER SENATE AMENDMENT TO H.R. 2777, NATIONAL CONSUMER COOPERATIVE BANK ACT

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 2777) to provide for consumers a further means of minimizing the impact of inflation and economic depression by narrowing the price spread between costs to the producer and the consumer of needed goods, services, facilities, and commodities through the development and funding of specialized credit sources for, and technical assistance to, self-help, not-for-profit cooperatives, and for other purposes, with a Senate amendment hereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: That this Act may be cited as the "National Consumer Cooperative Bank Act".

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. The economic and financial structure of this country in combination with the Nation's natural resources and the productivity of the American people has produced one of the highest average standards of living in the world. However, the Nation has been experiencing inflation and unemployment together with an increasing gap between producers' prices and consumers' purchasing power. This has resulted in a growing number of our citizens, especially the elderly, the poor, and the inner city resident, being unable to share in the fruits of our Nation's highly efficient economic system. The Congress finds that user-owned cooperatives are a proven method for broadening ownership and control of the economic organizations, increasingly the number of market participants, narrowing price spreads, raising the quality of goods and services available to their membership, and building bridges between producers and consumers, and their members and patrons. The Congress also finds that consumer and other types of self-help cooperatives have been hampered in their formation and growth by lack of access to adequate cooperative credit facilities and lack of technical assistance. Therefore, the Congress finds a need for the establishment of a National Consumer Cooperative Bank which will make available necessary financial and technical assistance to cooperative self-help endeavors as a means of strengthening the Nation's economy.

TITLE I—NATIONAL CONSUMER COOPERATIVE BANK

CREATION AND CHARTER OF BANK

SEC. 101. There is hereby created and chartered a body corporate, the National Consumer Cooperative Bank, hereinafter referred to as the "Bank", as an instrumentality of the United States, and until otherwise provided, shall be a mixed ownership Government corporation. The bank shall have perpetual existence unless and until its charter is revoked or modified by Act of Congress. The right to revise, amend, or modify the charter of the bank is specifically and exclusively reserved to the Congress. The principal office of the bank shall be in Washington, District of Columbia, and, for the purpose of venue, shall be considered a resident thereof. It shall make loans and offer its services throughout the United States, its territories and possessions, and in the Commonwealth of Puerto Rico. The Bank shall—

(1) encourage the development of new and existing cooperatives eligible for its assistance by providing specialized credit and technical assistance;

(2) maintain broad-based control of the Bank by its voting stockholders;

(3) encourage broad-based ownership, control, and active participation by members in eligible cooperatives;

(4) assist in improving the quality and availability of goods and services to consumers; and

(5) encourage ownership of its equity securities by cooperatives and others as provided in section 104, so that the date when all of the Bank's class A stock owned by the United States has been fully redeemed (the "Final Government Equity Redemption Date") occurs as early as practicable.

GENERAL CORPORATE POWERS

SEC. 102. The Bank shall have the power to make and service loans, commitments for credit, guarantees, furnish financially related services, technical assistance and the results of research, issue its obligations within the limitations imposed by section 107 in such amounts, at such times, and on such terms as the Bank may determine, and to exercise the other powers and duties prescribed in this Act, and shall have the power to—

(1) operate under the direction of its Board of Directors;

(2) adopt, alter, and use a corporate seal, which shall be judicially noted;

(3) elect by its Board of Directors a president, one or more vice presidents, a secretary, a treasurer, and provide for such other officers, employees, and agents as may be necessary, and define their duties in accordance with regulations and standards adopted by the Board, and require surety bonds or make other provisions against losses occasioned by acts of employees;

(4) prescribe by its Board of Directors its bylaws not inconsistent with law, which shall establish the terms of office and the procedure for election of elective members; provide in a manner not inconsistent with this Act for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; and prescribe the manner in which its officers, employees, and agents are elected or selected, its property acquired, held, and transferred, its loans, commitments, other financial assistance, guarantees, and appraisals may be made, its general business conducted, and the privilege granted it by law exercised and enjoyed;

(5) enter into contracts and make advance, progress, or other payments with respect to such contracts, without regard to the provisions of section 3648 of the Revised Statutes;

(6) sue and be sued in its corporate name and complain and defend, in any court of competent jurisdiction, State or Federal;

(7) acquire, hold, lease, mortgage, or dispose of, at public or private sale, real and personal property and sell or exchange any securities or obligations, and otherwise exercise all the usual incidents of ownership of property necessary or convenient to its business: *Provided*, That any such acquisition or ownership of real property shall not deprive a State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights of the inhabitants of such property under Federal, State, or local laws;

(8) obtain insurance against loss in connection with property and other assets;

(9) modify or consent to the modification

with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which it is a party or has an interest pursuant to this Act;

(10) utilize and act through any Federal, State, or local public agency or instrumentality, or private agency or organization, with the consent of the agency or organization concerned, and contract with such agency, instrumentality, or organization for furnishing or receiving technical services and benefits of research, services, funds, or facilities; and make advance, progress, or other payments with respect to such contracts without regard to section 3648 of the Revised Statutes;

(11) within the limitations of section 107, borrow money and issue notes, bonds, and debentures or other obligations individually or in concert with other financial institutions, agencies, or instrumentalities, of such character and such terms and conditions and at rates of interest as may be determined;

(12) issue certificates of indebtedness to its stockholders or members and pay interest on funds left with the Bank, and accept grants or interest free temporary use of funds made available to it;

(13) participate with one or more other financial institutions, agencies, instrumentalities, or foundations in loans or guarantees under this Act on terms as may be agreed upon;

(14) accept guarantees from other agencies for which loans made by the Bank may be eligible;

(15) establish one or more branch offices and one or more advisory councils in connection with any such branch offices, as may from time to time be authorized by the Board of Directors;

(16) buy and sell obligations of, or insured by, the United States or any agency or instrumentalities thereof, or securities backed by the full faith and credit of any such agency or instrumentality and, after the final Government Equity Redemption Date, make such other investments as may be authorized by the Board of Directors;

(17) approve the salary scale of officers and employees of the Bank, in accordance with regulations and standards adopted by the Board of Directors, without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but, except as otherwise provided in this Act, the General Schedule pay rates shall be applicable until all class A stock held by the Secretary of the Treasury has been retired; and

(18) have such other incidental powers as may be necessary or expedient to carry out its duties under this Act.

The stock or other securities or instruments issued by the Bank shall, to the same extent as securities which are the direct obligations of the United States, be "exempt securities" within the meaning of the laws administered by the Securities and Exchange Commission.

BOARD OF DIRECTORS

SEC. 103. (a) The Bank shall be governed by a Board of Directors (hereinafter referred to as the "Board") which shall consist of thirteen members. Subject to the provisions of subsection (b) of this section, all members of the Board shall be appointed by the President, with the advice and consent of the Senate, for terms of three years or until their successors have been appointed and qualified. The President shall appoint seven members of the Board from among the officers of the agencies and departments of the United States Government: Provided, That at any one time no more than one member shall be from any one agency or department. The remaining members shall be from the general public (and not from the officers or employees of the United States Government) but shall have extensive experience in the cooperative field representative of the following classes of cooperatives: (1) housing, (2) consumer goods, (3) low-income cooperatives, (4) consumer services, and (5) all other eligible cooperatives, and for these appointments the President shall consider nominees submitted by national associations of cooperatives. Any member appointed by the President may be removed at any time with or without cause by the President. If a vacancy occurs on the Board for any reason other than a resignation pursuant to subsection (b) of this section, a new member shall be appointed by the President to serve until the next annual meeting of the Bank, at which time the vacancy shall be filled for the remainder of the unexpired term by the President or the holders of class B and class C stock, as provided in this section 104.

(b) At the first annual meeting occurring after the time when the amount of paid-in capital of the Bank attributable to the shares of class B stock and class C stock equals or exceeds $3,000,000, three members of the Board appointed by the President from the general public shall resign. Similarly, when the amount of paid-in capital attributable to the shares of class B and class C stock equals or exceeds $10,000,000 the terms of the other three members appointed by the President from the general public shall terminate. An additional member of the Board designated by the President (who shall be a member who had been appointed by the President) shall resign at each of the annual meetings occurring after the time when the amount of paid-in capital attributable to the class B and class C stock equals or exceeds seven-thirteenths and eight-thirteenths of the total amount of paid-in capital of the Bank. As members of the Board resign in accordance with the foregoing provisions, the directorships vacated shall be deemed shareholder directorships and shall be filled by the holders of class B stock and class C stock in accordance with the provisions of subsection (c) of this section. Five remaining members of the Board appointed by the President shall resign on the Final Government Equity Redemption Date. Thereafter, one member of the Board shall continue to be appointed by the President from among proprietors of small business concerns, as defined under section 3 of the Small Business Act, which are manufacturers or retailers.

(c) At all elections of Directors by holders of class B stock and class C stock, nominations shall be made by the classes of eligible cooperatives specified in subsection (a). Vacant shareholder directorships shall be filled, whether by appointment or election, so that at any time when there are three or more shareholder directors on the board, there shall be at least one director representing each of the classes of housing cooperatives, low-income cooperatives, and consumer goods and services cooperatives. Each nominee for shareholder directorship of a particular class shall have at least three years experience as a director or senior officer in the class of cooperatives to be represented. No one class of cooperatives specified in subsection (a) shall be represented on the Board by more than three directors.

(d) When all five remaining members of the Board appointed by the President have resigned pursuant to subsection (b) of this section, their successors and the successors to shareholder directors shall thereafter be elected pursuant to such rules as the Board may from time to time prescribe in the bylaws of the Bank.

(e) No director shall be eligible to be elected for more than two consecutive full three-year terms. No officer of the Bank shall be eligible to serve simultaneously as a director on the Board of the Bank. The Bank shall give adequate advance notice to all voting stockholders of nominees and of the procedures for nominating other candidates. Each voting stockholder shall make the information required in this paragraph available to its members.

(f) The Board shall annually elect from among its members a chairman and vice chairman and select a secretary who need not be a member. The Board shall establish the policies of the Bank governing its funding, lending, and other financial and technical assistance, and shall direct the management of the Bank.

(g) The Board shall meet at least quarterly. Its meeting shall be open to members or representatives of all eligible cooperatives and other eligible organizations, as observers only, and to persons or representatives of groups who identify their interest in the Bank and who are invited to attend a meeting, subject to such rules as the Board may establish for the conduct of such meetings. Those rules shall include the manner of giving notice of meetings, the procedure for the conduct of meetings, the manner of submitting topics for the agenda, the allocation of time of presentations, and debate. The chairman, when sustained by the majority of the Board present, may adjourn the open meeting into an executive session on motion of the chairman, any Board member, or at the request of any applicant, borrower, officer, or employee when the matter under discussion involves an application, a loan, a personnel action, or other matter which might tend to impinge on the right of privacy of any person.

(h) Members of the Board appointed by the President from among the officers of agencies and departments of the United States Government shall not receive any additional compensation by virtue of their service on the Board. Until the Final Government Equity Redemption Date, members of the Board appointed by the President from among the general public or elected by the holders of the class B and class C stock shall (1) receive compensation at a rate equal to the daily equivalent of the rate prescribed for grade GS–18 under section 5332 of title 5, United States Code, for each day that they are engaged in the performance of their duties on the Board, and (2) be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code, for each day that they are away from their homes or regular places of business in the performance of their duties on the Board.

CAPITALIZATION

SEC. 104. (a) The capital of the Bank shall consist of capital subscribed by borrowers from the Bank, by cooperatives eligible to become borrowers, by organizations owned and controlled by such borrowers, by foundations, trust or charitable funds, by public bodies, and by the United States. Beginning with the fiscal year ending September 30, 1979, the United States shall purchase class A stock and for that fiscal year there are authorized to be appropriated $100,000,000 for such purposes, and there are authorized to be appropriated for the next four succeeding fiscal years an amount not to exceed $200,000,000 in the aggregate. Any amounts so authorized but not appropriated or not utilized to purchase such stock of the Bank in any such fiscal year is authorized to be appropriated or reappropriated and so used in subsequent fiscal years.

(b) The capital stock of the Bank shall include class A, class B, and class C stock and such other classes with such rights, powers, privileges, and preferences of the separate classes as may be specified, not incon-

sistent with law, in the bylaws of the Bank. Class A preferred stock held by the United States shall be a preferred stock with first preference with respect to assets and dividends over all other classes of stock issued by the Bank. So long as any class A stock is outstanding, the Bank shall not pay any dividend on any other class of stock at a rate greater than the statutory dividend payable on the class A stock. Class B and class C stock shall be common stock with voting rights as provided for herein and shall be issued only to eligible borrowers and organizations controlled by such borrowers or organizations eligible to borrow, and shall be transferable only on the books of the Bank and then only to another eligible borrower. No holder of voting stock of the Bank shall be entitled to more than one vote regardless of the number of shares of stock of othe · classes held, except as provided in subsection (g) of this section

(c) Class A stock with a par value of $100 per share shall be issued by the Bank to the Secretary of the Treasury on behalf of the United States in exchange for capital furnished pursuant to subsection (a) of this section. The holder of class A stock shall be entitled to dividends at a rate determined by the Secretary of the Treasury taking into consideration the average market yield, during the month preceding the close of each fiscal year, on outstanding marketable obligations of the United States of comparable maturity: *Provided,* That until October 1, 1990, such dividends shall not exceed 25 per centum of gross revenues for the year less necessary operating expenses, including a reserve for possible losses. Such dividends shall be payable annually into miscellaneous receipts of the Treasury and shall be cumulative. Any such dividend payment may be deferred by the Board of Directors with the approval of the Secretary of the Treasury, but any dividend payment so deferred shall bear interest at the same rate as the rate at which dividends accumulate on the class A stock. Without the approval of the Secretary of the Treasury, the Bank shall not pay any dividend or distribution on, or make any redemption or repurchase of, any other class of stock at any time when the cumulative dividends on the class A stock shall not have been paid in full (together with any unpaid interest thereon). Upon any liquidation or dissolution of the Bank, the holder of class A stock shall be entitled to receive out of the assets of the Bank available for distribution to its stockholders, prior to any payment to the holders of any other class of stock of the Bank, an amount not less than the aggregate par value of all class A stock outstanding, plus all accrued and unpaid dividends accrued thereon to and including the date of payment (together with all unpaid interest thereon). The class A stock shall be redeemed and retired as soon as practicable consistent with the purposes of this Act (such redemption to be at a price equal to the par value of the class A stock so redeemed plus cumulative dividends accrued thereon to the date of redemption): *Provided,* That beginning on October 1, 1990, there shall be redeemed as a minimum with respect to each fiscal year a number of shares of class A stock having an aggregate par value equal to the aggregate consideration received by the Bank for the issue of its class B and class C stock during that fiscal year. Each such redemption shall take place not later than ninety days after the close of each fiscal year.

(d) Class B stock shall be held only by recipients of loans under section 105 of this Act, and such borrowers shall be required to own class B stock in an amount not less than 1 per centum of the face amount of the loan at the time the loan is made. Such borrowers may be required by the Bank to own additional class B or class C stock at the time the loan is made, but not to exceed an amount equal to 10 per centum of the face amount of the loan, or from time to time, as the Bank may determine. Such additional stock ownership requirements may be on the basis of the face amount of the loan, the outstanding balances, or on a percentage of interest payable during any year or any quarter thereof, as the Bank may determine will provide adequate capital for the operation of the Bank and equitable ownership thereof among borrowers

(e) Class C stock shall be available for purchase and shall be held only by borrowers or by organizations eligible to borrow under section 105 of this Act or by organizations controlled by such borrowers, and shall be entitled to dividends in the manner specified in the bylaws of the Bank. Such dividends shall be payable only from income, and, until all class A stock has been retired, the rate of such dividends shall not exceed the rate of the statutory dividend on class A stock.

(f) Nonvoting stock of other classifications and other priorities may be issued at the discretion of the Board, to other investors, except that so long as any class A stock is outstanding, the Board shall not authorize or issue any class of stock, whether voting or nonvoting, that would rank prior or equal to the class A stock as to dividends or upon liquidation or dissolution.

(g)(1) The bylaws of the Bank may provide for more than one vote on the basis of—

(A) the amount of class B stock, class C stock, or both classes held, with such limitations as will encourage investments in class C stock;

(B) the amount of patronage of the Bank; and

(C) number of members in the cooperative.

(2) Such bylaws shall avoid—

(A) voting control of the Bank from becoming concentrated with the larger affluent or smaller less affluent organizations;

(B) a disproportionately larger vote in one or more of the groups of cooperatives referred to in section 103(s) of this Act; and

(C) the concentration of more than 5 per centum of the total voting control in any one class B or class C stockholder.

(h) The Bank may accept nonreturnable capital contributions on which no interest, dividend, or patronage refund shall be payable from associations, foundations, or funds or public bodies or agencies at the discretion of the Board. For the purpose of accepting such contributions, the Bank will be a governmental unit within the meaning of section 170(b)(1)(A)(v) of the Internal Revenue Code of 1954.

(i) After payment of all operating expenses of the Bank, including interest on its obligations, and after setting aside appropriate funds for reserves for losses, for cumulative dividends on class A stock and dividends on class C stock and for any redemption of class A stock in accordance with subsection (c), the Bank shall annually set aside the remaining earnings of the Bank for patronage refunds in the form of class B or C stock or allocated surplus in accordance with the bylaws of the Bank. After ten years from the date of issue of any such stock, or at such earlier time as all the Government-held stock is retired, patronage refunds may be made in cash, or partly in stock and partly in cash.

ELIGIBILITY

SEC. 105. (a) For the purpose of all titles of this Act, subject to the limitations of subsection (d) of this section, an eligible cooperative as an organization chartered or operated on a cooperative, not-for-profit basis for producing or furnishing goods, services or facilities, primarily for the benefit of its members or voting stockholders who are ultimate consumers of such goods, services, or facilities, or a legally chartered entity entirely owned and controlled by any such organization or organizations, if it—

(1) makes such goods, services or facilities directly or indirectly available to its members or voting stockholders on a not-for-profit basis;

(2) does not pay dividends on voting stock or membership capital in excess of such percentage per annum as may be approved under the bylaws of the Bank;

(3) provides that its net savings shall be allocated or distributed to all members or patrons, in proportion to their patronage, or shall be retained for the actual or potential expansion of its services or the reduction of its charges to the patrons, or for such other purposes as may be authorized by its membership not inconsistent with its purposes;

(4) makes membership available on a voluntary basis, without any social, political, racial, or religious discrimination and without any discrimination on the basis of age, sex, or marital status, to all persons who can make use of its services and are willing to accept the responsibilities of membership, subject only to limitations under applicable Federal or State laws or regulations;

(5) in the case of primary cooperative organizations restricts its voting control to members or voting stockholders on a one vote per person basis and takes positive steps to insure economic democracy and maximum participation by members of the cooperative including the holding of annual meetings and, in the case or organizations owned by groups of cooperatives, provides positive protections to insure economic democracy; and

(6) is not a credit union, mutual savings bank, or mutual savings and loan association.

(b) No organization shall be ineligible because it produces, markets, or furnishes goods, services, or facilities on behalf of its members as primary producers, unless the dollar volume of loans made by the Bank to such organizations exceeds 10 per centum of the gross assets of the Bank.

(c) As used in this section, the term "net savings" means, for any period, the borrower's gross receipts, less the operating and other expenses deductible therefrom in accordance with generally accepted accounting principles, including, without limitation, contributions to allowable reserves, and after deducting the amounts of any dividends on its capital stock or other membership capital payable during, or within forty-five days after, the close of such period.

(d) An eligible cooperative which also has been determined to be eligible for credit assistance from the Rural Electrification Administration, the National Rural Utilities Cooperative Finance Corporation, the Rural Telephone Bank, the Banks for Cooperatives or other institutions of the Farm Credit System, or the Farmers Home Administration may receive the assistance authorized by this Act only (1) if the Bank determines that a request for assistance from any such source or sources has been rejected or denied solely because of the unavailability of funds from such source or sources, or (2) by agreement between the Bank and the agency or agencies involved.

(e) Notwithstanding any other provision of this section, a credit union serving predominantly low-income members (as defined by the Administrator of the National Credit Union Administration) may receive technical assistance under title II.

ANNUAL MEETING

SEC. 106. The Bank shall hold an annual meeting of its stockholders which shall be open to the public. At least 30 days' advance notice of the time and place of the annual meeting shall be given to all stockholders. Borrowers from the Bank shall also give notice of the meeting to their members, who shall be entitled to attend. At such meeting the Bank shall give a full report of its ac-

tivities during the year and its financial conditions and may present proposals for future action and other matters of general concern to borrowers and organizations eligible to borrow from the Bank. Members and representatives of borrowers may present motions or resolutions relating to matters within the scope of this Act and may participate in the discussion thereof and other matters on the agenda.

BORROWING AUTHORITY

SEC. 107. (a) The Bank is authorized to obtain funds through the public or private sale of its bonds, debentures, notes, and other evidences of indebtedness. Such obligations shall be issued at such times, bear interest at such rates, and contain such terms and conditions as the Board shall determine after consultation with the Secretary of the Treasury: *Provided, however,* That the amount of such obligations which may be outstanding at any one time pursuant to this section shall not exceed five times the paid-in capital and surplus of the Bank.

(b) The Bank is also authorized, but not required, and only so long as any of its class A stock is held by the Secretary of the Treasury, to issue its obligations to the Secretary of the Treasury, in amounts not to exceed in the aggregate such amounts as are provided in appropriations Acts and the Secretary of the Treasury may in his discretion purchase any such obligations. Each purchase of obligations of the Bank under this subsection shall be upon such terms and conditions as to yield a rate of return not less than a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturity. The Secretary of the Treasury may sell, upon such terms and conditions and at such price or prices as he shall determine any of the obligations of the Bank acquired by him under this subsection.

(c) The Bank may purchase its own obligations, and may provide for the sale of any such obligations through a fiscal agent or agents, by negotiation, offer, bid, syndicate sale, or otherwise, and may deliver such obligations by book entry, wire transfer, or such other means as may be appropriate.

(d) Obligations issued under this section shall not be guaranteed by the United States and shall not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than the Bank.

LENDING POWERS

SEC. 108. (a) The Bank may make loans and commitments for loans under this subsection to any organization determined by the Bank to be eligible under the provisions of section 105 of this Act, and may purchase or discount obligations of members of such organizations if the Bank, to the exclusion of all other persons, entities, agencies, or jurisdictions, also determines that the applicant has or will have a sound organizational and financial structure, income in excess of its operating costs and assets in excess of its obligations, and a reasonable expectation of a continuing demand for its production, goods, commodities, or services, or the use of its facilities, so that the loan will be fully repayable in accordance with its terms and conditions. Commencing on October 1, 1983, the Bank shall not make any loan to a cooperative for the purpose of financing the construction, ownership, acquisition, or improvement of any structure used primarily for residential purposes if, after giving effect to such loan, the aggregate amount of all loans outstanding for such purpose would exceed 30 per centum of the gross assets of the Bank. The Board of Directors shall use its best efforts to insure that at the end of each fiscal year of the Bank at least 35 per centum of its outstanding loans are to—

(1) cooperatives at least a majority of the members of which are low-income persons, and

(2) other cooperatives, if the proceeds of such loans are directly applied to finance a facility, activity, or service that the Board finds will be used predominantly by low-income persons.

The Board shall adopt and publish in the Federal Register rules defining the term "low-income persons" for purposes of this subsection. The criteria to be applied and the factors to be considered by the Bank in making loans, loan commitments, purchases, discounts, and guarantees shall include an assessment of the impact of the loan on existing small businesses in the eligible organizations' business territory. The criteria and factors shall be stated in rules of the Bank which shall be published and made available to applicants and, upon request, to any other person or organization.

(b) Loans under this section shall be repayable in not more than forty years and, except for loans with final due date not longer than five years from the date of the loan, shall be amortized as to principal and interest. In setting the terms, rates, and charges, it shall be the objective of the Bank to provide the type of credit needed by eligible borrowers, at the lowest reasonable cost on a sound business basis, taking into account the cost of money to the Bank, necessary reserve and expenses of the Bank, and the technical and other assistance attributable to loans under this section made available by the Bank, but so long as the Bank makes loans from the proceeds of the sale of class A stock, the interest rate shall not be less than the rates generally prevailing in the area from other sources for loans for similar purposes and maturities, taking into consideration the cost to the borrower of required purchase of class B stock in the Bank. The loan terms may provide for interest rates to vary from time to time during the repayment period of the loan in accordance with the rates being charged by the Bank for new loans at such times. The proceeds of a loan under this subsection may be advanced by the borrower to its members or stockholders under circumstances described in the bylaws or rules of the Bank.

(c) Subject to section 102(13), the Bank may guarantee all or any part of the principal and interest of any loan made by any State or federally chartered lending institution to any borrower if such loan is to an organization that would be an eligible borrower from the Bank for a direct loan and is on terms and conditions (including the rate of interest) which would be permissible terms and conditions for such a direct loan. The Bank may impose a charge for any such guarantee. No loan may be guaranteed by the Bank if the income therefrom to the lender is excluded from such lender's gross income for purposes of chapter 1 of the Internal Revenue Code of 1954.

(d) Any loan guaranteed under subsection (c) shall be assignable to the extent provided in the contract of guarantee as may be determined by the Bank. The guarantee shall be uncontestable, except for fraud or misrepresentation of which the holder had actual knowledge at the time he acquired the loan. The Bank in lieu of requiring such lender to service such guaranteed loan until final maturity or liquidation, may purchase the loan for the balance of the principal and accrued interest thereon without penalty, if it determines that (1) liquidation of the loan would result in the insolvency of the borrower or deprive the borrower of assets essential to its continued operation, and (2) the loan will be repayable with revision of the loan rates, terms, or payment periods or other conditions not inconsistent with loans made by the Bank under subsection (a) of this section, which revisions the lender or other holder of such guaranteed loan is unwilling to make.

(e) As long as any of the class A stock of the Bank is held by the Secretary of the Treasury, the aggregate amount of commitments by the Bank to make or guarantee loans shall not exceed such amounts as may be specified in annual appropriation Acts.

TAXATION

SEC. 109. Until the Final Government Equity Redemption Date, but not thereafter, the Bank, including its franchise, capital, reserves, surplus, mortgages, or other security holdings and income shall be exempt from taxation now or hereafter imposed by any State, county, municipality, or local taxing authority, but any real property held by the Bank shall be subject to any State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

QUARTERS AND SPACE

SEC. 110 Until the Final Government Equity Redemption Date, space for the principal office and any branch offices of the Bank shall be provided by the General Services Administration. Thereafter, the Bank may lease, construct, or own quarters and provide for the space requirements of its principal and other offices.

REPORTS TO CONGRESS

SEC. 111. The Board of the Bank shall report annually to the appropriate committees of the Congress on the Bank's capital, operations, and financial condition and make recommendations for legislation needed to improve its services.

AUTHORIZATION

SEC. 112. In addition to appropriations specifically authorized in the Act, there are authorized to be appropriated $2,000,000 for the fiscal year ending September 30, 1979, and for each of the two succeeding fiscal years, ending September 30, 1980, and September 30, 1981, such sums as may be necessary: *Provided,* That none of these appropriated sums shall be used to retire any indebtedness of the Bank incurred pursuant to section 107 of this Act. Any sums so appropriated shall remain available until expended.

APPEALS

SEC. 113. (a) If an application for assistance under this Act is denied in whole or in part, the applicant shall be informed within thirty days in writing of the reasons for the denial or restriction.

(b) Any applicant for assistance under this Act receiving notice of denial or restriction of the application may, within thirty days of receipt of such notice, request the Board of Directors to review the application and notice of denial or restriction for a determination of whether the action of the Bank was correctly within the terms of the Act, the regulations, and the policy of the Board. The Board shall consider the request for review at its meeting and promptly inform the applicant of its determination and the reasons therefor.

CONFLICT OF INTEREST

SEC. 114. The Board of Directors shall adopt and publish its own conflict of interest rules which shall be no less stringent in effect than the Federal Executive conflict of interest rules contained in Executive Order Numbered 11222 in prohibiting participation or action or the use of inside information for personal advantage on any matter involving a corporation, trust, partnership, or cooperative organization in which a board member, officer, or employee holds a substantial financial interest or holds a position as board member or senior officer, the activities of which organization might be relevant to, be competitive with,

or be inconsistent with the objectives of any bank created under this Act. These rules shall require—

(1) each nominee for elected membership on the Board established under this Act to make public and file with the election official before the date of election a statement of his financial interest and position, if any, in such organizations; and

(2) each senior executive officer and appointed member of the Board to file with the appointing officer, before entering that office a statement of his financial interest and position, if any, in such organizations, which shall be available for inspection upon request.

The provisions of this section shall remain in effect until the Final Government Equity Redemption Date.

EXAMINATION AND AUDIT

SEC. 115. Until the stock of the Bank held by the United States has been fully retired, the operations of the Bank shall be examined annually under the direction of an agency or instrumentality of the Federal Government designated by the President, including the General Accounting Office and reports of such examination shall be forwarded to the Congress. The President shall, no later than the date than 66⅔ per centum of the class A stock is held by others than the Secretary of the Treasury, establish an Office of Supervision and Audit which shall be responsible for audits and examinations of the Bank, shall assure that the objectives of this title are carried out, and shall review and comment on the by-laws of the Bank and the general policies of the Bank and shall make an annual report to the Congress.

TITLE II—OFFICE OF SELF-HELP DEVELOPMENT AND TECHNICAL ASSISTANCE

ESTABLISHMENT

SEC. 201. (a) There is hereby established within the Bank an Office of Self-Help Development and Technical Assistance (hereinafter the "Office").

(b) The Office shall have a Director who shall be appointed by the President, with the advice and consent of the Senate, and who shall not be a member of the Board. Subject to review by the Board, the Director shall promulgate and publish in the Federal Register policies and procedures governing the operation of the Office.

AUTHORIZATION

SEC. 202. There are hereby authorized to be appropriated to the Office $10,000,000 for the fiscal year ending September 30, 1979, and for the next two succeeding fiscal years an aggregate amount not to exceed $65,000,000, for the purpose of making advances under section 203 of this Act. Any amounts appropriated to the Office shall be deposited by the Office in a separate account in the Bank (hereinafter the "Account"), and shall remain available until expended. Repayments of capital investment advances made pursuant to section 203(a) pursuant to section 203(b) and payments of interest thereon pursuant to section 203 (c) shall also be deposited in the Account. No other funds of the Bank shall be transferred into the Account. The Account shall be used by the Office only as authorized in section 203.

CAPITAL INVESTMENTS AND INTEREST SUPPLEMENTS

SEC. 203. (a) The Office may make a capital investment advance out of the Account to any eligible cooperative, either in conjunction with or without a loan if the Office determines that—

(1)(A) the applicant's initial or supplemental capital requirements exceeds its ability to obtain such capital through a loan under section 108 or from other sources; or

(B) the membership of the applicant is, or will consist, substantially of low-income persons, as defined by the Board of Directors, or the applicant proposes to undertake to provide specialized goods, services, or facilities to serve their needs; and

(2) the applicant cannot obtain sufficient funds through a loan under section 108 or otherwise, and the applicant presents a plan which the Office determines will permit the replacement of a capital investment advance out of member equities within a period not to exceed thirty years.

(b) The Office may make advances out of the Account to pay all or part of the interest payable to the Bank or any other lender by an eligible cooperative applicant which the Office determines cannot pay a market rate of interest because it sells goods or services to, or provides facilities for the use of, persons of low income: *Provided*, That such advances will not exceed an amount equal to 4 per centum of the principal amount of the indebtedness of such applicant to the Bank or such other lender for any year in which the net income of the cooperative is insufficient to meet scheduled interest payments.

(c) Capital investment advances made by the Office pursuant to subsection (a) and interest supplement advances made by the Office pursuant to subsection (b) shall bear interest at a rate determined by the Board of Directors of the Bank, and the Board of Directors may authorize an interest rate applicable to such advances lower than the rate applicable to loans by the Bank pursuant to section 108.

ORGANIZATIONAL ASSISTANCE

SEC. 204. The Office shall make available information and services concerning the organization, financing, and management of cooperatives to best achieve the objectives of this Act and to best provide the means through which various types of goods, services, and facilities can be made available to members and patrons. The Office may enter into agreement with other agencies of Federal, State, and local governments, colleges and universities, foundations, or other organizations for the development and dissemination of such information, and services described in this title. The Office may make or accept grants or transfer of funds for such purposes.

INVESTIGATION AND REVENUES

SEC. 205. The Office may undertake investigations of new types of services which can more effectively be provided through cooperative not-for-profit organizations and make surveys of areas where the increased use of such organizations will contribute to the economic well-being of the community.

FINANCIAL ANALYSIS AND MARKET SURVEYS

SEC. 206. The Office may, at the request of any eligible cooperative, provide a financial analysis of the applicant's capital structure and needs and its cost of operations, survey the market for the goods or services the cooperative makes or desires to make available to its members or patrons or the users of its facilities.

DIRECTOR AND MANAGEMENT TRAINING AND ASSISTANCE

SEC. 207. The Office shall develop and make available, alone or in concert with other organizations, a program for training directors and staff of eligible cooperatives to improve their understanding of their responsibilities; the problems of and solutions for effective and efficient operation of their organizations or of cooperatives in general; and may by any means it deems appropriate, conduct membership studies, provide membership education programs, and programs for informing consumers and the general public of the advantages of cooperative action. Management supervision, review, and consultations shall be available from the Office to any eligible cooperative.

GOVERNMENT ASSISTANCE PROGRAMS

SEC. 208. The Office shall work closely with all United States Government agencies offering programs for which consumer cooperatives may be eligible to assure that information concerning all such programs is made available to eligible cooperatives.

AUTHORIZATION

SEC. 209. There are authorized to be appropriated to the Office $2,000,000 for the fiscal year ending September 30, 1979, and for each of the two succeeding fiscal years, such sums as may be necessary for the administration of this title. Any sums so appropriated shall remain available until expended.

FEES FOR SERVICES

SEC. 210. The Office may make the technical assistance services under this title available for such fees as it may establish, except that such services as the Office may determine may be made available without charge to eligible cooperatives depending on the nature of the services or on ability to pay. Any fees collected shall be accounted for separately and be available for expenses of the Office.

TITLE III—GENERAL PROVISIONS

AMENDMENTS TO EXISTING LAW

SEC. 301. (a) Section 201 of the Government Corporation Control Act (31 U.S.C. 856) is amended by redsignating paragraph (6) the second time it appears therein as paragraph (7), by striking out "and" immediately before "(9)" and by inserting ", and (10) the National Consumer Cooperative Bank" immediately before the period at the end thereof.

(b) Section 302 of the Government Corporation Control Act (31 U.S.C. 867) is amended by striking out "or" before "the Federal Land Banks" and inserting immediately after "the Federal Land Banks," the following: "or the National Consumer Cooperative Bank,".

(c) The second sentence of subsection (d) of section 303 of the Government Corporation Control Act (31 U.S.C. 868(d)) is amended by inserting "National Consumer Cooperative Bank," immediately before "Rural Telephone Bank".

SEC. 302. Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"(122) President, National Consumer Cooperative Bank.

"(123) Director, Office of Self-Help Development and Technical Assistance, National Consumer Cooperative Bank.".

Mr. ST GERMAIN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the Senate amendment be dispensed with and that it be printed in the RECORD. I shall explain the major differences.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

Mr. WYLIE. Mr. Speaker, reserving the right to object, I do so to engage the gentleman from Rhode Island in a colloquy about this bill and the procedure which we are following here in the absence of the ranking Republican on the Subcommittee on Financial Institutions (Mr. ROUSSELOT).

I had a discussion with Mr. ROUSSELOT this morning, as did the distinguished chairman of the Subcommittee on Financial Institutions. I think it is fair to say that if the gentleman from California (Mr. ROUSSELOT) had his druthers, he would rather have no bill; that has been his position from the beginning.

But, in view of the situation that we now have, he prefers the Senate bill to the bill which passed the House, and he prefers this procedure to the procedure of going to conference.

Is that the gentleman's understanding?

Mr. ST GERMAN. Mr. Speaker, will the gentleman yield?

Mr. WYLIE. I will be glad to yield.

Mr. ST GERMAIN. Mr. Speaker, I might state that indeed we have had lengthy discussions on this, Mr. ROUSSELOT and I. We were actually hoping to dispose of this last Thursday, but because of a trip he had to make we held it off until today.

However, he does wish this. He would prefer the Senate bill, and he does not want to go to conference because if we do go to conference our hope would be to expand the Senate bill. I think the gentleman has a few amendments he wants to discuss.

Mr. WYLIE. Further reserving the right to object, the gentleman from California (Mr. ROUSSELOT) did present to us this morning two amendments which he would like adopted under the unanimous-consent procedure, which I am not certain need to be adopted to satisfy his purpose.

The first one would have to do with the provisions of the House bill with reference to the Sunshine Act, and it would provide all meetings of the boards of directors of the banks, as long as class A stock or Federal guarantees remain outstanding, would be open to the public, as would meetings involving considerations of public concern. As I understand it from a discussion with the gentleman, this subject was taken care of in the Senate bill.

Mr. ST GERMAIN. Both the Senate and the House bills clearly call for open operation, full audits, and surveillance.

Clearly, both have the same thrust for open meetings.

The legislative history is clear. I can assure the gentleman that he is well aware that the subcommittee will continue its oversight of this, and if there is any problem as far as sunshine is concerned there will be quick and deliberate action.

However, I do not hesitate to say that because the legislative history is very clear, the meetings should be conducted in the open.

Mr. WYLIE. I thank the gentleman for that assurance. I wish to assure the Members of the House I do associate myself with the gentleman's assurances in that respect.

The other amendment which concerned the gentleman from California (Mr. ROUSSELOT) had to do with regulatory surveillance over the National Consumer Cooperative Bank activities and referred to examinations and examination reports. In the House bill we provide that the President could establish a procedure for audits and examinations through outside firms, through the Federal Deposit Insurance Corporation, the Comptroller of the Currency or the Federal Reserve Board. As I understand it, there was a modification in this regard in the Senate bill, that the Senate bill expanded beyond that which we provided in this House. Would the gentleman explain to the House in that respect?

Mr. ST GERMAIN. In essence both the House and the Senate bills do call for an audit. As to the Government agency which would perform the audit or the private agency which would perform the audit, that would be chosen by the President. The only difference is that the Senate bill expands the possibility of audit agencies to include the General Accounting Office, so if indeed we went to conference we would be in a position of accepting the General Accounting Office or not, but we could not substitute the Government Corporation Control Act provision. But, the provisions for full audits and oversight are clear and provide all the necessary controls and protections.

Mr. WYLIE. Mr. Speaker, I thank the gentleman for his explanation.

With that explanation, I withdraw my reservation of objection.

Mr. BAUMAN. Mr. Speaker, reserving the right to object, is this the so-called Nader bank bill that passed this House on a rollcall by one vote?

Mr. ST GERMAIN. This is the consumer bank bill. Originally sponsored by myself, Mr. WYLIE, Mr. REUSS, and more than 100 Members of the House.

Mr. BAUMAN. I did not mean to disparage the gentleman's authorship in this matter, but I believe the bill passed this body by only one vote.

Mr. ST GERMAIN. It passed the Senate by a vote of 60 to 33. It passed in the House without administration support. Once the bill reached the Senate, we received the administration support.

Mr. BAUMAN. That is more a commentary on the judgment of the other body than anything else.

I think in a controversial matter of this type, creating a whole new Federal agency and hundreds of millions of dollars in spending, it ought to be dealt with in the regular order. I think the gentleman from California ought to be here, and we should all have time to study the matter. I object.

Mr. ST GERMAIN. If the gentleman will withhold his objection to give me an opportunity to explain, I would appreciate it.

Mr. BAUMAN. I will withhold the objection.

Mr. ST GERMAIN. If the gentleman would.

Very sincerely, I have worked with the gentleman from California on a daily basis for many years. He had to be some place else this afternoon, just as he had to be some place else last Thursday and Friday. We have been over this thoroughly with him and the gentleman from Ohio (Mr. STANTON), the ranking minority member. We have polled the Republicans on the committee. There are no objections to proceeding in this manner.

The reason is that frankly the only one who stands to gain by going to conference would be the proponents because we would like to liberalize the bill and increase the amounts. The amounts have been cut back, I would say to the gentleman, from $500 million to $300 million on the authorization for the bank capital and from $250 million to $75 million on the self-help fund.

The borrowings in the private marketplace have been reduced from 10-to-1 to 5-to-1 of capital. The proponents would stand to gain from a conference, but the reason we are following this procedure is to expedite this matter in order not to have to go to conference because of the many conferences and other legislation we are facing.

We have received complete agreement from the gentleman from California, Mr. ROUSSELOT, and the ranking minority member, the gentleman from Ohio, Mr. STANTON.

Mr. BAUMAN. Mr. Speaker, I am sorry that the gentleman feels that there is some necessity to rush on this matter but all Members should be allowed time to inform themselves on this issue.

Mr. ST GERMAIN. It is not a question of rushing. It passed the Senate 10 days ago. We discussed this last Monday and the gentleman from California, Mr. ROUSSELOT, said let us wait until Thursday morning. He forgot that on Wednesday night he had to leave and could not be here.

I spoke with the gentleman today and he said yes, there is no problem.

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

Mr. BAUMAN. I will yield to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Of course, if it is a fait accompli, then there is probably no use in proceeding further, but I would say, in all fairness, we did discuss this with the gentleman from California (Mr. ROUSSELOT). He said that he would prefer accepting the Senate bill to going to conference. He thinks the Senate bill is much better than the House bill, and that if he could get assurances on these two amendments that we have discussed heretofore, that he would have no objection if he were on the House floor. He has taken the leadership, I would say, in the fight against this bill. I honestly feel that we have come up with a procedure which comes closer to what the gentleman from California (Mr. ROUSSELOT) would prefer short of actually defeating the bill.

Mr. BAUMAN. Mr. Speaker, I think that another 24 hours will not hurt anything and we will have the gentleman from California (Mr. ROUSSELOT) here; therefore I object.

The SPEAKER pro tempore. Objection is heard.

The Chair would ask for clarification that the objection of the gentleman from Maryland (Mr. BAUMAN) goes to the original unanimous-consent request and not to dispensing with the reading; is that correct?

Mr. BAUMAN. That is correct, and I object.

The SPEAKER pro tempore. Objection is heard.

HOUSING AND COMMUNITY DEVELOPMENT AMENDMENTS OF 1978

Mr. REUSS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 3084) to amend and extend certain Federal laws relating

to housing, community, and neighborhood development and preservation, and related programs, and for other purposes, for the purpose of striking all after the enacting clause of the bill and inserting in lieu thereof the provisions of H.R. 12433, as passed by the House on July 21, 1978, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin (Mr. REUSS)?

Mr. BROWN of Michigan. Mr. Speaker, reserving the right to object, and I do not intend to object, it is my understanding that the gentleman from Wisconsin (Mr. REUSS) is asking for consideration of this legislation merely for the purpose of inserting the House language in the Senate bill in anticipation of a conference being requested with the Senate? And if I am correct in that, then I have no objection.

Mr. REUSS. Mr. Speaker, if the gentleman will yield, I will tell the gentleman from Michigan (Mr. BROWN) that that is precisely right and that I have an additional unanimous-consent request which would appoint conferees so that we may go to conference and do our best to uphold the position of the House.

Mr. BROWN of Michigan. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the Senate bill as follows:

S. 3084

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing and Community Development Amendments of 1978".

TITLE I—COMMUNITY AND NEIGHBORHOOD DEVELOPMENT AND CONSERVATION

REHABILITATION LOANS

SEC. 101. (a) Section 312 of the Housing Act of 1964 is amended—

(1) by striking out all that follows "projects" in subsection (a) and inserting in lieu thereof the following: "assisted under section 8 of the United States Housing Act of 1937.";

(2) by striking out subsection (c)(3) and inserting in lieu thereof the following:

"(3) The loan shall bear interest at such rate as the Secretary determines to be appropriate, but not to exceed 3 per centum per annum, for loans to families with adjusted incomes of not more than 80 per centum of the median income for the area, or for loans for multifamily properties. For loans to families with adjusted incomes above 80 per centum of the median income for the area, as determined by the Secretary, the Secretary may establish interest rates based on adjusted family income, ranging from above 3 per centum to a rate determined by the Secretary, but in no case may any such rate exceed the current average market yield on outstanding marketable securities of the United States with remaining periods to maturity comparable to the terms of loans made pursuant to this section, adjusted to the nearest one-eighth of 1 per centum. The Secretary may prescribe such other charges adequate in the judgment of the Secretary to cover administrative costs and possible losses under the program.";

(3) by inserting before the semicolon at the end of subsection (c)(4)(A) a comma and "or if such refinancing is deemed necessary by the Secretary to minimize displacement of existing tenants of a multifamily property"; and

(4) by striking out "$50,000" in subsection (c)(4)(B) and inserting in lieu thereof "$100,000".

(b) Section 312(d) of such Act is amended—

(1) by striking out "and not to exceed $60,000,000 for the fiscal year beginning on October 1, 1977" in the first sentence thereof and inserting in lieu thereof the following: "not to exceed $60,000,000 for the fiscal year beginning on October 1, 1977, not to exceed $370,000,000 for the fiscal year beginning on October 1, 1978, and not to exceed $370,000,000 for the fiscal year beginning on October 1, 1979"; and

(2) by adding at the end thereof the following: "Of the amounts appropriated under this section for the fiscal year beginning on October 1, 1978, $175,000,000 shall be available only for rehabilitation loans for multifamily properties, and $70,000,000 shall be available only for rehabilitation loans in connection with urban homesteading programs. Of the amounts appropriated under this section for the fiscal year beginning on October 1, 1979, $175,000,000 shall be available only for rehabilitation loans for multifamily properties, and $70,000,000 shall be available only for rehabilitation loans in connection with urban homesteading programs. The Secretary may administratively increase or reduce the amounts set aside under the preceding sentences for rehabilitation loans for multifamily properties or for urban homesteading, if such increase or reduction is necessary, giving due consideration both to the relative demand and need for different types of rehabilitation loan programs, and to the rate at which the Secretary and State and local governments and agencies can expand, and still effectively administer, the rehabilitation loan programs for multifamily properties and urban homesteading.".

(c) Section 312 of such Act is amended by adding at the end thereof the following:

"(1) Rehabilitation loans under this section for multifamily properties shall be subject to the following additional limitations and conditions:

"(1) The property must—

"(A) be located in a low- or moderate-income neighborhood designated by the unit of local government for concentrated community development activities; or

"(B) have a majority of tenants of low and moderate income, and be located in a neighborhood characterized by substantial private investment and rising property values resulting in the displacement of low- or moderate-income persons, and the loan must be for the purpose of minimizing such displacement.

All such loans must be consistent with an overall community development strategy that principally benefits low- and moderate-income persons.

"(2) The property must have fewer than one hundred units except where the Secretary determines that a loan under this section is essential to meet the community development needs of a neighborhood, and alternative sources of financing are not available.

"(3) The Secretary shall insure that the preponderance of multifamily property loans under this section are made with respect to properties of thirty or fewer units, but the Secretary shall provide localities the maximum flexibility in meeting housing needs identified in their housing assistance plans.

"(4) When assistance payments under section 8 of the United States Housing Act of 1937 are necessary to minimize displacement of existing tenants of the property, the Secretary shall insure that an application for such assistance payments is made in conjunction with the application for a rehabilitation loan and shall make available, to the maximum extent possible and for as long a time as is feasible, such assistance payments for such tenants. The Secretary may enter into agreements with investor-owners receiving such loans, and receiving assistance under section 8 of the United States Housing Act of 1937 in connection with such a loan, as provided for in the previous sentence, to ensure that units for which such assistance payments under section 8 are initially received continue to be available for low and moderate income housing for as long a time period as is feasible.

"(5) The Secretary shall enter into an agreement with the investor-owner of a multifamily property which is to be rehabilitated with a loan under this section to limit, for a period of at least five years, the increased rent caused by the rehabilitation.

"(6) Prior to the approval of an application for such a loan, the Secretary shall consider, from evidence of the prior management history of the investor-owner, whether the investor-owner is likely to provide continuing sound management and maintenance of the project, and the Secretary shall require an adequate plan for the future management of the project for which such a loan is made.

"(7) Prior to the approval of an application for such a loan, the Secretary shall insure that there is a program for informing the tenants of the terms of the loan, the possible effects of the loan on rents, and the possible sources of rental assistance for eligible tenants.

"(8) The Secretary shall give maximum possible assistance to investor-owners, particularly smaller investor-owners, of multifamily projects in meeting the application and other requirements of this section.

"(9) The Secretary shall adopt administrative measures to limit the use of a rehabilitation loan for a multifamily property in conjunction with tax syndication financing under the Internal Revenue Code of 1954 except where the Secretary determines the combination is needed to assure the feasibility of the project.

"(10) The Secretary shall make a maximum possible effort to minimize displacement and hardships due to temporary displacement which are caused by rehabilitation loans with respect to multifamily properties.

"(11) The Secretary shall encourage the use of private funds in conjunction with such loans when such private involvement is feasible and does not increase displacement.

"(12) The Secretary may impose additional limitations and conditions on the use and availability of rehabilitation loans for multifamily properties.

"(j) In carrying out the provisions of this section in connection with an urban homesteading program approved under section 810 of the Housing and Community Development Act of 1974, the Secretary shall—

"(1) be authorized to use, and shall use, a portion of the funds set aside under subsection (d) for urban homesteading programs for a demonstration program to explore the feasibility of carrying out, on a national basis, an urban homesteading program involving multifamily properties; and

"(2) provide rehabilitation loan funds for use in a locally developed homesteading program only if that program meets the requirements of section 810(b) of the Housing and Community Development Act of 1974.

"(k) In conjunction with the annual report required under section 113(a) of the Housing and Community Development Act of 1974, the Secretary shall submit to the Congress a report on the rehabilitation loan program. Such report shall include a summary of the use of funds under this section,

particularly with regard to the types of neighborhoods and persons aided under this section, and an evaluation of progress made toward community development goals under this section. As soon as feasible, but not later than December 1, 1979, the Secretary shall submit to Congress an interim report evaluating the use of funds under this section for multifamily properties, with legislative recommendations for improving the overall effectiveness of Federal assistance for the rehabilitation of multifamily properties.".

(d) Section 312(h) of such Act is amended by striking out "1979" each place it appears and inserting in lieu thereof "1980".

URBAN HOMESTEADING

SEC. 102. (a) Section 810(b) of the Housing and Community Development Act of 1974 is amended by inserting before the last sentence thereof the following: "The Secretary may provide for the homesteading of properties in areas other than those where community services and facilities are being upgraded in any case where the Secretary determines such action to be appropriate and such action was requested by the unit of local government, State, or agency involved.".

(b) Subsection (f) of such section is amended—

(1) by inserting "and the Administrator of Veterans' Affairs" after "Secretary" the first place it appears; and

(2) by inserting "or the Administrator" after "Secretary" the second place it appears.

(c) The first sentence of subsection (g) of such section is amended—

(1) by striking out "and" after "fiscal year 1977,"; and

(2) by inserting immediately before the period at the end thereof a comma and the following: "and not to exceed $26,000,000 for the fiscal year 1979".

(d) Section 810 of such Act is amended—

(1) by redesignating subsection (g) as subsection (j); and

(2) by inserting after subsection (f) the following:

"(g) The Secretary is authorized to make a grant to reimburse any unit of general local government, State, or designated agency participating in the urban homesteading program under this section for administrative costs incurred by that unit of general local government, State, or designated agency in carrying out its urban homesteading program. The amount of any such grant may not exceed $60,000.

"(h) The Secretary is authorized to make grants to units of general local government, States, and designated agencies to facilitate the homesteading of properties acquired as result of abandonment, tax foreclosure, or otherwise by paying any mechanic's liens or tax liens against such properties. The amount of any grant under this subsection to any unit of general local government, State, or designated agency for any fiscal year shall not exceed for each property made available to the urban homesteading program during that year the lesser of $5,000 or the amount of any lien against the property. The aggregate amount of grants under this subsection shall not exceed $36,000,000.

"(i) The Secretary is authorized to acquire from the Administrator of Veterans' Affairs any property held by the Administrator which is suitable for inclusion in an urban homesteading program, and to reimburse the Administrator in an amount to be agreed upon by the Administrator and the Secretary for each such property.".

(e) Subsection (j) of such section, as redesignated, is amended by adding at the end thereof the following: "In addition, to carry out subsections (g) and (h), there are authorized to be appropriated not to exceed $45,000,000 for fiscal year 1979.".

(f) Section 312(d) of the Housing Act of 1964, as amended by section 101 of this Act, is amended by adding at the end thereof the following: "Of the amount available for urban homesteading programs, the Secretary shall make available $8,000 for each property conveyed in connection with an urban homesteading program under section 810 of the Housing and Community Development Act of 1974. Any amount available to a unit of general local government, State, or designated agency under the preceding sentence but not used for such purpose shall remain available to that unit, State, or agency for not to exceed one year for the rehabilitation of other properties in accordance with this section.".

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AMENDMENTS

SEC. 103. (a) Section 104(a)(4) of the Housing and Community Development Act of 1974 is amended—

(1) by inserting "owners of homes requiring rehabilitation assistance," after "large families," in clause (A); and

(2) by inserting "including existing rental and owner occupied dwelling units to be upgraded and thereby preserved," after "existing dwelling units," in clause (B)(i).

(b) Section 105(a)(11) of such Act is amended to read as follows:

"(11) relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate to the community development program;".

URBAN DEVELOPMENT ACTION GRANTS

SEC. 104. (a) Section 119(c) of the Housing and Community Development Act of 1974 is amended—

(1) by striking out "and" at the end of clause (4);

(2) by striking out the period at the end of clause (5) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(6) include a statement analyzing the impact of the proposed urban development action program on the residents, particularly those of low and moderate income, of the residential neighborhood, and on the neighborhood, in which the program is to be located.".

(b) Section 119(e) of such Act is amended by inserting before "and feasibility" the following: "impact of the proposed urban development action program on the residents, particularly those of low and moderate income, of the residential neighborhood, and on the neighborhood, in which the program is to be located;".

(c) Title I of such act is amended by adding the following new section at the end thereof:

"FAIR PARTICIPATION FOR SMALL COMMUNITIES

"SEC. 120. No community shall be barred from participating in any program authorized under this title solely on the basis of population, except as expressly authorized by statute.".

(c) Section 119(b) of such Act is amended by adding at the end thereof the following: "For the purpose of the preceding sentence, a city or urban county is severely distressed and eligible for assistance under this section if it contains one or more areas which have the levels of physical and economic distress set forth in the minimum standards referred to in the preceding sentence. As used in the preceding sentence, the term 'areas' means one or more contiguous census tracts having a population of at least ten thousand persons.".

TITLE II—HOUSING ASSISTANCE PROGRAMS

LOW-INCOME HOUSING

SEC. 201. (a) The first sentence of section 5(c) of the United States Housing Act of 1937 is amended—

(1) by striking out "and" immediately following "October 1, 1976,"; and

(2) by inserting immediately after "on October 1, 1977," the following: "and by $1,195,043,000 on October 1, 1978".

(b) Section 5(c) of such Act is amended by inserting after the fourth sentence the following: "Of the additional authority to enter into contracts for annual contributions provided on October 1, 1978, and approved in appropriation Acts, the Secretary shall make available not less than $50,000,000 for modernization of low-income housing projects.".

(c) Effective on October 1, 1978, section 5(c) of such Act is amended by striking out the second and fourth sentences thereof.

(d) Section 8(e) of such Act is amended by adding at the end thereof the following:

"(5) For the purpose of upgrading and thereby preserving the Nation's housing stock, the Secretary is authorized, notwithstanding any other provision of this section, to make assistance payments under this section directly or through public housing agencies pursuant to contracts with owners or prospective owners who agree to upgrade housing so as to make and keep such housing decent, safe, and sanitary through upgrading which involves less than substantial rehabilitation, as such upgrading and rehabilitation are defined by the Secretary. The Secretary is authorized to prescribe such terms and conditions for contracts entered into under this section pursuant to this paragraph as the Secretary determines to be necessary and appropriate, except that such terms and conditions, to the maximum extent feasible, shall be consistent with terms and conditions otherwise applicable with respect to other dwelling units assisted under this section. The Secretary is also authorized to make assistance available under this section pursuant to this paragraph to any unit in a housing project which, on an overall basis, reflects the need for such upgrading.".

(e) Section 9(c) of such Act is amended—

(1) by striking out "and" immediately following "on or after October 1, 1976,"; and

(2) by inserting immediately before the period at the end thereof a comma and the following: "and not to exceed $729,000,000 on or after October 1, 1978".

(f) Section 3(2)(D) of such Act is amended by striking out "10" where it appears and inserting in lieu thereof "20".

HOUSING FOR THE HANDICAPPED

SEC. 202. (a) Section 202 of the Housing Act of 1959 is amended by adding at the end thereof the following new subsection:

"(h) Of the amounts made available in appropriation Acts for loans pursuant to subsection (a)(4)(C) for the fiscal year commencing on October 1, 1978, not less than $50,000,000 shall be available for loans for the development of rental housing and related facilities specifically designed to meet the needs of the handicapped (primarily nonelderly) persons. The Secretary shall take such steps as may be necessary to assure that—

"(1) funds made available pursuant to this subsection will be used to support innovative methods of meeting the needs of handicapped persons by providing a variety of housing options, ranging from small group homes to independent living complexities; and

"(2) housing and related facilities assisted under this subsection will provide handicapped persons occupying units within such housing with an assured range of services specified under subsection (f) and the opportunity for optimal independent living and participation in normal daily activities, and will facilitate access by such persons to the community at large and to suitable employment opportunities within such community.".

(b) The second sentence of section 202(a)(4)(C) of such Act is amended—

(1) by striking out "in any fiscal year" immediately after "under this section"; and

(2) by striking out "for such year" immediately after "authority established".

(c) Section 202(d)(3) of such Act is amended by inserting "the cost of moveables necessary to the basic operation of the project as determined by the Secretary," immediately after "related facilities,".

PUBLIC HOUSING SECURITY DEMONSTRATION

SEC. 203. (a) This section may be cited as the "Public Housing Security Demonstration Act of 1978".

(b)(1) The Congress finds that—

(A) low-income and elderly public housing residents of the Nation, who are already subject to difficult living conditions and have suffered substantially from rising crime and violence, are being threatened as a result of inadequate security arrangements for the prevention of physical violence, theft, burglary, and other crimes;

(B) such residents, living in an insecure housing environment, have restricted their lives and use of the environment because of their concern about crime, and are abandoning public housing projects at a time when there is an increasing demand for public housing units;

(C) higher vacancy rates and heavy financial losses of management in some cases have led to complete abandonment of public housing projects;

(D) an integral part of successfully providing decent, safe, and sanitary dwellings for low-income persons is to insure that the housing is secure;

(E) local public housing authorities have inadequate security arrangements for the prevention of crime and vandalism, and lack specific operating funds to provide security measures; and

(F) action is needed to provide for the security of public housing residents and to preserve the Nation's investment in its public housing stock.

(2) It is therefore declared to be the policy of the United States to provide for the demonstration and evaluation of more effective means of mitigating crime and vandalism in public housing projects and for the development of a comprehensive program for reducing crime and vandalism in all the Nation's public housing projects.

(c)(1) The Secretary of Housing and Urban Development shall promptly initiate and carry out a program for the development, demonstration, and evaluation of improved, innovative community anticrime and security methods, concepts, and techniques which will mitigate the level of crime in public housing projects and their surrounding neighborhoods.

(2) In selecting public housing projects to receive assistance under this section, the Secretary shall consider the extent of crime and vandalism currently existing, the nature and quality of community anticrime efforts in the projects and surrounding areas, the nature and quality of police and other protective services to the projects and their tenants, the vacancy rate and demand for public housing in the locality, and the extent of abandonment of public housing units. Priority shall be given to comprehensive community anticrime and security plans submitted by public housing authorities which provide for the restoration of abandoned dwelling units, coordination between public housing management and local government in providing increased security and social services to the projects and tenants, and maximum opportunity for tenant involvement and employment in the community anticrime and security programs.

(3) In carrying out the provisions of this section, the Secretary shall coordinate and jointly target resources with other agencies, particularly the Law Enforcement Assistance Administration, the Department of Health, Education, and Welfare, the Department of Labor, the Community Services Administration, and ACTION.

(d) The community anticrime and security methods, concepts, and techniques utilized in this demonstration and evaluation may include improved physical security equipment for dwelling units in these projects, new concepts for social and environmental design, tenant awareness and volunteer programs, tenant participation and employment in providing security services, and such other measures as deemed necessary or appropriate by the Secretary.

(e) The Secretary shall initiate and carry out a survey of crime currently existing in the Nation's public housing projects, and transmit a report on such survey to the Congress not later than eighteen months after the date of enactment of this Act. This report shall include the level of crime and the extent of vandalism existing in public housing projects, findings from the demonstration and evaluation of various methods of reducing the level of crime, and recommendations, if appropriate, for a comprehensive public housing program to provide increased community anticrime and security concepts and techniques to all public housing projects, and the estimated costs of such program.

(f) Section 9(c) of the United States Housing Act of 1937 is amended by adding at the end thereof the following: "Of the additional authority to make annual contributions under this section provided for the fiscal year beginning on October 1, 1978, not to exceed $10,000,000 shall be available to carry out the Public Housing Security Demonstration Act of 1978.".

HOMEOWNERS REHABILITATION ASSISTANCE

SEC. 204. (a) Section 5(e) of the United States Housing Act of 1937, as amended by section 201 of this Act, is amended by adding after the fifth sentence the following: "Of the additional authority to enter into contracts for annual contributions provided on October 1, 1978, and approved in appropriation Acts, the Secretary shall make available not less than $30,000,000 for contracts for annual contributions for assistance payments under section 8(i).".

(b) Section 8(d)(2) of such Act is amended by inserting after "under this section" the following: ", including under subsection (i),".

(c) Section 8 of such Act is amended by adding at the end thereof the following new subsection:

"(i)(1) The Secretary is authorized to enter into contracts under this section with public housing agencies pursuant to which such agencies may make assistance payments with respect to loans made to finance the rehabilitation of one- to four-family dwelling units owned and occupied by lower income families where the rehabilitation is carried out in accordance with a locally developed plan for rehabilitation in designated neighborhoods which meets the requirements of or is contained in an applicable housing assistance plan. In extending such assistance, the public housing agency, or an agency of local government or other nonprofit entity participating in neighborhood rehabilitation and designated by the local government or the Secretary shall provide homeowner counseling and monitoring concerning the extent of repair, renovation, or rehabilitation activities and the eligibility of contractors to conduct such activities.

"(2) The amount of assistance payments under such contracts shall be—

"(A) the lesser of (i) the monthly costs of principal, interest, and other amounts for repayment of the loan made in accordance with paragraph (3) of this subsection, or (ii) an amount determined under subsection (c)(3), except that the term 'maximum monthly rent' as used in such subsection shall be deemed to mean the total monthly housing cost of the owner; and

"(B) shall be periodically paid to the lender, in accordance with such regulations as the Secretary may prescribe.

"(3) Contracts under this subsection may be entered into only with respect to loans—

"(A) made by federally chartered or federally insured financial institutions or by other entities approved by the Secretary or by the unit of local government in accord with regulations of the Secretary;

"(B) which finance activities which have been approved by the applicable unit of local government, directly or through the entity designated under paragraph (1), or which could be financed with home improvement loans under title I of the National Housing Act;

"(C) which finance the performance of home improvement and rehabilitation activities by the owner of the unit involved, or by contractors approved by the applicable unit of local government, directly or through the entity designated under paragraph (1); and

"(D) which have maturities, maximum amounts, and interest rates not in excess of those applicable to loans under title I of the National Housing Act.

"(4) The Secretary is authorized to prescribe such regulations as may be necessary to assure that the costs of eligible repair, renovation, or rehabilitation activities assisted under this section do not exceed the costs necessary to bring the housing unit into conformity with local housing codes or other appropriate standards.".

ASSISTANCE FOR MOBILE HOME OWNERS

SEC. 205. Section 8 of the United States Housing Act of 1937, as amended by section 204 of this Act, is amended by adding at the end thereof the following new subsection:

"(j)(1) The Secretary may enter into annual contributions contracts under this subsection for the purpose of assisting lower income families by making rental assistance payments with respect to real property on which is located a mobile home which is owned by any such family and utilized by such family as its principal residence. In carrying out this subsection, the Secretary (A) may enter into annual contributions contracts with public housing agencies pursuant to which such agencies may enter into contracts to make such assistance payments to the owners of such real property, or (B) enter into such contracts directly with the owners of such real property.

"(2) Contracts entered into pursuant to this subsection shall establish the maximum monthly rent (including maintenance and management charges) which the owner is entitled to receive for each space on which a mobile home is located and with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically (but not less than annually) with respect to the market area for the rental of real property suitable for occupancy by families assisted under this subsection. The provisions of subsection (c)(2) of this section shall apply to the adjustments of maximum monthly rents under this subsection.

"(3) The amount of any monthly assistance payment with respect to any family assisted under this subsection shall be the difference between 25 per centum of one-twelfth of the annual income of such family and the sum of—

"(A) the monthly payment made by such family to amortize the cost of purchasing the mobile home;

"(B) monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

"(C) the maximum monthly rent permitted with respect to the real property which is rented by such family for the purpose of locating its mobile home;

except that in no case may such assistance exceed the total amount of such maximum monthly rent.

"(4) Each contract entered into under this subsection shall be for a term of not less than one month and not more than one hundred and eighty months.

"(5) The Secretary may prescribe other terms and conditions which are necessary for the purpose of carrying out the provisions of this subsection and which are consistent with the purposes of this subsection.".

OPERATING ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS

SEC. 206. (a) The purpose of this section is to provide assistance to restore or maintain the financial soundness, and to maintain the low- to moderate-income character, of certain projects assisted or approved for assistance under the National Housing Act or under the Housing and Urban Development Act of 1965.

(b) The Secretary of Housing and Urban Development (hereafter in this title referred to as the "Secretary") is authorized to make and to contract to make, in accordance with the provisions of this section, assistance payments to owners of rental or cooperative housing projects meeting the requirements of this section.

(c) A rental or cooperative housing project shall be initially eligible for assistance under this section only if such project—

(1)(A) is assisted or approved for assistance under section 236 of the National Housing Act or is covered by a mortgage (including a mortgage assigned to the Secretary) insured under such Act and assisted or approved for assistance under the proviso of section 221(d)(5) of such Act or under section 101 of the Housing and Urban Development Act of 1965, except that, in the case of any such project which is not insured under the National Housing Act, such assistance may not be provided before October 1, 1979, or (B)" ; and meet the criteria specified in clause (A) of this sentence and has been acquired and sold by the Secretary, subject to a mortgage insured or held by the Secretary, to a purchaser with whom, at the time of sale, there is an agreement to maintain the low- to moderate-income character of the project, and

(2) meets such other requirements as the Secretary, in the Secretary's discretion, may prescribe.

Assistance payments may be made available under this section with respect to projects meeting the criteria specified in clause (1)(B) of the first sentence of this subsection, which are sold on or after the effective date of this section, only if the Secretary provides at the time of sale that such assistance payments will or may be made available for the project.

(d) No assistance payments shall be made under this section unless the Secretary has determined that (1) such payments are necessary to restore or maintain the economic soundness of the project and to maintain its low- to moderate-income character, (2) the project is being operated and managed in accordance with a management improvement and operating plan approved by the Secretary, and (3) the owner of the project, together with the mortgagee in the case of a project not insured under the National Housing Act, has provided or has agreed to provide assistance to the project in such manner as the Secretary may determine.

(e) Any assistance payments made pursuant to this section with respect to any project shall be made on an annual basis, payable at such intervals as the Secretary may determine, and may be in any amount which the Secretary, in the Secretary's discretion, determines to be consistent with the purpose of this section, but shall not exceed the differential, as determined by the Secretary, between the projected income to be received for the project, and the estimated expense and costs of operating the project, during the period for which such payments are made. For purposes of this section, such projected income shall include all anticipated rental and other income, and all housing subsidies, as defined by the Secretary, to or on behalf of the project or residents thereof, taking into account the income level of such residents, and shall include interest differentials or any other payments to a mortgagee. Such estimated expense shall reflect such necessary operating costs as, but not limited to, taxes, utilities, maintenance, management, insurance, debt service and repairs, and such other allowances related to the costs of operating the project as the Secretary may approve, and shall be based on an annual operating budget for the project submitted by the owner and approved by the Secretary, taking into account such standards for operating costs in the area as may be determined by the Secretary.

(f) In order to carry out the purposes of this section, the Secretary is authorized, notwithstanding the provisions of section 236(f)(1) of the National Housing Act, to provide, in the Secretary's discretion, that, for purposes of establishing a rental charge under section 236(f)(1) of such Act, there may be excluded from the computation of the cost of operating a project an amount equivalent to the amount of assistance payments available for the project pursuant to this section.

(g) The Secretary may, at any time, approve adjustments in such annual operating budget and in the amount of such assistance payments to the extent that the Secretary determines that such adjustments are necessary and appropriate to reflect increases or decreases in the amount of income to the project or in the actual and necessary expenses of operating the project. Any continuation of such payments beyond the first annual period for which the payments are made shall be in the Secretary's discretion, and shall be subject to the provisions of the second sentence of subsection (c) and such other criteria as the Secretary may prescribe.

(h) The Secretary is authorized to issue such rules and regulations as may be necessary to carry out the provisions and purposes of this section, including regulations requiring the establishment of a project reserve or such other safeguards as the Secretary determines to be necessary for the financial soundness of any project for which assistance payments are provided.

(i) There are authorized to be appropriated for the purpose of making payments under this section not to exceed $74,000,000 for the fiscal year 1979, and not to exceed $96,000,000 for the fiscal year 1980. Any amounts appropriated under this section shall remain available until expended. Notwithstanding any provision of section 236(g) of the National Housing Act, all rental charges in excess of the basic rental charges which are credited to the reserve fund established pursuant to section 236(g) of such Act after September 30, 1977, shall be merged with and be in addition to any appropriation under this subsection, and all such excess rental charges collected and paid to the Secretary after September 30, 1978, shall be credited to and be in addition to any appropriation under this subsection.

TENANT PARTICIPATION IN MULTIFAMILY HOUSING PROJECTS

SEC. 207. (a) The purpose of this section is to recognize the importance and benefits of cooperation and participation of tenants in creating a suitable living environment in multifamily housing projects and in contributing to the successful operation of such projects, including their good physical condition, proper maintenance, security, energy efficiency, and control of operating costs. For the purpose of this section, the term "multifamily housing project" means a project which (1) is covered by a mortgage (including a mortgage assigned to the Secretary) insured under the National Housing Act and assisted or approved for assistance under section 236 or the provisions of section 221(d)(5) of such Act or under section 101 of the Housing and Urban Development Act of 1965, or (2) meet the criteria specified in clause (1) of this sentence and has been acquired and sold by the Secretary, subject to a mortgage insured or held by the Secretary, to a purchaser with whom, at the time of sale, there is an agreement to maintain the low- to moderate-income character of the project, or (3) is owned by the Secretary or covered by a mortgage insured under the National Housing Act or held by the Secretary and is determined by the Secretary to be serving predominantly low- and moderate-income tenants.

(b) To achieve the purpose of this section, the Secretary shall adopt such measures as the Secretary deems appropriate to assure that—

(1) tenants have adequate notice of, reasonable access to relevant information about, and an opportunity to comment on, major actions determined by the Secretary to affect rents, physical condition, or management of multifamily housing projects, and, in the case of a project owned by the Secretary, proposed disposition of the project;

(2) project owners cooperate in reasonable efforts to assist tenants in obtaining rent subsidies or other public assistance;

(3) tenants are not evicted without good cause or without adequate notice of proposed eviction and the reasons therefor: and

(4) project owners cooperate with resident tenant organizations, and do not interfere with the right of tenants to organize such organizations.

In carrying out the provisions of this section the Secretary is authorized to take such actions, and to prescribe such standards for compliance, as the Secretary deems appropriate to achieve the purposes thereof, including approval of reasonable expenditures from project income to support activities of resident tenants' organizations.

MANAGEMENT AND PRESERVATION OF HUD-OWNED MULTIFAMILY HOUSING PROJECTS

SEC. 208. (a) It is the policy of the United States that the Secretary shall manage and dispose of multifamily housing projects which are owned by the Secretary in a manner consistent with the purposes of the National Housing Act. Toward that end, the goals of the property management and disposition program of the Department of Housing and Urban Development shall be—

(1) to dispose of projects in a manner which will be less costly to the Federal Government than other reasonable alternatives by which the Secretary could further the goals set forth in clauses (2) through (6), protect the financial interests of the Government, and produce a satisfactory return to the mortgage insurance funds;

(2) to preserve housing units which are available to and affordable by low- and moderate-income families;

(3) to preserve and revitalize residential neighborhoods;

(4) to maintain existing housing stock in a decent, safe and sanitary condition;

(5) to minimize the displacement of tenants; and

(6) to demolish projects only as a last resort.

In pursuit of those goals, the Secretary is

authorized to balance competing considerations relating to individual projects in a manner which the Secretary deems will further the achievement of the overall purpose of this section.

(b)(1) Notwithstanding the provisions of the Federal Property and Administrative Services Act of 1949 or any other provision of law, the Secretary is authorized, in carrying out the goals set forth in subsection (a) of this section and in addition to any other power or authority vested in the Secretary—

(A) to dispose of a multifamily housing project owned by the Secretary on a negotiated, competitive bid, or other basis, to a purchaser determined by the Secretary to be qualified to satisfy conditions of the disposition, and on such terms as the Secretary deems appropriate considering the low- and moderate-income character of the project and the goals set forth in subsection (a); and

(B) to contract for management services for a multifamily housing project owned by the Secretary on a negotiated, competitive bid, or other basis at a price determined by the Secretary to be reasonable.

(2) In evaluating the qualifications of potential managers for, and purchasers of, multifamily housing projects which are owned by the Secretary, the Secretary shall consider, but not be limited to considering, the following factors:

(A) ability to implement sound financial management;

(B) ability to provide sound physical management;

(C) ability to respond to the economic and social needs of lower income tenants and to work cooperatively with resident organizations;

(D) responsiveness of the proposed management plan to the needs of the property and residents thereof;

(E) adequacy of organizational, staff, and financial resources to implement the proposed management program; and

(F) the cost of services.

(c) The Secretary shall maintain all occupied multifamily housing projects owned by the Secretary in a decent, safe, and sanitary condition.

(d) The Secretary shall, to the greatest extent possible, maintain full occupancy in all multifamily housing projects which are owned by the Secretary.

(e) The Secretary shall make reasonable efforts to encourage the employment and training of tenants of multifamily housing projects owned by the Secretary and lower income residents of the neighborhoods in which such projects are located in the repair and maintenance of such projects.

(f) The Secretary is authorized to consult with, and to furnish technical assistance to, tenants and organizations for the purpose of developing, where appropriate, nonprofit cooperatives which will purchase multifamily housing projects owned by the Secretary, and to develop tenant management capabilities prior to any such sale.

(g)(1) Whenever tenants will be displaced as a result of the disposition of, or repairs to, a multifamily housing project owned by the Secretary, the Secretary shall identify tenants who will be displaced, shall notify all such tenants of their pending displacement and relocation assistance to be provided.

(2) The Secretary shall seek to assure maximum opportunity for any such tenant (A) to return, whenever possible, to a repaired unit, (B) to occupy a unit in another multifamily housing project owned by the Secretary, (C) to obtain housing assistance under the United States Housing Act of 1937, or (D) to receive such other relocation assistance as the Secretary determines to be appropriate.

(h) Notwithstanding any other provision of law, whenever the Secretary is requested to accept assignment of a mortgage insured by the Secretary which covers a multifamily housing project, and the Secretary determines that partial payment would be less costly to the Federal Government than other reasonable alternatives for maintaining the low- and moderate-income character of the project, the Secretary may request the mortgagee in lieu of assignment, to accept partial payment of the claim under the mortgage insurance contract and to recast the mortgage, under such terms and conditions as the Secretary may determine. As a condition to a partial claim payment under this section, the mortgagor shall agree to repay to the Secretary the amount of such payment and such obligation shall be secured by a second mortgage on the property on such terms and conditions as the Secretary may determine.

(i) For purposes of this section, the term "multifamily housing project" means a multifamily project which is determined by the Secretary to be serving predominantly low- and moderate-income tenants.

SALES TO COOPERATIVES

SEC. 209. Section 246 of the National Housing Act is amended to read as follows:

"SALES TO COOPERATIVES

"SEC. 246. In any case in which the Secretary sells a multifamily housing project acquired as the result of a default on a mortgage which was insured under this Act to a cooperative which will operate it on a nonprofit basis and restrict permanent occupancy of its dwellings to members, or to a nonprofit corporation which operates as a consumer cooperative as defined by the Secretary, the Secretary may accept a purchase money mortgage, or upon application of the mortgagee, insure a mortgage under this section upon such terms and conditions as the Secretary determines are reasonable and appropriate, in a principal amount equal to the value of the property at the time of purchase, which value shall be based upon a mortgage amount on which the debt service can be met from the income of the property when operated on a nonprofit basis after payment of all operating expenses, taxes and required reserves, except that the Secretary may, at the Secretary's discretion, add to the mortgage amount an amount not greater than the amount of prepaid expenses and costs involved in achieving cooperative ownership, or make such other provision for payment of such expenses and costs as the Secretary deems reasonable and appropriate. Prior to such disposition of a project, funds may be expended by the Secretary for necessary repairs and improvements.".

HOUSING ACCESS

SEC. 210. The Secretary shall require any purchaser of a multifamily housing project owned by the Secretary to agree not to refuse unreasonably to lease a vacant dwelling unit in the project which rents for an amount not greater than the fair market rent for a comparable unit in the area as determined by the Secretary under section 8 of the United States Housing Act of 1937 to a holder of a certificate of eligibility under that section solely because of such prospective tenant's status as a certificate holder.

SOLAR UNITS

SEC. 211. (a) It is the purpose of this section to promote and extend the application of viable solar energy installations as the most dependable, pollution-free and desirable source of energy for residential single-family and multifamily housing units.

(b)(1) The Secretary, in carrying out programs and activities under section 312 of the Housing Act of 1964, section 202 of the Housing Act of 1959, and section 8 of the United States Housing Act of 1937, shall permit the installation of solar units which are economically feasible.

(2) For the purposes of this section, the term "solar units" means—

(A) solar thermal energy equipment which is either of the active type based upon mechanically forced energy transfer or of the passive type based on convective, conducive, or radiant energy transfer or some combination of these types,

(B) photovoltaic cells and related equipment,

(C) a product or purpose the primary purpose of which is conservation of energy through devices or techniques which increase the energy efficiency of existing equipment, methods of operation, or systems which use fossil fuels, and which is on the Energy Conservation Measures List of the Secretary of Energy or which the Secretary determines to be consistent with the intent of this subsection,

(D) equipment the primary purpose of which is production of energy from wood, biological waste, grain, or other biomass source of energy,

(E) equipment the primary purpose of which is district heating,

(F) hydroelectric power equipment,

(G) wind energy conversion equipment, or

(H) engineering, architectural, consulting, or other professional services which are necessary or appropriate to aid citizens in using any of the measures described in subparagraphs (A) through (G).

(c) The Secretary shall develop, within twelve months after the date of enactment of this section, guidelines to determine the long-term economic feasibility of solar units, as compared to convention energy sources. These guidelines shall take into account factors which shall include but are not limited to the following—

(1) capital requirements, interest charges, projected operating and maintenance costs for solar units, and

(2) projected increases in the cost of other energy source in the city, town, or region for comparable housing which generally meets applicable model building codes, insulation and other standards recommended by the American Society of Heating, Refrigerating and Air Conditioning Engineers, the National Electric Manufacturers Association, or other standards or codes acceptable to the Secretary.

(d) The Secretary shall take such steps as may be necessary to promote the installation of economically feasible solar units in residential single-family and multifamily housing, taking into account the interests of low-income homeowners and renters. These actions shall include the implementation of a plan of action to publicize the availability and feasibility of solar units to current or potential recipients of assistance under the programs and projects of the Department of Housing and Urban Development.

(e) The Secretary shall, in conjunction with the Secretary of Energy, transmit to the Congress, within eighteen months after the date of enactment of this Act, a report setting forth—

(1) the number of solar units which were contracted for or installed or which are on order under the provisions of subsection (b)(1) of this section during the first twelve full calendar months after the date of enactment of this Act;

(2) the number of solar units within each region of the Department of Housing and Urban Development which are projected to be contracted for, installed, or under order by the end of calendar year 1985, under all programs and projects within the Department of Housing and Urban Development;

(3) recommendations to increase the number of units referred to in clause (2) of this section to the maximum feasible number of solar units which could be contracted for, installed or placed under order by the end of calendar year 1985 given a reasonable range of economic assumptions and specify-

ing alternative Federal incentives which might be used and the costs of each;

(4) recommendations as to the most effective Federal incentives and actions to increase the affordability of solar units in single-family or multi-family housing units during the first five years after the installation of the applicable solar units; and

(5) an analysis of the feasibility of using community-scale solar energy and other alternative energy approaches and their applicability to activities carried out under title I of the Housing and Community Development Act of 1974.

TITLE III—PROGRAM EXTENSIONS

EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS

SEC. 301. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1978" in the first sentence and inserting in lieu thereof "October 1, 1979".

(b) Section 217 of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(c) Section 221(f) of such Act is amended by striking out "September 30, 1978" in the fifth sentence and inserting in lieu thereof "September 30, 1979".

(d) Section 235(m) of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(e) Section 236(n) of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(f) Section 244(d) of such Act is amended—

(1) by striking out "September 30, 1978" in the first sentence and inserting in lieu thereof "September 30, 1979"; and

(2) by striking out "October 1, 1978" in the second sentence and inserting in lieu thereof "October 1, 1979".

(g) Section 245 of such Act is amended by striking out "September 30, 1978" where it appears and inserting in lieu thereof "September 30, 1979".

(h) Section 809(f) of such Act is amended by striking out "September 30, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".

(i) Section 810(k) of such Act is amended by striking out "September 30, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".

(j) Section 1002(a) of such Act is amended by striking out "September 30, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".

EXTENSION OF FLEXIBLE RATE AUTHORITY

SEC. 302. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out "October 1, 1978" and inserting in lieu thereof "October 1, 1979".

EXTENSION OF EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974

SEC. 303. Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended by striking out "October 1, 1978" and inserting in lieu thereof "October 1, 1979".

COMPREHENSIVE PLANNING

SEC. 304. (a) The second sentence of section 701(e) of the Housing Act of 1954 is amended by striking out "and not to exceed $75,000,000 for the fiscal year 1978" and inserting in lieu thereof "not to exceed $75,000,000 for the fiscal year 1978, and not to exceed $57,000,000 for the fiscal year 1979".

(b) The second sentence of section 701(c) of such Act is amended by striking out "biennially" and inserting in lieu thereof "triennially".

(c) Section 701(d)(2) of such Act is amended by striking out "biennially" and inserting in lieu thereof "at least triennially" and by striking out "two" and inserting in lieu thereof "three".

(d) Section 701(m) of such Act is amended by adding immediately after clause (4) a new clause to read as follows:

"(5) The term 'Indian tribal group or body' means any Indian tribe, band, group, and nation, including Alaska Indians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act (Public Law 93–638) or under the State and Local Fiscal Assistance Act of 1972 (Public Law 92–512).".

RESEARCH AUTHORIZATIONS

SEC. 305. (a) Title V of the Housing and Urban Development Act of 1970 is amended by striking out in the second sentence of section 501 "and not to exceed $60,000,000 for the fiscal year 1978" and inserting in lieu thereof "not to exceed $60,000,000 for the fiscal year 1978, and not to exceed $62,000,000 for the fiscal year 1979".

(b) Such title is further amended by adding at the end thereof the following new section:

"CONVERSIONS

"SEC. 509. In carrying out activities under section 501, the Secretary is authorized to conduct demonstrations to determine the feasibility of expanding homeownership opportunities in urban areas and encouraging the creation and maintenance of decent, safe, and sanitary housing in such areas by utilizing techniques including, but not limited to, the conversion of multifamily housing properties to condominium or cooperative ownership by individuals and families.".

NEW COMMUNITIES

SEC. 306. Section 720(a) of the Housing and Urban Development Act of 1970 is amended by striking out "October 1, 1978" and by inserting in lieu thereof "October 1, 1979."

EXTENSION OF CRIME INSURANCE AND RIOT REINSURANCE PROGRAMS

SEC. 307. (a) Section 1201 of the National Housing Act is amended—

(1) by striking out, in subsection (b)(1), "September 30, 1978" and inserting in lieu thereof "September 30, 1981";

(2) by striking out, in subsection (b)(1)(A), "September 30, 1981" and inserting in lieu thereof "September 30, 1984"; and

(3) by striking out, in subsection (b)(2), "September 30, 1978" and inserting in lieu thereof "September 30, 1982".

(b) Section 1211 of such Act is amended by adding the following new subsection at the end thereof:

"(c) At least one-third of the voting members of every board of directors, board of governors, advisory committee, and other governing or advisory board or committee for each plan described in subsection (b) shall be individuals who are not employed by, or otherwise affiliated with, insurers, insurance agents, brokers, producers, or other entities of the insurance industry.".

EXTENSION OF NATIONAL FOOD INSURANCE PROGRAM

SEC. 308. (a) Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1980".

(b) Section 1336(a) of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1980".

FLOOD INSURANCE STUDIES

SEC. 309. Section 1376(c) of the National Flood Insurance Act of 1968 is amended by striking out "and not to exceed $108,000,000 for the fiscal year 1978" and inserting in lieu thereof a comma and the following: "not to exceed $108,000,000 for the fiscal year 1978, and not to exceed $114,000,000 for the fiscal year 1979".

FEDERAL HOUSING ADMINISTRATION INSURANCE FUNDS

SEC. 310. Section 519(f) of the National Housing Act is amended by inserting before the period at the end thereof a comma and the following: "which amounts shall be increased by not to exceed $165,000,000 on and after October 1, 1978".

NATIONAL NEIGHBORHOOD POLICY ACT

SEC. 311. The National Neighborhood Policy Act is amended—

(1) by striking out "one year" in section 204(c) and inserting in lieu thereof "fifteen months"; and

(2) by striking out "$1,000,000" in section 207 and inserting in lieu thereof "$1,500,000".

NATIONAL INSTITUTE OF BUILDING SCIENCES

SEC. 312. Section 809(h) of the Housing and Community Development Act of 1974 is amended by inserting after "1978" the following: ", and any amounts not appropriated in fiscal years 1977 and 1978 may be appropriated in any fiscal year through 1982".

INCREASE IN GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE PURCHASE AUTHORITY AND LIMITS

SEC. 313. (a) The third clause of the proviso in section 302(b)(1) of the National Housing Act is amended by striking "if the original principal obligation thereof exceeds or exceeded $33,000 (or such higher amount not in excess of $38,000 as the Secretary may by regulation specify in any geographical area where he finds that cost levels so require), for each family residence or dwelling unit covered by the mortgage (plus an additional $2,500 for each such family residence or dwelling unit which has four or more bedrooms)" and inserting in lieu thereof "if the original principal obligation thereof exceeds or exceeded $60,000 in the case of property upon which is located a dwelling designed principally for a one-family residence; or $65,000 in the case of a two or three-family residence; or $75,000 in the case of a four-family residence; or, in the case of a property containing more than four dwelling units, $38,000 per dwelling unit (or such higher amount not in excess of $45,000 per dwelling unit as the Secretary may by regulation specify in any geographical area where the Secretary finds that cost levels so require) for that part of the property attributable to dwelling use".

(b) Section 305(c) of such Act is amended by striking out "and by $2,000,000,000 on July 1, 1969" and inserting in lieu thereof "by $2,000,000,000 on July 1, 1969, and subject to approval in an appropriation Act, by $500,000,000 on October 1, 1978".

FHA-INSURED MORTGAGE REFINANCING OF HOSPITALS

SEC. 314. Section 223(f) of the National Housing Act is amended by—

(a) striking the period at the end of the first sentence and inserting the following: "or the refinancing of existing debt of an existing hospital which the Secretary has determined is economically viable and which has received such certifications from a State agency designated in accordance with section 604(a)(1) or section 1521 of the Public Health Service Act for the State in which the hospital is located as the Secretary deems necessary and appropriate and comparable to the certifications required for hospitals insured under section 242 of this Act."; and

(b) striking from the second sentence the word "property" and substituting, in lieu thereof, "multifamily housing project".

INCREASED MORTGAGE CEILINGS FOR MORTGAGE INSURANCE PROGRAMS

SEC. 315. (a) Section 207(c)(3) of the National Housing Act is amended by striking out "$19,500", "$21,600", "$25,800", "$31,800", and "$36,000", in the matter preceding the first semicolon and inserting in lieu thereof "$21,900", "$24,600", "$30,300", "$38,100", and "$43,158", respectively.

(b) Section 213(b)(2) of such Act is amended by striking out "$19,500", "$21,600", "$25,800", "$31,800" and "$36,000" in the matter preceding the first semicolon and inserting in lieu thereof "$21,900", "$24,600", "$30,300", "$38,100", and "$43,158", respectively.

(c) Section 220(d)(3)(B)(iii) of such Act is amended by striking out "$19,500", "$21,600", "$25,800", "$31,800", and "$36,000" in the matter preceding the first semicolon and inserting in lieu thereof "$21,900", "$24,600", "$30,300", "$38,100", and "$43,158".

(d) Section 221(d)(3)(ii) of such Act is amended—

(A) by striking out "$16,860", "$18,648", "$22,356", "$28,152", and "$31,884" and inserting in lieu thereof "$22,601", "$26,007", "$31,768", "$41,292", and "$45,392", respectively; and

(B) by striking out "$19,680", "$22,356", "$26,496", "$33,120", and "$38,400" and inserting in lieu thereof "$23,268", "$26,673", "$32,434", "$41,958", and "$46,058", respectively.

(e) Section 221(d)(4)(ii) of such Act is amended by striking out "$18,450", "$20,625", "$24,630", "$29,640", and "$34,846", in the matter preceding the first semicolon and inserting in lieu thereof "$20,362", "$23,430", "$28,620", "$37,200", and "$40,894", respectively.

(f) Section 231(c)(2) of such Act is amended by striking out "$18,450", "$20,625", "$24,630", "$29,640", and "$34,846" in the matter preceding the first semicolon and inserting in lieu thereof "$20,362", "$23,430", "$28,620", "$37,200", and "$40,894", respectively.

(g) Section 234(e)(3) of such Act is amended by striking out "$19,500", "$21,600", "$25,800", "$31,800", and "$36,000" in the matter preceding the first semicolon and inserting in lieu thereof "$21,900", "$24,600", "$30,300", "$38,600", and "$43,158", respectively.

TITLE IV—CONGREGATE SERVICES

SHORT TITLE

SEC. 401. This title may be cited as the "Congregate Housing Services Act of 1978".

DECLARATION OF FINDINGS

SEC. 402. The Congress finds and declares that—

(1) in keeping with the traditional American principle of individual dignity and independence, innovative and comprehensive means are required to permit frail and handicapped elderly individuals the full and free enjoyment of their lives within their own households;

(2) congregate housing, supplemented by supportive services, offers a proven and cost-effective means of enabling such individuals to maintain their dignity and independence through the avoidance of costly and unnecessary institutionalization;

(3) such supportive services can also provide significant assistance to nonelderly handicapped individuals in their efforts to live independently within their own households;

(4) although existing law requires the Secretary of Housing and Urban Development to encourage public housing agencies to provide congregate housing which meets the special needs of elderly and handicapped individuals, a large and growing number of such residents of public housing face premature and unnecessary institutionalization because of a gap in the spectrum of housing choices due to critical deficiencies in the availability, adequacy, coordination, or delivery of the supportive services required for the successful development of adequate numbers of congregate public housing units; and

(5)(A) within the context of public housing management, there exists an inseparable bond between congregate housing and supplementary supportive services, and

(B) security and continuity of funding for a coordinated service package addressing the full range of the needs of frail and handicapped elderly individuals are required to respond successfully to the requirements of this expanding segment of the Nation's population.

AUTHORIZATION OF CONTRACT AUTHORITY

SEC. 403. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to enter into contracts with local public housing agencies (hereinafter referred to as "public housing agencies") under the United States Housing Act of 1937 and nonprofit corporations, utilizing sums appropriated under this title, to provide congregate services programs for handicapped elderly households, nonelderly handicapped households, or temporarily disabled households, who are residents of congregate housing projects of those agencies or nonprofit corporations (hereinafter referred to as "eligible project residents") in order to promote and encourage maximum independence within a home environment for such households capable of self-care with appropriate supportive services. Each contract between the Secretary and a public housing agency or nonprofit corporation shall be for a term of not less than three years nor more than five years and shall be renewable at the expiration of such term. Each public housing agency or nonprofit corporation entering into such a contract shall be reserved a sum equal to its total approved contract authority from the moneys authorized and appropriated for the fiscal year in which the notification date of funding approved falls.

(b) Public housing agencies and nonprofit corporations receiving assistance for congregate services programs under this title shall be required to maintain the same dollar amount of annual contribution which they were making, if any, in support of the provision of services eligible for assistance under this title prior to their initial notification date of funding approval, unless the Secretary determines that the waiver of this requirement is necessary for the maintenance of adequate levels of services to eligible project residents. If any contract or lease entered into by a public housing agency or nonprofit corporation pursuant to section 405(a)(1) provides for adjustments in payments for services to reflect changes in the cost of living, then the amount of annual contribution required to be maintained by such public housing agency or nonprofit corporation under the preceding sentence shall be readjusted in the same manner.

(c) The second sentence of section 7 of the United States Housing Act of 1937 is amended to read as follows: "As used in this section, the term 'congregate housing' means (A) low-rent housing which, as of January 1, 1979, was built or under construction, with which there is connected a central dining facility where wholesome and economical meals can be served to such occupants; or (B) low-rent housing constructed after, but not under construction prior to, January 1, 1979, connected with which there is a central dining facility to provide wholesome and economical meals for such occupants. Such occupants of congregate housing may also be provided with other supportive services appropriate to their needs under the Congregate Housing Services Act of 1978.".

DEFINITIONS

SEC. 404. For the purpose of this title—

(1) the term "elderly" means sixty-two years of age or over;

(2) the term "handicapped" means an impairment which (A) is expected to be of long-continued and indefinite duration, (B) substantially impedes an individual's ability to live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions. Such impairment may include a functional disability or frailty which is a normal consequence of the human aging process, and may also include a developmental disability, as defined in section 102(7) of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963;

(3) the term "household" means one or more persons residing in a public housing project or project assisted under section 202 of the Housing Act of 1959;

(4) the term "temporarily disabled" means an impairment which (A) is expected to be of no more than six months' duration, (B) substantially impedes an individual's ability to live independently, (C) may result in displacement from a congregate housing project, and (D) is of such a nature that such ability could be improved by more suitable housing conditions;

(5) the term "congregate services programs" means programs to be undertaken by a public housing agency or nonprofit corporation to provide assistance to handicapped elderly households or nonelderly handicapped households or temporarily disabled households who, with such assistance, can remain independent and avoid unnecessary institutionalization;

(6) the term "personal assistance" means service provided under this title which may include, but is not limited to, aid given to eligible project residents in grooming, dressing, and other activities which maintain personal appearance and hygiene;

(7) the term "professional assessment committee" means a group of at least three persons and shall include qualified medical professionals and other persons professionally competent to appraise the functional abilities of elderly or permanently disabled adult persons in relation to the performance of the normal tasks of daily living. Such appraisal should determine whether project residents require assistance in one or more of at least the following activities of daily living; (i) eating, (ii) bathing, (iii) grooming, (iv) dressing, (v) toileting, and (vi) ambulation; and

(8) the term "nonprofit corporation" means any corporation responsible for a housing project assisted under section 202 of the Housing Act of 1959.

SERVICES

SEC. 405. (a)(1) Any public housing agency or nonprofit corporation receiving assistance under this title may provide congregate services directly to eligible project residents or may, by contract or lease, provide such services through other appropriate agencies or providers.

(2) In any case, any such public housing agency or nonprofit corporation shall consult with the Area Agency on Aging (or, where no Area Agency on Aging exists, with the appropriate State agency under the Older Americans Act of 1965) in determining the means of providing services under the preceding sentence, and in identifying available sources of funding for such services other than assistance under this title.

(3) Prior to the submission of an application for either new or renewed funding under this title a public housing agency or nonprofit corporation shall present a draft application to the Area Agency on Aging (or, where no Area Agency on Aging exists, to the appropriate State agency under the Older Americans Act of 1965) for review and com-

ment. A public housing agency or nonprofit corporation shall consider such review and comment in the development of its final application for either new or renewed funding under this title.

(4)(A) In any case where a public housing agency or nonprofit corporation determines that nonelderly handicapped individuals are included among the eligible project residents to be served by the congregate services program, the public housing agency or nonprofit corporation shall consult with the appropriate local agency, if any, as designated by applicable State law with having responsibility for the development, provision, or identification of social services to permanently disabled adult individuals. Such consultation shall be for the purpose of determining the means of providing services under paragraph (1).

(B) Such public housing agency or nonprofit corporation shall also, prior to the submission of an application for either new or renewed funding under this title, present a draft application to such appropriate local agency for review and comment. The public housing agency or nonprofit corporation shall consider such review and comment in the development of its final application for either new or renewed funding under this title.

(5) No services funded under this title may duplicate services which are already affordable, accessible, and sufficiently available on a long-term basis to eligible project residents under programs administered by or receiving appropriations through any department, agency, or instrumentality of the Government of the United States, or any other public or private department, agency, or organization.

(b) Congregate services programs assisted under this title must include full meal service adequate to meet nutritional needs, and may also include housekeeping aid, personal assistance, and other services essential for maintaining independent living.

APPLICATION PROCEDURES

SEC. 406. (a) Whenever a public housing agency or nonprofit corporation applies for assistance under this title, the agency shall include a plan specifying the types and priorities of the basic services it proposes to provide during the term of contract authority. Such plan, including fee schedules established pursuant to section 410 of this title, shall be related to the needs and characteristics of the eligible residents of the projects where the services are to be provided; shall, to the maximum extent practicable, make provision for the changing needs and characteristics of project residents during the term of contract authority; and shall be determined after consultation with eligible project residents and with the professional assessment committee. If a project where such services are to be provided is a new, unoccupied project, then such consultation shall be carried out as a part of the occupancy interview process.

(b) Each application submitted by a public housing agency or nonprofit corporation for assistance under this title shall contain a statement affirming that—

(1) the services provided will not duplicate any services which are already affordable, accessible, and sufficiently available on a long-term basis to eligible project residents under programs administered by or receiving appropriations through any department, agency, or instrumentality of the Government of the United States, or any other public or private department, agency, or organization;

(2) the Area Agency on Aging (or, where no Area Agency on Aging exists, the appropriate State agency under the Older Americans Act of 1965) has been presented with a draft application, has been given a reasonable amount of time for the review of and comment upon such draft application, and that such review and comment has been considered in the development of the submitted application for assistance.

(3) if nonelderly handicapped individuals are included among the eligible project residents, the appropriate local agency, if any, as designated by applicable State law with having responsibility for the development, provision, or identification of social services to permanently disabled adult individuals, has been presented with a draft application, has been given a reasonable time for the review of and comment upon such draft application, and that such review and comment has been considered in the development of the submitted application assistance; and

(4) fees established for services provided under this title are reasonable and have been set in accord with the requirements of subsection (a) and section 407 with respect to consultation with eligible project residents, and with the requirements of section 410 of this title.

(c) Each application for assistance under this title shall have attached to it any comments received upon draft applications pursuant to sections 405(a)(3) and 405(a)(4)(B).

(d) Each application agency for assistance under this title shall list the names and professional qualifications of the members of the professional assessment committee.

PROGRAM REVIEW

SEC. 407. Each public housing agency and nonprofit corporation receiving assistance for congregate services programs under this title shall review the performance, appropriateness, and fee schedules of such services with eligible project residents, and with the professional assessment committee, within twelve months prior to the submission of an application for renewed funding under this title. The results of such review shall be included in such application, and shall be considered in the development of the application by the public housing agency or nonprofit corporation, and in its evaluation by the Secretary.

EVALUATION BY THE SECRETARY

SEC. 408. In evaluating applications for assistance under this title, the Secretary shall consider at least the following:

(1) the types and priorities of the basic services proposed to be provided, and the relationship of such proposal to the needs and characteristics of the eligible residents of the projects where the services are to be provided;

(2) how quickly services will be established following approval of the application;

(3) the degree to which local social services are adequate for the purpose of assisting eligible project residents to maintain independent living and avoid unnecessary institutionalization;

(4) the professional qualifications of the members of the professional assessment committee established pursuant to section 410(a)(1) of this title; and

(5) the reasonableness of fee schedules established for each congregate service pursuant to section 410 of this title.

REGULATIONS

SEC. 409. (a) The Secretary is authorized to promulgate regulations to carry out the provisions of this title. Such regulations shall provide for at least the following:

(1) Standards shall be established for the provision of services under this title. The Secretary shall consult with the Secretary for the Department of Health, Education, and Welfare, and with appropriate organizations representing the elderly and the disabled, in the development of such service standards.

(2)(A) Procedures for the review and evaluation of the performance of grantees under this title shall be established.

(B) Each public housing agency and nonprofit corporation assisted under this title shall submit to the Secretary an annual evaluation of the impact and effectiveness of its congregate services programs.

(C) The Secretary shall annually publish, and make available to Congress and the public, a report on and evaluation of the impact and effectiveness of congregate services programs assisted under this title. Such report and evaluation shall be based, in part, on the annual evaluations required to be submitted pursuant to subparagraph (B).

(3) Sound principles of accounting and other standards shall be prescribed in order to prevent any fraudulent or inappropriate use of funds under this title.

(4)(A) Appropriate deadlines for each fiscal year shall be established for the submission of applications for funding under this title. The Secretary shall notify any applicant for assistance under this title of acceptance or rejection of its application within ninety days of such submission deadline.

(B) Where such funding has been approved for the establishment of congregate services in existing housing projects, the Secretary may reallocate these funds if the services are not established within six months of the notification date of funding approval.

(C) Where such funding has been approved for the establishment of congregate services for housing projects under construction or approved for construction, the Secretary shall establish rules to assure that these services shall be in place at the start of the project's occupancy by tenants requiring such services for maintaining independent living.

(5) Procedures to assure timely payments to public housing agencies and nonprofit corporations for assisted congregate services programs shall be established, with provision made for advance funding sufficient to meet necessary start-up costs.

(6) Procedures shall be established for the recapture of unused contract authority, the utilization of unused reserve fund moneys from the prior fiscal year, and the reallocation of such unexpended funds to other feasible and effective applications for assistance under this title.

(7) A reserve fund, not to exceed 10 percentum of the funds appropriated in each fiscal year for the provision of services under this title, shall be established by the Secretary; and expenditures from such fund shall be made for the purpose of supplementing grants awarded to public housing agencies and nonprofit corporations under this title when, in the determination of the Secretary, such supplemental adjustments are required to maintain adequate levels of services of eligible project residents.

(8) Procedures shall be established to insure that the process of determining eligibility of individuals for services under this title shall accord such individuals fair treatment and due process and a right of appeal of such determination of eligibility, and shall also assure the confidentiality of personal and medical records.

(9) Procedures shall be established to insure that changes in the membership of the professional assessment committee are consistent with the requirements of section 404(7) of this title.

(b) No more than 1 per centum of the funds appropriated under this Act for any fiscal year may be used by public housing agencies and nonprofit corporations for evaluative purposes as required by this title.

ELIGIBILITY FOR SERVICES; FEE SCHEDULES

SEC. 410. (a)(1)(A) The identification of project residents eligible to participate in a congregate services program assisted under this title, and the designation of the services appropriate to their individual func-

tional abilities and needs, shall be made by a professional assessment committee whose members shall be selected by the local public housing agency or nonprofit corporation.

(B) Any public housing agency or nonprofit corporation receiving assistance under this title shall notify the Secretary of any change in the membership of the professional assessment committee within thirty days of such change. Such notification shall list the names and professional qualifications of new members of the committee.

(2) Each public housing agency and nonprofit corporation shall establish fees for meal service and other appropriate services provided to eligible project residents. These fees shall be reasonable, may not exceed the cost of providing the service, and shall be calculated on a sliding scale related to income which permits the provision of services to such residents who cannot afford meal and service fees.

(b)(1) Other resident elderly and permanently disabled adult households may participate in a congregate meal service program assisted under this title if the local public housing agency or nonprofit corporation determines that the participation of these individuals will not adversely affect the cost-effectiveness or operation of the program.

(2) Where such service is provided, the local public housing agency or nonprofit corporation shall establish fees which are reasonable and which do not exceed the cost of providing the meal service.

EMPLOYMENT OPPORTUNITIES FOR RESIDENTS

SEC. 411. Each public housing agency and nonprofit corporation shall, to the maximum extent practicable, utilize elderly and permanently disabled adult persons who are residents of local housing projects, but who are not eligible project residents, to participate in providing the services assisted hereunder. Such persons shall be paid wages which shall not be lower than whichever is the highest of—

(1) the minimum wage wihch would be applicable to the employee under the Fair Labor Standards Act of 1938, if section 6(a)(1) of such Act applied to the resident and if he were not exempt under section 13 thereof;

(2) the State or local minimum wage for the most nearly comparable covered employment; or

(3) the prevailing rates of pay for persons employed in similar public occupations by the same employer.

Employment provided under this section shall be limited to a maximum of five hours per day and twenty hours per week for each participating resident.

RELATIONSHIP TO OTHER LAWS

SEC. 412. (a) No service provided to a resident of a project assisted under this title, except for wages paid under section 411, may be treated as income for the purpose of any other program or provision of State or Federal law.

(b) individuals receiving services assisted under this title shall be deemed to be residents of their own households, and not to be residents of a public institution, for the purpose of any other program or provision of State or Federal law.

AUTHORIZATION OF APPROPRIATIONS

SEC. 413. To carry out the provisions of this title there are authorized to be appropriated—

(1) for fiscal year 1979, not to exceed $20,000,000;

(2) for fiscal year 1980, not to exceed $25,000,000;

(3) for fiscal year 1981, not to exceed $35,000,000;

(4) for fiscal year 1982, not to exceed $40,000,000; and

(5) for fiscal year 1983, not to exceed $45,000,000.

TITLE V—RURAL HOUSING

AUTHORIZATIONS

SEC. 501. (a) Section 513(b) of the Housing Act of 1949 is amended by inserting before the semicolon at the end thereof a comma and the following: "and not to exceed $48,000,000 for the fiscal year ending September 30, 1979".

(b) Section 513(c) of such Act is amended by inserting before the semicolon at the end thereof a comma and the following: "and not to exceed $38,000,000 for the fiscal year ending September 30, 1979".

(c) Section 513(d) of such Act is amended by inserting before the semicolon at the end thereof a comma and the following: "and not to exceed $5,000,000 for the fiscal year ending September 30, 1979".

(d) Section 514(d) of such Act is amended by striking out "$25,000,000" and inserting in lieu thereof "$38,000,000".

(e) Section 515(b)(5) of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(f) Section 517(a)(1) of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(g) Section 523(f) of such Act is amended—

(1) by striking out "October 1, 1978" and inserting in lieu thereof "October 1, 1979";

(2) by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979"; and

(3) by striking out "$10,000,000" and inserting in lieu thereof "$16,500,000".

(h) Section 523(g) of such Act is amended by inserting before the period at the end of the first sentence a comma and the following: "and not to exceed $3,000,000 for the fiscal year ending September 30, 1979".

STUDY OF MIGRANT HOUSING CONDITIONS

SEC. 502. Section 506 of the Housing Act of 1949 is amended by adding at the end thereof the following:

"(f) The Secretary shall conduct a study of the location, numbers, quality, condition, and cost to occupants, of migrant farm labor housing units, and report the results of such study to the Congress within one year after the date of enactment of this subsection, together with recommendations for correcting any deficiencies discovered in location, numbers, or condition of the housing available for migrant farm laborers, and the extent to which existing authority has been utilized and the need for any new authority.".

FORECLOSURE

SEC. 503. Section 510(d) of the Housing Act of 1949 is amended by inserting before the semicolon at the end thereof a period and the following: "In no event may foreclosure or transfer action be initiated against any borrower unless such borrower has been given prior notice and consideration of the provisions of section 505 on the availability of the moratorium on payments under such section".

APPEALS PROCEDURES

SEC. 504. Section 510 of the Housing Act of 1949 is amended by redesignating paragraphs (g), (h), and (i) as paragraphs (h), (i), and (j), respectively, and by inserting after paragraph (f) a new paragraph (g) as follows:

"(g) issue rules and regulations protecting the rights of all persons and organizations applying for or receiving assistance under any of the sections of this title over which the Secretary has authority. Such rules and regulations shall provide that, whenever any person or organization has applied for assistance under this title and such assistance is denied for reasons other than the availability of funds, or whenever a decision has been made to terminate or reduce assistance under this title to any person or organization which is already receiving such assistance, such person or organization will be given—

"(1) adequate written notice of the reasons why assistance was denied, reduced, or terminated,

"(2) adequate written notice that such person or organization has a right to appeal the decision to a higher authority,

"(3) an opportunity to appeal any decision denying, reducing, or terminating such assistance to an impartial official who has the authority to reverse such a decision.

"(4) an opportunity to inspect records and data in the possession of the Secretary which pertain to the appeal, and to have the appeals official make his decision in writing, stating the reasons for the decision, and

"(5) an opportunity to have the decision of the appeals officer reviewed by the Secretary.

Such rules and regulations shall also provide that, whenever any person or organization has had assistance reduced or terminated and, as a result of an appeal or otherwise, it is subsequently determined that such assistance was erroneously or improperly withheld, such person or organization shall be entitled to receive all benefits and assistance that have been withheld as a result of the original decision to reduce or terminate such assistance;".

DOMESTIC FARM LABOR HOUSING

SEC. 505. Section 514 of the Housing Act of 1949 is amended by adding at the end thereof the following:

"(g) The Secretary may waive the interest rate limitation contained in subsection (a)(2) and the requirement of section 501(c)(3) in any case in which the Secretary determines such action is necessary or appropriate to carry out the purpose of this section, except that in no case may the interest rate on a loan insured under this section exceed the average interest rate on notes or other obligations issued under section 511 and having maturities comparable to such a loan.".

SPONSORS PRIORITY

SEC. 506. Section 516(e) of the Housing Act of 1949 is amended by adding at the end thereof the following: "The Secretary shall not give priority for funding under this section to any one of the groups listed in subsection (a) over any of the others so listed.".

HOMEOWNERSHIP ASSISTANCE

SEC. 507. (a) Section 517(j)(4) of the Housing Act of 1949 is amended by striking out "(2)" following "section 521(a)".

(b) Section 521(a) of such Act is amended—

(1) by redesignating paragraph "(1)" as paragraph "(1)(A)" and by striking out all that follows "one-eighth of 1 per centum" and inserting in lieu thereof a period; and

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

"(B) From the interest rate so determined the Secretary may provide the borrower with assistance in the form of credits so as to reduce the effective interest rate charged the borrower to a rate not less than 1 per centum per annum for such periods of time as the Secretary may determine for applicants described in subparagraph (A) if without such assistance such applicants could not afford the dwelling or make payments on the indebtedness of the rental or cooperative housing.

"(C) For persons of low income under section 502 or 517(a) who the Secretary determines are unable to afford a dwelling under subparagraph (B), the Secretary may provide additional assistance, for such periods of time as the Secretary may determine, which may be in an amount not to exceed the difference between the amount determined by the Secretary to be necessary to pay the principal indebtedness, interest,

taxes, insurance, utilities, and maintenance, and 25 per centum of the income of such applicant, pursuant to amounts set forth in appropriation Acts.

"(D) For borrowers under section 502 or 517(a) who have received assistance under subparagraph (B) or (C) the Secretary may provide for the recapture of all or a portion of the assistance rendered upon the disposition or nonoccupancy of the property by the borrower. In providing for such recapture, the Secretary may make provisions to provide incentives for the borrower to maintain the property in a marketable condition, and the Secretary in appropriate cases may make provision for the borrower to receive from the sales proceeds a relocation allowance. Notwithstanding any provision of law to the contrary, any assistance whenever rendered shall constitute a debt secured by the security instruments given by the borrower to the Secretary to the extent that the Secretary may provide for recapture of such assistance.

"(E) Except for Federal or State laws relating to taxation, the assistance rendered to any borrower under subparagraphs (B) and (C) shall not be considered to be income or resources for any purpose under any Federal or State laws including, but not limited to, laws relating to welfare and public-assistance programs.

"(F) A loan subject to the interest rates and assistance provided under this paragraph (1) may be made only when the Secretary determines the needs of the applicant for necessary housing cannot be met with financial assistance from other sources, including assistance under sections 235 and 236 of the National Housing Act.

"(G) The interest rate on any loan under section 502 or 517(a) to a victim of a natural disaster shall not exceed the rate which would be applicable to such loans under section 502 without regard to this section.".

RURAL AREA

SEC. 508. (a) Section 520 of the Housing Act of 1949 is amended by striking out all that follows "in excess of 20,000" through "area, and (B)" and by inserting in lieu thereof "and".

(b) The amendment made by subsection (a) of this section shall apply to any application filed with the Secretary of Agriculture on or after January 1, 1978, for any assistance under title V of the Housing Act of 1949 or for technical services under such title.

REMOTE TITLE CLAIMS

SEC. 509. (a) The Secretary of Agriculture (hereinafter referred to in this section as "Secretary") shall make a detailed study of the problems associated with obtaining title insurance by persons in rural areas with respect to real property encumbered by remote claims or other remote encumbrances which prevent such persons from receiving the full benefit of the use of such property, including the benefit of assistance provided under this title. The Secretary shall, in making such study, consider and develop findings and conclusions with respect to—

(1) the extent of such problems as they pertain to the lawful rights of such persons;

(2) the location and amount of land affected by such problems;

(3) the nature, extent, and effectiveness of remedies to such problems presently available, or proposed, under State law;

(4) the potential impact (with respect to existing Federal, State, and local laws) of such remote claims and encumbrances and of any reasonable remedies determined necessary for resolving the problems created for persons by such remote claims or encumbrances;

(5) the liability and losses which might accrue to the Federal Government as a result of each of the remedies considered in the study conducted under this section; and

(6) other issues which the Secretary determines shall be considered, after consulting with the Secretary of Housing and Urban Development.

(b) The Secretary shall, not later than March 1, 1979, transmit to the Congress a report containing the findings and conclusions of the Secretary with respect to the study made under this section. Such report shall include—

(1) recommendations for Federal legislative actions necessary to implement reasonable remedies to the problems studied under this section; and

(2) recommendations for legislative actions which may be undertaken by State and local governments for the purposes of providing such remedies.

STUDY OF EMERGENCY POTABLE WATER AND SEWAGE PROGRAM

SEC. 510. (a) The Secretary of Agriculture shall—

(1) carry out a study to determine the approximate number of rural housing units without access to sanitary toilet facilities, potable water, or access to both sanitary toilet facilities and potable water, as defined under regulations established by the Secretary; and

(2) prepare a projection of the cost of implementing an emergency program to provide sanitary toilet facilities and potable water supplies for all such housing units over a two-year period.

(b) Not later than six months after the date of enactment of this Act, the Secretary of Agriculture shall report to the Congress the results of the study and projection under subsection (a).

TITLE VI—NEIGHBORHOOD REINVESTMENT CORPORATION

SHORT TITLE

SEC. 601. This title may be cited as the "Neighborhood Reinvestment Corporation Act".

FINDINGS AND PURPOSE

SEC. 602. (a) The Congress finds and declares that—

(1) the neighborhood housing services demonstration of the urban reinvestment task force has proven its worth as a successful program to revitalize older urban neighorhoods by mobilizing public, private, and community resources at the neighborhood level; and

(2) the demand for neighborhood housing services programs in cities throughout the United States warrants the creation of a public corporation to institutionalize and expand the neighborhood housing services program and other programs of the present urban reinvestment task force.

(b) The purpose of this title is to establish a public corporation on which will continue the joint efforts of the Federal financial supervisory agencies and the Department of Housing and Urban Development to promote reinvestment in older neighborhoods by local financial institutions working cooperatively with community people and local government, and which will continue the nonbureaucratic approach of the Urban Reinvestment Task Force, relying largely on local initiative for the specific design of local programs.

ESTABLISHMENT OF CORPORATION

SEC. 603. (a) There is established a National Neighborhood Reinvestment Corporation (hereinafter referred to as the "corporation") which shall be a body corporate and shall possess the powers, and shall be subject to the direction and limitations specified herein.

(b) The corporation shall implement and expand the demonstration activities carried out by the urban reinvestment task force.

(c) The corporation shall maintain its principal office in the District of Columbia or at such other place the corporation may from time to time prescribe.

(d) The corporation, including its franchise, activities, assets, and income, shall be exempt from all taxation now or hereafter imposed by the United States by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the corporation shall be subject to State territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

BOARD OF DIRECTORS; ESTABLISHMENT

SEC. 604. (a) The corporation shall be under the direction of a board of directors made up of the following members:

(1) the Chairman of the Federal Home Loan Bank Board who shall be the chairman of the board of directors;

(2) the Secretary of Housing and Urban Development;

(3) a member of the Board of Governors of the Federal Reserve System, to be designated by the Chairman of the Board of Governors of the Federal Reserve System;

(4) the Chairman of the Federal Deposit Insurance Corporation;

(5) the Comptroller of the Currency; and

(6) the Administrator of the National Credit Union Administration.

(b) Each director of the corporation shall serve ex officio during the period he holds the office to which he is appointed by the President.

(c) The directors of the corporation, as full-time officers of the United States, shall serve without additional compensation but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as directors of the corporation.

(d) The directors of the corporation shall adopt such bylaws, policies, and administrative provisions as are necessary to the functioning of the corporation.

(e) The presence of a majority of the board members shall constitute a quorum.

(f) The corporation shall be subject to the provisions of section 552 of title 5, United States Code.

(g) All meetings of the board of directors will be open to public observation unless a majority of the board of directors votes to close a specific meeting.

OFFICERS AND EMPLOYEES

SEC. 605. (a) The board shall have power to select, employ, and fix the compensation and benefits of such officers, employees, attorneys, and agents as shall be necessary for the performance of its duties under this title, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, except that no officer, employee, attorney, or agent of the corporation may be paid compensation at a rate in excess of the nighest rate provided for GS–18 of the General Schedule under section 5332 of title 5, United States Code.

(b) The directors of the corporation shall appoint an executive director, who shall serve as chief executive officer of the corporation.

(c) The executive director of the corporation, subject to general policies established by the board, may appoint and remove such employees of the corporation as he determines necessary to carry out the purposes of the corporation.

(d) No political test or political qualification shall be used in selecting, appointing, promoting, or taking any other personnel action with respect to any officer, agent, or employee of the corporation or of any recipi-

ent, or in selecting or monitoring any grantee, contractor, or person or entity receiving financial assistance under this title.

(e) Officers and employees of the corporation shall not be considered officers or employees of the United States, and the corporation shall not be considered a department, agency, or instrumentality of the Federal Government.

POWERS AND DUTIES

SEC. 606. (a) (1) The corporation shall continue the work of the urban reinvestment task force in establishing neighborhood housing services programs in neighborhoods throughout the United States, supervising their progress, and providing them with grants and technical assistance. For the purpose of this paragraph, a neighborhood housing services program may involve a partnership of neighborhood residents and representatives of local governmental and financial institutions, organized as a State-chartered non-profit corporation, working to bring about reinvestment in one or more neighborhoods through a program of systematic housing inspections, increased public investment, increased private lending, increased resident investment, and a revolving loan fund to make loans available at flexible rates and terms to homeowners not meeting private lending criteria.

(2) The corporation shall continue the work of the urban reinvestment task force in identifying, monitoring, evaluating, and providing grants and technical assistance to selected neighborhood preservation projects which show promise as mechanisms for reversing neighborhood decline and improving the quality of neighborhood life.

(3) The corporation shall experimentally replicate neighborhood preservation projects which have demonstrated success, and after creating reliable developmental processes, bring the new programs to neighborhoods throughout the United States which in the judgment of the corporation can benefit therefrom, by providing assistance in organizing programs, providing grants in partial support of program costs, and providing technical assistance to ongoing programs.

(4) The corporation shall continue the work of the urban reinvestment task force in supporting Neighborhood Housing Services of America, a nonprofit corporation established to provide services to local neighborhood housing services programs, with grants to expand its national loan purchase pool and may contract with it for services which it can perform more efficiently or effectively than the corporation.

(5) Notwithstanding any other provision of law, the corporation shall, in making and providing the foregoing grants and technical and other assistance, determine the reporting and management restrictions or requirements with which the recipients of such grants or other assistance must comply. In making such determinations, the corporation shall assure that recipients of grants and other assistance make available to the corporation such information as may be necessary to determine compliance with applicable Federal laws. Nothing in this subsection exempts the corporation from compliance with applicable Federal laws.

(b) To carry out the foregoing purposes and engage in the foregoing activities, the corporation is authorized—

(1) to adopt, alter, and use a corporate seal;

(2) to have succession until dissolved by Act of Congress;

(3) to make and perform contracts, agreements, and commitments;

(4) to sue and be sued, complain and defend, in any State, Federal, or other court;

(5) to determine its necessary expenditures and the manner in which the same shall be incurred, allowed, and paid, and appoint, employ, and fix and provide for the compensation of consultants, without regard to any other law, except as provided in section 608(d);

(6) to settle, adjust, and compromise, and with or without compensation or benefit to the corporation to release or waive in whole or in part, in advance or otherwise, any claim, demand, or right of, by, or against the corporation;

(7) to invest such funds of the corporation in such investments as the board of directors may prescribe;

(8) to acquire, take, hold, and own, and to deal with and dispose of any property; and

(9) to exercise all other powers that are necessary and proper to carry out the purposes of this title.

(c) (1) The corporation may contract with the Office of Neighborhood Reinvestment of the Federal home loan banks for all staff, services, facilities, and equipment now or in the future furnished by the Office of Neighborhood Reinvestment to the urban reinvestment task force, including receiving the services of the Director of the Office of Neighborhood Reinvestment as the corporation's executive director.

(2) The corporation shall have the power to award contracts and grants to—

(A) neighborhood housing services corporations and other nonprofit corporations engaged in neighborhood preservation activities; and

(B) local governmental bodies.

(3) The Secretary of Housing and Urban Development, the Federal Home Loan Bank Board and the Federal home loan banks, the Board of Governors of the Federal Reserve System and the Federal Reserve banks, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency, the National Credit Union Administration or any other department, agency, or other instrumentality of the Federal Government are authorized to provide services and facilities, with or without reimbursement, necessary to achieve the objectives and to carry out the purposes of this title.

(d) (1) The corporation shall have no power to issue any shares of stocks, or to declare or pay any dividends.

(2) No part of the income or assets of the corporation shall inure to the benefit of any director, officer, or employee, except as reasonable compensation for services or reimbursement for expenses.

(3) The corporation may not contribute to or otherwise support any political party or candidate for elective public office.

REPORTS AND AUDITS

SEC. 607. (a) The corporation shall publish an annual report which shall be transmitted by the corporation to the President and the Congress.

(b) The accounts of the corporation shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants who are certified by a regulatory authority of the jurisdiction in which the audit is undertaken.

(c) In addition to the annual audit, the financial transactions of the corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States.

(d) For any fiscal year during which Federal funds are available to finance any portion of the corporation's grants or contracts, the General Accounting Office, in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States, may audit the grantees or contractors of the corporation.

(e) The corporation shall conduct or require each grantee or contractor to provide for an annual financial audit. The report of each such audit shall be maintained for a period of at least five years at the principal office of the corporation.

AUTHORIZATION

SEC. 608. (a) There are authorized to be appropriated to the corporation to carry out this title not to exceed $15,000,000 for fiscal year 1979, $20,000,000 for fiscal year 1980, and $30,000,000 for fiscal year 1981.

(b) Funds appropriated pursuant to this section shall remain available until expended.

(c) Non-Federal funds received by the corporation, and funds received by any recipient from a source other than the corporation, shall be accounted for and reported as receipts and disbursements separate and distinct from Federal funds.

(d) The corporation shall prepare annually a business-type budget which shall be submitted to the Office of Management and Budget, under such rules and regulations as the President may establish as to the date of submission, the form and content, the classifications of data, and the manner in which such budget program shall be prepared and presented. The budget of the corporation as modified, amended, or revised by the President shall be transmitted to the Congress as a part of the annual budget required by the Budget and Accounting Act, 1921. Amendments to the annual budget program may be submitted from time to time.

TITLE VII—MISCELLANEOUS

TITLE I MULTIFAMILY LOAN LIMITS

SEC. 701. Section 2(b) of the National Housing Act is amended by striking out "$25,000", "$5,000", and "twelve years" in the third proviso in clause (3), and inserting in lieu thereof "$37,500", "$7,500", and "fifteen years", respectively.

MULTIFAMILY MORTGAGE INSURANCE

SEC. 702. (a) The last sentence of section 207(c) of the National Housing Act is amended by striking out "eight" and inserting in lieu thereof "five".

(b) Section 241(d) of such Act is amended by adding at the end thereof the following: "At any sale under foreclosure of a mortgage on a project or facility which is not insured under this Act but which is senior to a loan assigned to the Secretary pursuant to subsection (c), the Secretary is authorized to bid, in addition to amounts authorized under section 207(k), any sum up to but not in excess of the total unpaid indebtedness secured by such senior mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses. In the event that, pursuant to subsection (c), the Secretary acquires title to, or is assigned, a loan covering a project or facility which is subject to a mortgage which is not insured under this Act, the Secretary is authorized to make payments from the General Insurance Fund on the debt secured by such mortgage, and to take such other steps as the Secretary may deem appropriate to preserve or protect the Secretary's interest in the project or facility.".

MORTGAGE INSURANCE FOR NONRESIDENT CARE FACILITIES

SEC. 703. (a) Section 232(a) of the National Housing Act is amended—

(1) by inserting immediately before the period at the end of paragraph (1) a comma and the following: "including additional facilities for the nonresident care of senior citizens and others who are able to live independently but who require care during the day"; and

(2) by inserting immediately before the period at the end of paragraph (2) a comma and the following: "including additional facilities for the nonresident care of senior citizens and others who are able to live independently but who require care during the day".

(b) Section 232(b)(2) of such Act is amended by inserting immediately after

"nursing services;" in the first sentence the following: "(3) a 'nursing home' or intermediate care facility' may include such additional facilities as may be authorized by the Secretary for the nonresident care of senior citizens and others who are able to live independently but who require care during the day;".

CONDOMINIUM MORTGAGE INSURANCE

SEC. 704. (a) The first sentence of section 234(c) of the National Housing Act is amended by inserting immediately after "less units" in the proviso of clause (2) a comma and the following: "or twelve or more units in the case of a multifamily project the construction of which was completed more than a year prior to the application for mortgage insurance,".

(b) The third sentence of section 234(c) of such Act is amended by inserting "(100 per centum if the mortgagor is a veteran as defined under section 203(b)(2) of this Act)" after "centum" in clause (A)(1).

PURCHASE OF FEE SIMPLE TITLE

SEC. 705. Section 240 of the National Housing Act is amended by adding "($30,000 if the property is located in Hawaii)" immediately after "$10,000" in subsection (c)(2).

HOUSING AND URBAN DEVELOPMENT DAY CARE CENTER FACILITIES

SEC. 706. Section 7(n) of the Department of Housing and Urban Development Act is amended to read as follows:

"(n) Notwithstanding any other provision of law, the Secretary is authorized by contract or otherwise to establish, equip, and operate a day care center facility or facilities, or to assist in establishing, equipping and operating interagency day care facilities for the purpose of serving children who are members of households of employees of the Department. The Secretary is authorized to establish or provide for the establishment of appropriate fees and charges to be chargeable against the Department of Housing and Urban Development employees or others who are beneficiaries of services provided by any such day care center. In addition, limited start-up costs may be provided by the Secretary in an amount limited to three percent of the first year's operating budget, but not to exceed $3,500.".

SALE OF SURPLUS FEDERAL LAND FOR HOUSING

SEC. 707. (a) The first and second sentences of section 414(a) of the Housing and Urban Development Act of 1969 are amended to read as follows: "Notwithstanding the provisions of the Federal Property and Administrative Services Act of 1949, any Federal surplus real property within the meaning of such Act may, in the discretion of the Administrator of General Services, be transferred to the Secretary of Housing and Urban Development at the Secretary's request for sale or lease by the Secretary at its fair value for use in the provision of housing to be occupied predominately by families or individuals of low and moderate income, assisted under a Federal housing assistance program administered by the Secretary or under a State or local program found by the Secretary to have the same general purpose, and for related public commercial or industrial facilities approved by the Secretary. Prior to any disposition of Federal surplus real property to an entity other than a public body, the Secretary shall notify the governing body of the locality where such property is located of the proposed disposition and no such disposition shall be made if the local governing body, within ninety days of such notification, formally advises the Secretary that it objects to the proposed disposition, unless the Secretary determines (1) that the proposed disposition would be consistent with any approved housing assistance and community development plans developed by such body pursuant to the Housing and Community Development Act of 1974, or (2) in cases where such plans are not available, that there is a need for low- and moderate-income housing, taking into consideration any applicable State housing plans, and that there is or will be available in the area public facilities and services adequate to serve any housing proposed in conjunction with the proposed disposition.".

(b) Subsection (b) of section 414 of such Act is amended to read as follows:

"(b) As a condition of any disposition by the Secretary of Federal surplus real property under this section to an entity other than a public body, the Secretary shall obtain such undertakings as the Secretary may consider appropriate to assure that the property will be used, to the maximum practicable extent, in the provision of housing and related facilities to be occupied by families or individuals of low and moderate income for a period of not less than thirty years. If during such period the property is used for any purpose other than the purpose for which it was disposed of, it shall revert to the United States (or, in the case of leased property, the lease shall terminate) unless the Secretary and the Administrator, after the expiration of the first twenty years of such period, have approved the use of the property for such other purposes.".

REPORT ON MOBILE HOME CONSTRUCTION AND SAFETY STANDARDS

SEC. 708. (a) The first sentence of section 626(a) of the National Mobile Home Construction and Safety Standards Act of 1974 is amended—

(1) by striking out "March 1 of each year" and inserting in lieu thereof "July 1 of every other year beginning with calendar year 1978"; and

(2) by striking out "preceding calendar year" and inserting in lieu thereof "two preceding calendar years".

(b) The second sentence of section 626(a) of such Act is amended by striking out "such year" in clauses (1), (2), and (5) and "the year" in clause (6) and inserting in lieu thereof "such years" in each such clause.

AMENDMENT OF THE HOME OWNERS LOAN ACT OF 1933

SEC. 709. The eighth undesignated paragraph of section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking "real property located within urban renewal areas as defined in subsection (a) of section 110 of the Housing Act of 1949", and inserting in lieu thereof "real property located in areas in which physical development activities assisted under title I of the Housing and Community Development Act of 1974 are being carried out in a concentrated manner".

STATEMENT OF POLICY AND STUDY ON HOUSING DISPLACEMENT

SEC. 710. The Congress declares that in the administration of Federal housing and community development programs, the utmost care should be taken to minimize the displacement of persons from their homes and neighborhoods. In furtherance of the objectives stated in the preceding sentence, the Secretary of Housing and Urban Development shall conduct a study on the nature and extent of such displacement, and, not later than January 31, 1979, shall report to the Congress on recommendations for the formulation of a national policy to minimize displacement caused by the implementation of the Department's programs, and to alleviate the problems caused by displacement of residents of the Nation's cities due to residential and commercial development and housing rehabilitation, both publicly and privately financed. In carrying out such a study, the Secretary shall (1) consult with representatives of affected public interest groups, government, and the development and lending industries; (2) provide data on the nature and scope of the displacement problem, both past and projected, and identify steps needed to improve the availability of such data; and (3) report fully on the current legal and regulatory powers and policies of the Department to prevent or compensate for displacement caused by its own programs.

REHABILITATION GUIDELINES

SEC. 711. Title V of the Housing and Urban Development Act of 1970, as amended by section 305(b) of this Act, is amended by adding at the end thereof the following:

"REHABILITATION GUIDELINES

"SEC. 510. (a)(1) The Secretary shall develop model rehabilitation guidelines for the voluntary adoption by States and communities to be used in conjunction with existing building codes by State and local officials in the inspection and approval of rehabilitated properties.

"(2) Such guidelines shall be developed in consultation with the National Institute of Building Sciences, appropriate national organizations of agencies and officials of State and local governments, representatives of the building industry, and consumer groups, and other interested parties.

"(3) The Secretary shall publish such guidelines for public comment not later than one year after the date of enactment of this section, and promulgate them no later than eighteen months after such date of enactment.

"(4) The Secretary shall furnish technical assistance to State and local governments to facilitate the use and implementation of such guidelines.

"(b) The Secretary shall report to Congress not later than thirty-six months after the date of enactment of this section regarding (1) actions taken by State and local governments to adopt guidelines or their equivalents, and (2) recommendations for further action.".

DEPARTMENTAL REORGANIZATION

SEC. 712. None of the funds available to the Department of Housing and Urban Development may be obligated or expended during the fiscal year ending October 1, 1978, or October 1, 1979, for the reorganization or transfer of any function of any area, field, or insuring office which relates to multifamily housing or community planning or development and related technical services.

ALASKA HOUSING PROGRAM

SEC. 713. (a) Subsection (a) of section 1004 of the Demonstration Cities and Metropolitan Development Act of 1966 is amended to read as follows:

"(a) The Secretary of Housing and Urban Development (hereinafter referred to as the 'Secretary') shall make loans and grants on the basis of need to the regional native housing authorities duly constituted under the laws of the State of Alaska for the purpose of providing planning assistance, housing rehabilitation, and maintaining an adequate administrative structure in conjunction with the provision of housing and related facilities for Alaska residents.".

(b) Section 1004(b) of such Act is repealed.

AMENDMENTS TO THE FEDERAL HOME LOAN MORTGAGE CORPORATION ACT

SEC. 714. (a) Section 305(a)(1) of the Federal Home Loan Mortgage Corporation Act is amended—

(1) by inserting before the period at the end of the first sentence thereof "or from any mortgagee approved by the Secretary of Housing and Urban Development for participation and any mortgage insurance program under the National Housing Act"; and

(2) by adding at the end thereof the following new sentences: "The Corporation may establish requirements, and impose charges or fees, which may be regarded as elements of pricing, for different classes of sellers or services, and for such purposes the Corpora-

tion is authorized to classify sellers or services according to type, size, location, assets, or, without limitation on the generality of the foregoing, on such other basic or bases of differentiation as the Corporation may consider necessary or appropriate to effectuate the purposes or provisions of this Act. The Corporation may specify requirements concerning, among other things, (A) minimum net worth; (B) supervisory mechanisms; (C) warranty compensation mechanisms; (D) prior approval of facilities; (E) prior origination and servicing experience with respect to different types of mortgages; (F) capital contributions and substitutes; (G) mortgage purchase volume limits; and (H) reduction of mortgage purchases during periods of borrowing. With respect to any particular type of seller, the Corporation shall not be required to make available programs involving prior approval of mortgages, optional delivery of mortgages, and purchase of other than conventional mortgages to an extent greater than the Corporation elects to make such programs available to other types of eligible sellers. Any requirements specified by the Corporation pursuant to the preceding three sentences must bear a rational relationship to the purposes or provisions of this Act, but will not be considered discriminatory solely on the grounds of differential effects on types of eligible sellers. Insofar as is practicable, the Corporation shall make reasonable efforts to encourage participation in its program by each type of eligible seller.".

(b) The provisions of this section shall take effect upon the expiration of two hundred and ten days after enactment of this Act, but not before January 31, 1979, or on such earlier date as the Corporation may prescribe.

AMENDMENTS TO INTERSTATE LAND SALES FULL DISCLOSURE ACT

SEC. 715. (a) Section 1403(a) of such Act is amended—

(1) by inserting "condominium," after "commercial," in clause (3);

(2) by inserting after "adverse claims do not refer to" in clause (10) the following: "United States land patents or Federal grants and reservations similar to United States land patents, nor to"; and

(3) by striking out the matter which precedes "when—" in clause (11) and inserting in lieu thereof the following:

"(11) the sale or lease of real estate which is zoned by the appropriate governmental authority for industrial or commercial development or which is restricted to such use by a declaration of covenants, conditions and restrictions which has been recorded in the official records of the city or county in which such real estate is located,".

(b) Section 1403 of such Act is amended—

(1) by redesignating subsection (b) thereof as subsection (c); and

(2) by inserting after subsection (a) thereof the following:

"(b) Unless the method of disposition is adopted for the purpose of evasion of this title, the requirements of sections 1405 to 1408 inclusive, shall not apply to—

"(1) the sale or lease of real estate by a developer who is engaged in a sales operation which is intrastate or almost entirely intrastate in nature. A sales operation shall be considered 'intrastate or almost entirely intrastate in nature' for the calendar year if not more than 5 per centum of the lots sold in such year were sold to residents of another State, or if not more than five lots sold in such year were sold to residents of another State, whichever is greater, exclusive of sales made under the provisions of clause (2) of this subsection. For the purpose of the exemption contained in the preceding sentence, a lot may be sold to a resident of another State only if—

"(A) the lot is free and clear of all liens, encumbrances, and adverse claims;

"(B) the purchaser or his or her spouse has made a personal on-the-lot inspection of the lot purchased; and

"(C) the developer executes and supplies to the purchaser a written instrument designating a person within the State of residence of the purchaser as his agent for service of process and acknowledging that the developer submits to the legal jurisdiction of the resident State of the purchaser.

As used in this clause (1), the terms 'liens', 'encumbrances', and 'adverse claims' do not include United States land patents and similar Federal grants or reservations, property reservations which land developers commonly convey or dedicate to local bodies or public utilities for the purpose of bringing public services to the land being developed, taxes and assessments imposed by a State, by any other public body having authority to assess and tax property, or by a property owners' association, which, under applicable State or local law, constitute liens on the property before they are due and payable, or beneficial property restrictions which would be enforceable by other lot owners or lessees in the subdivision, if—

"(i) the developer, prior to the time the contract of sale or lease is entered into, has furnished each purchaser or lessee with a statement setting forth in descriptive and concise terms all such reservations, taxes, assessments, which are applicable to the lot to be purchased or leased; and

"(ii) receipt of such statement has been acknowledged in writing by the purchaser or lessee;

"(2) the sale or lease of real estate by a developer to the resident of another State when the principal residence of the purchaser is within a radius of one hundred miles from the property purchased if—

"(A) the lot is free and clear of all liens, encumbrances, and adverse claims;

"(B) each purchaser or his or her spouse has made a personal on-the-lot inspection of the lot purchased; and

"(C) the developer executes and supplies to the purchaser a written instrument designating a person within the State of residence of the purchaser as his agent for service of process; and acknowledges that the developer submits to the legal jurisdiction of the resident State of the purchasers; and

"(D) the developer executes a written affirmation to the effect that he has complied with the provisions of clauses (A), (B), and (C) of this clause (2), such affirmation to be given on a form provided by the Secretary, where such form shall include only the name and address of the developer, the name and address of the purchaser, a legal description of the lot, an affirmation that clauses (A), (B), and (C) have been complied with, a statement that the developer submits to the jurisdiction of the Act in regard to the sale, and the signature of the developer. The affirmation is to be kept on file by the Secretary.".

Sales made under this clause shall not be subject to the limitation contained in clause (1) but the number of sales made under this clause will be added to sales made under clause (1) to arrive at the total number of sales made in one year by a developer for purposes of calculation of the 5 per centum out-of-State sales limitation factor contained in clause (1). As used in this clause (2), the terms 'liens', 'encumbrances', and 'adverse claims' do not include United States land patents and similar Federal grants or reservations, property reservations which land developers commonly convey or dedicate to local bodies or public utilities for the purpose of bringing public services to the land being developed, taxes and assessments imposed by a State, by any other public body having authority to assess and tax property, or by a property owners' association, which, under applicable State or local law, constitute liens on the property before they are due and payable, or beneficial property restrictions which would be enforceable by other lot owners or lessees in the subdivision, if—

"(i) the developer, prior to the time the contract of sale or lease is entered into, has furnished each purchaser or lessee with a statement setting forth in descriptive and concise terms all such reservations, taxes, assessments, which are applicable to the lot to be purchased or leased; and

"(ii) receipt of such statement has been acknowledged in writing by the purchaser or lessee; or

"(3) the sale or lease of real estate which is located within a municipality or county whose governing body specifies minimum standards for the development of subdivision lots taking place within its boundaries, when—

"(A) the subdivision meets all local codes and standards and is either zoned for single family residences or, in the absence of a zoning ordinance, is limited exclusively to single family residences;

"(B) the real estate is situated on a paved, public street or highway which has been built to a standard acceptable to the municipality or county or a bond or other surety acceptable to the municipality or county in the full amount of the cost of the improvements has been posted to assure completion to such standards, and that authority has accepted or has agreed to accept the responsibility of maintaining the public street or highway;

"(C) at the time of closing, potable water, sanitary sewage disposal and electricity have been extended to the real estate or the municipality or county has agreed to install such facilities within 180 days. For subdivisions which do not have a central water or sewage disposal system, rather than installation of water or sewer facilities, there must be assurances that an adequate potable water supply is available year-round or that the land is approved for the installation of septic tanks;

"(D) the contract of sale requires delivery of a warranty deed to the purchaser within 180 days of the signing of the sales contract;

"(E) a policy of title insurance or title opinion is issued in connection with the transaction showing that at the time of closing, title to the real estate purchased or leased is vested in the seller or lessor, but nothing herein shall be construed as requiring the recordation of a lease;

"(F) each and every purchaser or his or her spouse has made a personal on the lot inspection of the real estate which he purchased or leased, prior to the signing of a contract to purchase or lease;

"(G) there are no direct mail or telephone solicitations or offers of gifts, trips, dinners, or other such promotional techniques to induce perspective purchasers or lessees to visit the subdivision or to purchase or lease a lot.

"(c) Section 1412 of such Act is amended by striking the last sentence and inserting in lieu thereof 'In no event shall any action be brought by a purchaser more than three years after the signing of a contract or lease, not withstanding delivery of a deed to a purchaser on the sale or assignment of the purchaser's contract or agreement to a third party.' ".

(c) Section 1416 of such Act is amended by adding at the end thereof the following:

"(c)(1) In discharging his responsibilities under this title, the Secretary shall conduct all actions with respect to rulemaking or adjudication in accordance with the provisions of chapter 5 of title 5, United States Code.

"(2) The Secretary, by rule, shall prescribe the procedure applicable to every case pursuant to this title of adjudication (as defined in section 551 of title 5, United States Code) not required to be determined on the record after notice and opportunity for hearing. Such rule shall, as a minimum, provide that prompt notice shall be given of any adverse action or final disposition and that such notice and the entry of any order shall be accompanied by a statement of legal authority and other written reasons.".

HOUSING PROGRAM PAPERWORK REDUCTION

SEC. 716. (a) The Congress finds and declares—

(1) that various departments, agencies, and instrumentalities of the Federal Government with responsibilities involving housing and housing finance programs require, approve, use, or otherwise employ a variety of different forms as residential mortgages (or deeds of trust or similar security instruments), as notes secured by those mortgages, and for applications, appraisals, and other purposes, and that such duplication of forms constitutes a paperwork burden that adds to the costs imposed on the Nation's homeowners and home buyers;

(2) that unnecessary paperwork impairs the effectiveness of Federal housing and housing finance programs and the Federal agencies with responsibilities involving housing and housing finance programs have made inadequate attempts to reduce unnecessary paperwork and the costs imposed by unnecessary paperwork on participants in those programs;

(3) that both single-family and multifamily programs are affected;

(4) that the Commission on Federal Paperwork has recommended that the agencies reduce the paperwork by adopting the same or substantially similar forms for the same or substantially similar purposes and that the Commission's recommendations will contribute to lower housing costs; and

(5) that simplification of paperwork imposed by Federal housing and housing finance programs would contribute to achieving the Nation's housing goals by reducing housing costs.

(b)(1) Insofar as it is practicable and to the extent permitted by law and to the extent that such action would result in a reduction in paperwork and regulatory burden, the Department of Housing and Urban Development and the Veterans' Administration shall employ in their respective programs—

(i) uniform single family and multifamily note and mortgage forms;

(ii) a uniform application form for mortgage approval and committment for mortgage insurance;

(iii) a uniform form for computation of the monthly net effective income of applicants;

(iv) a uniform property appraisal form;

(v) a uniform settlement statement which shall satisfy the requirements of the Real Estate Settlement Procedures Act; and

(vi) such other consolidated or simplified forms, the consolidation or simplification of which the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs mutually agree would contribute to a reduction in the paperwork and regulatory burden of housing and housing finance programs administered by the agencies.

(2) Each agency may employ riders, addenda, or similar forms of modification agreements to adapt such uniform forms to its respective programs and policies, consistent with the goals of minimizing the use and extent of such modification agreements and of maximizing the suitability of such forms for the use of all participants, public and private.

(3) To the extend permitted by law, the President may require the Farmers Home Administration and the Administrator of the Farmers Home Administration to comply with the requirements of this section if such compliance will contribute to a reduction in the paperwork and regulatory burden of housing and housing finance programs administered by the agency.

TASK FORCE ON HOUSING PROGRAM PAPERWORK REDUCTION

SEC. 717. (a) Within sixty days after the enactment of this Act, the President shall establish an Interagency Task Force on Housing Program Paperwork Reduction (hereinafter referred to as the "Task Force"), which shall be composed of the Director of the Office of Management and Budget, the Commissioner of the Federal Housing Administration, the Administrator of Veterans' Affairs, the Administrator of the Farmers Home Administration, the President of the Government National Mortgage Association, or their designees, and any additional person or persons designated by the President, if such additional person or persons are serving in offices or positions to which appointment is made and with the advice and consent of the Senate. The Director of the Office of Management and Budget shall be Chairman of the Task Force.

(b) Within one hundred and eighty days after enactment of this Act, the Task Force shall transmit to the Congress a plan and timetable for implementing those recommendations of the Commission on Federal Paperwork which have the purpose of reducing the regulatory and paperwork burden of Federal housing and housing finance programs. The Task Force shall in its plan include recommendations for such legislation as may be necessary to remove barriers to full implementation of the Commission's recommendations. If the Task Force finds that any recommendation of the Commission should not be fully implemented, it shall include a full explanation of its fundings and a description of the alternative that will be employed to achieve the goal of the rejected recommendation.

(c) The Director of the Office of Management and Budget shall coordinate and monitor the development and implementation by Federal departments and agencies of the plan presented pursuant to subsection (b) and shall report to the Congress on such development and implementation as part of each report required under Public Law 93-556.

(d) The Director of the Office of Management and Budget shall assign such professional and clerical staff full time to the Task Force as may be necessary, until the Task Force completes its duties. The Director of the Office of Management and Budget may, in addition, require any or all of the agencies on the Task Force to assign one person full time to the Task Force, until the Task Force completes its duties. Such personnel assignments should take into account experience in paperwork, records, and reports management and regulation design and implementation.

(e) The Task Force shall to the maximum extent possible consult with the private sector, including but not limited to homebuilders, realtors, financial institutions, mortgage companies, public interest groups, mortgage insurance companies, homeowners, the general public, and any other group or groups that will be affected directly or indirectly by the provisions of this section, and obtain their ideas and views in carrying out its duties under this section.

PAPERWORK CONTROL AND MANAGEMENT

SEC. 718. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") shall, not later than January 1, 1979, and not later than such date in each year thereafter, publish in the Federal Register an agenda of regulations expected to be considered during the fiscal year in which the agenda is published. The agenda shall describe, to the greatest extent possible, any significant rulemaking activity for that fiscal year, including the creation of new regulations and the revision or repeal of existing regulations.

(b) The Secretary shall, prior to the publication of any proposed regulation for public comment, conduct a thorough regulatory analysis of the regulation under consideration. Such analysis shall include, but shall not be limited to, the following:

(1) A reasonable estimate of the benefits expected to be derived as well as the costs or other inflationary impact which could be expected to result from the rulemaking. In making the estimate required by this paragraph, the Secretary shall (A) consider recommendations which may be made by the Council of Economic Advisers, the Council on Wage and Price Stability, the Office of Management and Budget, or any other executive agency, and (B) give special consideration to the extent to which delays caused by Government review, processing, and general paperwork contribute to the cost of housing, and shall, wherever feasible, modify the proposed regulation to minimize or eliminate such delays.

(2) An assessment of the extent to which the proposed regulation may result in contradiction, unnecessary overlapping, or duplication of other regulations of the Department or of another executive agency.

(3) An assessment of the extent to which the proposed regulation increases the burden of recordkeeping and report filing requirements on individuals, businesses, and State and local governments. In making the assessment required by this paragraph, the Secretary shall use as a basis the "reporting hours burden", as estimated by the Office of Management and Budget.

(c) A summary of the findings of the regulatory analysis conducted under subsection (b) shall be published adjacent to the regulation being proposed in the Federal Register. In emergency situations or cases in which the Secretary must meet immediate statutory or judicial deadlines, there shall be published in the Federal Register a statement explaining why preparation of a regulatory analysis would be impracticable or inappropriate.

NEW COMMUNITY ASSISTANCE PROJECTS

SEC. 719. Section 415(c) of the Housing and Urban Development Act of 1968 is amended to read as follows:

"(c) The term 'new community assistance projects' has the same meaning as the term 'new community assistance project' in section 718(c) of the Housing and Urban Development Act of 1970.".

COST-BENEFIT ANALYSIS OF FIELD REORGANIZATIONS

SEC. 720. Section 7 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following:

"(o) A plan for the reorganization of any regional, area, insuring, or other field office of the Department of Housing and Urban Development may take effect only upon the expiration of ninety days after publication in the Federal Register of a cost-benefit analysis of the effect of the plan on each office involved. Such cost-benefit analysis shall include, but not be limited to—

"(1) an estimate of cost savings supported by background information detailing the source and substantiating the amount of the savings;

"(2) an estimate of the additional cost which will result from the reorganization; including, but not limited to, the cost of remodeling and moving into new office quarters, the loss of experienced personnel where such personnel shall be replaced by other personnel, the cost of training new personnel, the cost of moving personnel to new homes, any increase in rental costs (or an estimate of the likely increase in rental costs), and any adverse effects on any existing Federal office buildings;

"(3) a study of the impact on the local economy; and

"(4) an estimate of the effect of the reorganization on the availability, accessibility, and quality of services provided for recipients of those services.

Where any of the above factors cannot be quantified, the Secretary shall provide a statement on the nature and extent of those factors in the cost-benefit analysis.".

HOUSING PRODUCTION REPORT

SEC. 721. Section 1603 of the Housing and Urban Development Act of 1968 is amended to read as follows:

"REPORT ON GOALS

"SEC. 1603. Not later than January 20, of each year, the President shall transmit to the Congress a report which—

"(1) reviews the progress made in achieving housing production objectives during the preceding year, and in the event that proposed objectives are not achieved, identifies the reasons for the failure;

"(2) projects the level, composition, and general location of production and rehabilitation activity during the current year, and reassesses the availability of required resources;

"(3) specifies Federal programs and policies to be implemented or recommended in order to achieve the objective;

"(4) updates estimates of the housing needs of lower income families, analyzing these needs, insofar as possible, by type of household, housing need, including households with specialized needs, and general location, and in addition, reassesses the capacity of each Federal housing program to serve the needs identified;

"(5) reviews the progress made in achieving goals of conserving and upgrading older housing and neighborhoods, expanding homeownership and equal housing opportunities, and assuring reasonable shelter costs;

"(6) reports on progress made toward developing new methods for measuring and monitoring progress in achieving these goals; and

"(7) identifies legislative and administrative actions which will or should be adopted or implemented during the current year to support achievement of the goals.".

TITLE VIII—NEIGHBORHOOD SELF-HELP DEVELOPMENT

SHORT TITLE

SEC. 801. This title may be cited as the "Neighborhood Self-Help Development Act of 1978".

FINDINGS AND PURPOSE

SEC. 802. (a) The Congress finds and declares that—

(1) existing urban neighborhoods are a national resource to be conserved and revitalized wherever possible, and that public policy should promote governmental and private programs and activities that further that objective;

(2) to be effective, neighborhood conservation and revitalization efforts must involve the fullest possible support and participation of those most directly affected at the neighborhood level; and

(3) an effective way to obtain such support and participation at the neighborhood level is through neighborhood organizations accountable to residents of a particular neighborhood with a demonstrable capacity for developing, assessing, and carrying out projects for neighborhood conservation and revitalization.

(b) It is, therefore, the purpose of this title (1) to provide grants and other forms of assistance to qualified neighborhood organizations to undertake specific housing, economic or community development, and other appropriate neighborhood conservation and revitalization projects in low- and moderate-income neighborhoods, or for the benefit of low- and moderate-income residents of other neighborhoods which are in need of preservation and revitalization, and (2) in the process of providing such assistance, to increase the capacity of neighborhood organizations, individually and collectively, to utilize and coordinate resources available from the public and private sectors, and from neighborhoods themselves, for conserving and revitalizing existing neighborhoods.

DEFINITIONS

SEC. 803. As used in this title—

(1) the term "neighborhood organization" means a voluntary, nonprofit organization which (A) is broadly representative of the neighborhood in which the project will be located, (B) is accountable to neighborhood residents with respect to the project being proposed, (C) has as an objective the preservation and revitalization of such neighborhood, and (D) is found by the Secretary to have a proven record on demonstrable capacity for developing resources for, and effectively implementing neighborhood conservation and revitalization programs and projects;

(2) the term "neighborhood conservation and revitalization projects" includes but is not limited to (A) locally conceived programs for housing rehabilitation and the creative reuse and improvement of existing housing; (B) revitalization of neighborhood retail business areas and the recycling of vacant industrial sites and public and privately owned businesses for the purpose of creating employment opportunities and promoting neighborhood economic development; and (C) energy conservation and weatherization projects; and

(3) the term "Secretary" means the Secretary of Housing and Urban Development.

AUTHORITY TO PROVIDE ASSISTANCE

SEC. 834. (a) The Secretary of Housing and Urban Development is authorized, in accordance with such regulations as the Secretary may prescribe, to make grants and to provide other forms of assistance to neighborhood organizations for effectively planning and carrying out specific housing, economic and community development, and other appropriate neighborhood conservation and revitalization projects within a particular neighborhood, and to assist such organizations to conduct such projects in partnership with local government and the public and private sector.

(b) Grants and other forms of assistance may be made available under this section only if—

(1) the assistance will be used for a specific project which is related to and supportive of a revitalization strategy for the neighborhood in which the project will be located;

(2) the project will include a self-help component which involves a contribution of time or resources by neighborhood residents;

(3) the project will directly benefit the residents of a low- or moderate-income neighborhood or will primarily benefit low- and moderate-income residents of a neighborhood with an average income above the moderate level;

(4) the project will, to the extent feasible, involve leveraging of resources available from the private sector;

(5) the project will, to the extent feasible, involve the coordination of resources available from the local, State, or Federal Government; and

(6) the applicant demonstrates that the residents of the neighborhood where the project will be carried out, and particularly residents who will be directly affected by the project, have been actively involved in and supportive of the selection of the project, and will continue to be involved in project development, implementation, and evaluation through an effective, on-going neighborhood participation mechanism.

(c) Grants and other forms of assistance made available under this section shall be used primarily for the implementation of specific neighborhood housing, economic, and community development projects. No grant or other assistance shall be made available under this section for—

(1) planning functions which are not combined with project implementation, (2) a public works project such as street repair which is not associated with the specific project being funded under this section, (3) operation of a social service program which is not associated with the specific project being funded under this section, (4) an economic development project which will not primarily benefit the residents of the neighborhood in which it will be located, (5) operating costs of a community group which are not associated with the specific project being funded under this section, or (6) other purposes which the Secretary may determine are not consistent with the purposes of this title.

(d) With respect to any particular application, grants and other forms of assistance may be made available under this section only after the unit of general local government within which the neighborhood to be assisted is located certifies that such assistance is consistent with, and supportive of, objectives of that unit of government including housing and community development, economic development, and neighborhood conservation or revitalization activities being carried out by such unit.

(e) The Secretary shall consult with the heads of other Federal departments and agencies having responsibilities related to the purposes of this title, including the Community Services Administration, with respect to (1) general standards, policies, and procedures to be followed in the administration of this title, and (2) particular assistance actions or approvals which the Secretary believes to be of special interest or concern to one or more of such departments and agencies. The Secretary shall ensure the close coordination of activities assisted under this title with other related Federal, State, and local assistance programs, including the programs of the Community Services Administration, and, with respect to particular assistance actions or approvals, ensure a maximum commitment by the neighborhood organization of its own financial and other resources toward the assisted project.

APPROPRIATIONS

SEC. 805. There are authorized to be appropriated for the purpose of carrying out this title not to exceed $15,000,000 for each of the fiscal years 1979 and 1980. Any amount appropriated pursuant to this section shall remain available until expended.

TITLE IX—LIVABLE CITIES

SHORT TITLE

SEC. 901. This title may be cited as the "Livable Cities Act of 1978".

FINDINGS

SEC. 902. The Congress finds and declares—

(1) that artistic, cultural, and historic resources, including urban design, constitute an integral part of a suitable living environment for the residents of the Nation's urban

areas, and should be available to all residents of such areas, regardless of income;

(2) that the development or preservation of such resources is a significant and necessary factor in restoring and maintaining the vitality of the urban environment, and can serve as a catalyst for improving decaying or deteriorated urban communities and expanding economic opportunities, and for creating a sense of community identity, spirit, and pride; and

(3) that the encouragement and support of local initiatives to develop or preserve such resources, particularly in connection with federally assisted housing or community development activities or in communities with a high proportion of low-income residents, is an appropriate function of the Federal Government.

PURPOSE

SEC. 903. The primary purpose of this title is to further the efforts of States, urban communities, neighborhoods, and organizations to initiate undertakings to revitalize such communities and neighborhoods, and to provide a more suitable living environment, expand cultural opportunities, and indirectly stimulate economic opportunities, for the residents, and particularly residents of low and moderate income, of such communities and neighborhoods, through the utilization, design, or development of artistic, cultural, or historic resources.

DEFINITIONS

SEC. 904. For the purpose of this title—

(1) The terms "art" and "arts" include, but are not limited to, architecture (including preservation, restoration, or adaptive use of existing structures), landscape architecture, urban design, interior design, graphic arts, fine arts (including painting and sculpture), performing arts (including music, drama, and dance), literature, crafts, photography, communications media and film, as well as other similar activities which reflect the cultural heritage of the Nation's communities and their citizens;

(2) the term "nonprofit organization" includes States and units of local governments (including public agencies or special authorities thereof), regional organizations of local governments, and nonprofit societies, neighborhood groups, institutions, organizations, associations, or museums;

(3) the term "project" means a program or activity organized to carry out the purposes of this title, including programs for neighborhood and community-based arts programs, urban design, user needs design, and the encouragement of the preservation of historic or other structures which have neighborhood or community significance;

(4) the term "Secretary" means the Secretary of Housing and Urban Development;

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

(6) the term "Department" means the Department of Housing and Urban Development; and

(7) the term "Endowment" means the National Endowment for the Arts.

GRANTS TO OR CONTRACT WITH ORGANIZATIONS

SEC. 905. (a) The Secretary is authorized to make grants to, or contract or make other arrangements with, nonprofit organizations (or, in appropriate cases, as determined by the Secretary, to enter into contracts with profitmaking organizations) for the purpose of enabling such organizations to undertake or support in cities, urban communities, or neighborhoods, projects which the Secretary, in consultation with the Chairman, determines will carry out the purposes of this title and which—

(1) have substantial artistic, cultural, or urban design merit,

(2) represent community or neighborhood initiatives which have a significant potential for revitalizing communities or neighborhoods, for enhancing community or neighborhood identity and pride, and for contributing to a more suitable living environment and expanded cultural opportunity for the residents, and particularly low- and moderate-income residents, of the Nation's urban areas, and

(3) meet the criteria established jointly by the Secretary and the Chairman pursuant to this section.

(b) The Secretary and the Chairman shall establish jointly criteria and procedures for evaluating and selecting projects to be assisted under subsection (a) of this section. Such criteria shall address, but need not be limited to, the following factors:

(1) artistic, cultural, historical, or urban design quality;

(2) the degree of broadly based, active involvement of neighborhood residents, community groups, local officials, and persons with expertise in the arts, with the proposed project;

(3) the degree of utilization or stimulation of assistance or cooperation from other Federal, State, and local sources, including private sources and other public or private arts organizations, or the potential for generating such assistance or cooperation;

(4) the feasibility of project implementation, including the capability of the sponsor organization;

(5) the potential contribution to neighborhood revitalization and the creation of a sense of community identity and pride through fostering such activities as preservation of neighborhoods and existing structures;

(6) the potential for stimulating neighborhood economic and community development, particularly for the benefit of persons of low and moderate income; and

(7) the encouragement of utilization of artistic, cultural and historic resources by neighborhood residents, particularly residents of low and moderate income, senior citizens, and handicapped persons.

(c) No financial assistance shall be made to any organization under this section except upon application therefor which is submitted to the Secretary in accordance with regulations and procedures established jointly by the Secretary and the Chairman.

(d) Prior to the approval of any application for financial assistance under this title, the Secretary shall consult with the Chairman and, in accordance with regulations and procedures issued jointly by the Secretary and the Chairman, shall seek the recommendations of State and local officials and private citizens who have broad knowledge of, or experience or expertise in, community and economic development and revitalization, and of such officials and citizens who have broad knowledge of, or expertise in, the arts.

(e) The Secretary, in cooperation with the chairman, shall prescribe regulations to require that a specific portion of the cost of any project assisted under this title shall be provided from sources other than funds made available under this title. The Secretary may reduce or waive such requirement in order to take account of the financial capacity of the applicant.

(f)(1) An organization shall be eligible for a grant under this section only if (A) no part of its net earnings inures to the benefit of any private stockholder or stockholders, or individual or individuals, and (B) such organization is not disqualified for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1954 by reason of attempting to influence legislation, and does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

(2) The Secretary, in cooperation with the Chairman, shall establish, pursuant to regulations, procedures for eliciting the cooperation of local officials and, where appropriate, State officials in assuring that no application will be approved under this title with respect to a project which would be inconsistent with the objectives of the unit of local government within which such project will be carried out, including the cultural or community development and neighborhood preservation and revitalization plans and activities of such unit.

(3) Funds made available under this title shall not be used to supplant non-Federal funds.

(4) No more than 10 per centum of the funds appropriated for any fiscal year under section 907 shall be available for administrative expenses.

COORDINATION AND DEVELOPMENT OF PROGRAM WITH OTHER FEDERAL AND NON-FEDERAL PROGRAMS

SEC. 906. The Secretary shall insofar as practicable, coordinate the administration of the provisions of this title, and encourage the coordination of activities assisted under this title, with existing Federal, State, and local programs and with those undertaken by other public agencies or private groups, including other public or private organizations, and with due regard to the contribution to the objectives of this title which can be made by Federal agencies under other existing programs.

AUTHORIZATION OF APPROPRIATIONS

SEC. 907. There are authorized to be appropriated for carrying out the puposes of this title not to exceed $5,000,000 for fiscal year 1979, and not to exceed $10,000,0000 for fiscal year 1980. Any amounts appropriated under this section shall remain available until expended.

MOTION OFFERED BY MR. REUSS

Mr. REUSS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. REUSS moves to strike out all after the enacting clause of the Senate bill, S. 3084, and insert in lieu thereof the provisions contained in H.R. 12433, as passed by the House, as follows:

SHORT TITLE

SECTION 1. This Act may be cited as the "Housing and Community Development Amendments of 1978".

TITLE I—COMMUNITY AND NEIGHBORHOOD DEVELOPMENT AND CONSERVATION

REHABILITATION LOANS AND LOAN INSURANCE

SEC. 101. (a) Section 312 of the Housing Act of 1964 is amended—

(1) by striking out the undesignated paragraph which follows subsection (a)(3) and inserting in lieu thereof the following new undesignated paragraph:

"The Secretary shall, in making loans under this section, give priority to applications by low- and moderate-income persons who own the property to be rehabilitated and will occupy such property upon completion of the rehabilitation, including applications by condominiums and cooperatives in which the residents are principally of low and moderate income.";

(2) by striking out "$50,000" in subsection (c)(4)(B) and inserting in lieu thereof "$100,000";

(3) by striking out "and not to exceed $60,000,000 for the fiscal year beginning on October 1, 1977" in subsection (d) and inserting in lieu thereof "not to exceed $60,000,000 for the fiscal year beginning on October 1, 1977, and not to exceed $245,000,000 for the fiscal year beginning on October 1, 1978"; and

(4) by adding the following new subsection at the end thereof:

"(l) The Secretary may not, after 180 days following the date of the enactment of this subsection, make any loan under this section

with respect to any property unless the Secretary has determined that the improvements to such property, upon completion of the rehabilitation, will meet cost-effective energy conservation standards prescribed by the Secretary."; and

(5) by inserting "(A)" in subsection (c)(3) after "not to exceed" and by inserting in such subsection after "at any time," the following: "or (B) except that where the Secretary finds it appropriate to carry out the purposes of this section, the Secretary may establish such higher rate of interest for loans which will primarily benefit persons who have annual incomes exceeding 95 percent of the median income of the area. Such higher rate shall not exceed a rate determined by the Secretary of the Treasury, taking into consideration the current market yield of outstanding marketable obligations of the United States with remaining periods of maturity comparable to the terms of loans made pursuant to this section, adjusted to the nearest one-eighth of 1 percent. In determining an appropriate rate, the Secretary shall consider the condition, location, and anticipated use of the property, the nature of the proposed rehabilitation, the income of the applicant and such other factors as the Secretary finds relevant;".

(b)(1) Section 203(k) of the National Housing Act is amended to read as follows:

"(k)(1) The Secretary may, in order to order to assist in the rehabilitation of one- to four-family structures used primarily for residential purposes, insure and make commitments to insure rehabilitation loans (including advances made during rehabilitation) made by financial institutions on and after 180 days following the date of the enactment of the Housing and Community Development Amendments of 1978. Such commitments to insure and such insurance shall be made upon such terms and conditions which the Secretary may prescribe and which are consistent with the provisions of subsections (b), (c), (e), (i), and (j) of this section, except as modified by the provisions of this subsection.

"(2) For the purposes of this subsection—

"(A) the term 'rehabilitation loan' means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit, made for the purpose of financing—

"(i) the rehabilitation of an existing one- to four-unit structure which will be used primarily for residential purposes;

"(ii) the rehabilitation of such a structure and the refinancing of the outstanding indebtedness on such structure and the real property on which the structure is located; or

"(iii) the rehabilitation of such a structure and the purchase of the structure and the real property on which it is located; and

"(B) the term 'rehabilitation' means the improvement (including improvements designed to meet cost-effective energy conservation standards prescribed by the Secretary) or repair of a structure, or facilities in connection with a structure, and may include the provision of such sanitary or other facilities as are required by applicable codes, a community development plan, or a statewide property insurance plan to be provided by the owner or tenant of the project.

"(3) To be eligible for insurance under this subsection, a rehabilitation loan shall—

"(A) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount which does not exceed, when added to any outstanding indebtedness of the borrower which is secured by the structure and the property on which it is located, the amount specified in subsection (b)(2); except that, in determining the amount of the principal obligation for purposes of this subsection, the Secretary shall establish as the appraised value of the property an amount not to exceed the sum of the estimated cost of rehabilitation and the Secretary's estimate of the value of the property before rehabilitation;

"(B) bear interest at a rate permitted by the Secretary for mortgages insured under this section; except that the Secretary may permit a higher rate of interest to be applied to the loan with respect to the period beginning with the making of the loan and ending with the completion of the rehabilitation or such earlier time as the Secretary may determine;

"(C) be an acceptable risk, as determined by the Secretary; and

"(D) comply with such other terms, conditions, and restrictions as the Secretary may prescribe.

"(4) Any rehabilitation loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Secretary may prescribe, but in no event for an additional amount or term which exceeds the maximum provided for in this subsection.

"(5) All funds received and all disbursements made pursuant to the authority established by this subsection shall be credited or charged, as appropriate, to the General Insurance Fund, and insurance benefits shall be paid in cash out of such Fund or in debentures executed in the name of such Fund. Insurance benefits paid with respect to loans insured under this subsection shall be paid in accordance with paragraphs (6) and (7) of section 220(h); except that, where references to 'this subsection' are found in such paragraphs, such references shall be construed as referring to this subsection.".

(2) Section 203(c) of such Act is amended—

(A) by striking out "subsection (n) is" in the first proviso and inserting in lieu thereof "subsections (n) and (k) are"; and

(B) by inserting "or (k)" after "subsection (n)" the second time it appears in such proviso.

(3) The proviso in the first sentence of section 302(b)(1) of such Act is amended by inserting "or section 203(k)" after "title VIII" in clause (3).

URBAN HOMESTEADING

SEC. 102. The first sentence of section 810(g) of the Housing and Community Development Act of 1974 is amended—

(1) by striking out "and" immediately following "fiscal year 1977,"; and

(2) by inserting the following before the period at the end thereof: ", and not to exceed $25,000 for the fiscal year 1979".

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AMENDMENTS

SEC. 103. (a) Section 104(a)(4)(B)(i) of the Housing and Community Development Act of 1974 is amended by inserting "including existing units to be upgraded and thereby preserved," immediately following "existing dwelling units,".

(b) Sections 104(a) of such Act is amended by inserting the following after "expected to reside in the community" in paragraphs (3)(C) and (4)(A): "as a result of existing or projected employment opportunities in the community".

(c) Section 104(c) of such Act is amended—

(1) by inserting "and co-equal" after "primary" in paragraph (3); and

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

"The Secretary may not disapprove an application on the basis that such application addresses any one of the primary purposes described in paragraph (3) to a greater or lesser degree than any other.".

(d) Section 105(a)(11) of such Act is amended to read as follows:

"(11) relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate to the community development program;".

(e) Title I of such Act is amended by adding the following new section at the end thereof:

"FAIR ACCESS FOR SMALLER COMMUNITIES

SEC. 120. The Secretary shall not establish requirements that limit or exclude the excess of any community from assistance under this title on the basis of the population of such community except as expressly authorized by statute."

(f) The last sentence of section 107(a)(8) of such Act is amended to read as follows: "The Secretary may also provide, directly or through contracts, technical assistance under this paragraph to such governmental units, or to a group designated by such a governmental unit for the purpose of assisting that governmental unit to carry out its Community Development Program."

EFFECTIVE DATE

SEC. 104. The amendments made by this title shall become effective October 1, 1978; except that the amendments made by subsections (b), (c) and (f) of section 103 shall become effective on the date of enactment of this Act.

TITLE II—HOUSING ASSISTANCE PROGRAMS

FINANCIAL ASSISTANCE FOR CERTAIN HOUSING PROJECTS

SEC. 201. (a) The purpose of this section is to improve the management of certain housing projects covered by, or formerly covered by, mortgages insured under the National Housing Act, or assisted or approved for assistance under such Act, so that the financial soundness of such projects may be restored or maintained and so that a low- and moderate-income character may be maintained in such projects.

(b) The Secretary of Housing and Urban Development (hereinafter referred to in this section as the "Secretary") may make available, and contract to make available, to such extent and in such amounts as may be approved in appropriation Acts, financial assistance to owners of rental or cooperative housing projects meeting the requirements of this section. Such assistance shall be made on an annual basis and in accordance with the provisions of this section.

(c) A rental or cooperative housing project is eligible for assistance under this section only if such project—

(1)(A) assisted under section 236 or the proviso of section 221(d)(5) of the National Housing Act, or under section 101 of the Housing and Urban Development Act of 1965; except that, in the case of any such project which is not insured under the National Housing Act, such assistance may not be provided before October 1, 1979; or

(B) met the criteria specified in subparagraph (A) of this paragraph before the acquisition of such project by the Secretary and has been sold by the Secretary, subject to a mortgage insured or held by the Secretary and subject to an agreement (in effect during the period of assistance under this section) which provides that the low- and moderate-income character of the project will be maintained; except that, with respect to projects sold after October 1, 1978, assistance shall be available for a period not to exceed two years; and

(2) meets such other requirements consistent with the purposes of this section as the Secretary may prescribe.

(d) No assistance may be made available under this section unless the Secretary has determined that—

(1) such assistance, when considered with other resources available to the project, is

necessary and, in the determination of the Secretary, will restore or maintain the financial soundness of the project and maintain the low- and moderate-income character of the project;

(2) the assistance which could reasonably be expected to be provided over the useful life of the project will be less costly to the Federal Government than other reasonable alternatives by which the Secretary could maintain the low- and moderate-income character of the project;

(3) the owner together with the mortgagee in the case of a project not insured under the National Housing Act, has provided or has committed itself to providing assistance to the project;

(4) the project is structurally sound, as determined on the basis of information obtained as a result of an onsite inspection of the project;

(5) the community in which the project is located has evidenced a commitment to provide essential services in keeping with the community's general level of such services;

(6) the real estate taxes on the project are not greater than would be the case if the property was assessed in a manner consistent with the normal property assessment procedures for the community in which the property is located;

(7) the management of the project is being conducted by persons who meet minimum levels of competency and experience prescribed by the Secretary; and

(8) the project is being operated and managed in accordance with a management-improvement-and-operating plan which is designed to reduce the operating costs of the project, which has been approved by the Secretary, and which inludes the following: (A) a detailed maintenance schedule; (B) a schedule for correcting past deficiencies in maintenance, repairs, and replacements; (C) a plan to upgrade the project to meet cost-effective energy efficiency standards prescribed by the Secretary; (D) a plan to improve financial and management control systems; (E) a detailed annual operating budget taking into account such standards for operating costs in the area as may be determined by the Secretary; and (F) such other requirements as the Secretary may determine; and

(9) the appropriate unit of general local government has been consulted to insure consistency with local plans and priorities.

(e)(1) The Secretary may, with respect to any year, provide assistance under this section, and make commitments to provide such assistance, with respect to any project in any amount which the Secretary determines is consistent with the project's management-improvement-and-operating plan described in subsection (d)(7) and which does not exceed the sum of—

(A) an amount determined by the Secretary to be necessary to correct deficiencies in the project which exist at the beginning of the first year with respect to which assistance is made available for the project under this section, which were caused by the deferral of regularly scheduled maintenance and repairs or the failure to make necessary and timely replacements of equipment and other components of the project, and for which payment has not previously been made;

(B) an amount determined by the Secretary to be necessary to maintain the low- and moderate-income character of the project by reducing deficiencies, which exist at the beginning of the first year with respect to which assistance is made available for the project under this section and for which payment has not previously been made, in the reserve funds established by the project owner for the purpose of replacing capital items; and

(C) an amount not greater than the amount by which the estimated operating expenses (as described in paragraph (2) of this subsection) for the year with respect to which such assistance is made available exceeds the estimated revenues to be received (as described in paragraph (2) of this subsection) by the project during such year.

(2) The estimated revenues for any project under paragraph (1)(C) of this subsection with respect to any year shall be equal to the sum of—

(A) the estimated amount of rent which is to be expended by the tenants of such project during such year, as determined by the Secretary without regard to section 236(f)(1) of the National Housing Act;

(B) the estimated amount of rental assistance payments to be made on behalf of such tenants during such year, other than assistance made under this section;

(C) the estimated amount of assistance payments to be made on behalf of the owner of such project under section 221(d)(5) or section 236 of the National Housing Act during such year; and

(D) other income attributable to the project as determined by the Secretary;

except that—

(E) in computing the estimated amount of rent to be expended by tenants, the Secretary shall provide that (i) at least 25 percent of the income of each such tenant is included, or (ii) in the case of a tenant paying his or her own utilities, a percentage of income which is less than 25 percent and which takes into account the reasonable costs of such utilities; except that no amount shall be provided for any tenant under clause (i) or (ii) which exceeds the fair market rental charge as determined pursuant to section 236(f)(1) of the National Housing Act for such tenant; and

(F) in computing the estimated amount of rent to be expended by tenants and the estimated amount of rental assistance payments to be made on behalf of such tenants, the Secretary may permit a delinquency-and-vacancy allowance of not more than 6 percent of the estimated amount of such rent and payments computed without regard to such allowance; except that, with respect to the first two years in which assistance is provided to a project under this section, the Secretary may permit such allowance for such project to exceed such 6 percent by an amount which the Secretary determines is appropriate to carry out the purposes of this section.

For purposes of computing estimated operating expenses of any such project with respect to any year, the Secretary shall include all estimated operating costs which the Secretary determines to be necessary and consistent with the management-improvement-and-operating plan for the project for such year, including, but not limited to, taxes, utilities maintenance and repairs (except for maintenance and repairs which should have been performed in previous years), management, insurance, debt service, and payments made by the owner for the purpose of establishing or maintaining a reserve fund for replacement costs. The Secretary may not include in such estimated operating expenses any return on the equity investment of the owner in such project.

(3) Any assistance payments made pursuant to this section with respect to any project shall be made on an annual basis payable at such intervals, but at least quarterly, as the Secretary may determine, and may be in any amount (which the Secretary determines to be consistent with the purpose of this section), except that the sum of such assistance payments for any year may not exceed the amount computed pursuant to paragraph (1) of this subsection. The Secretary shall review the operations of the project at the project at the time of such payments to determine that such operations are consistent with the management-improvement-and-operating plan.

(f) In order to carry out the purposes of this section, the Secretary may, notwithstanding the provisions of section 236(f)(1) of the National Housing Act, provide that, for purposes of establishing a rental charge under such section, there may be excluded from the computation of the cost of operating a project an amount equivalent to the amount of assistance payments made for the project under this section.

(g) The Secretary may issue such rules and regulations as may be necessary to carry out the provisions of this section.

(h) There are authorized to be appropriated, for the purpose of providing financial assistance under this section, an amount (in addition to any amount appropriated for use under this section pursuant to section 236(f)(3) of the National Housing Act) not to exceed $74,000,000 for the fiscal year 1979.

(i) Effective October 1, 1978, section 236 of the National Housing Act is amended—

(1) by striking out the third and fourth sentences of subsection (g); and

(2) by striking out subsection (f)(3) and inserting in lieu thereof the following:

"(3) The Secretary shall utilize the fund described in subsection (g) for the sole purpose of carrying out the purposes of section 201 of the Housing and Community Development Amendments of 1978. No payments may be made from such fund unless approved in an appropriation Act. No amount may be so approved for any fiscal year beginning after September 30, 1979.".

HOUSING FOR THE ELDERLY AND THE HANDICAPPED

SEC. 202. (a) Section 202 of the Housing Act of 1959 is amended by adding at the end thereof the following new subsection:

"(h) Of the amounts made available in appropriation Acts for loans pursuant to subsection (a)(4)(C) for the fiscal year commencing on October 1, 1978, not less than $50,000,000 shall be available for loans for the development of rental housing and related facilities specifically designed to meet the needs of handicapped (primarily nonelderly) persons. The Secretary shall take steps as may be necessary to assure that—

"(1) funds made available pursuant to this subsection will be used to support innovative methods of meeting the needs of handicapped persons by providing a variety of housing options, ranging from small group homes to independent living complexes; and

"(2) housing and related facilities assisted under this subsection will provide handicapped persons occupying units within such units within such housing with an assured range of services specified in subsection (f) and the opportunity for optimal independent living and participation in normal daily activities, and will facilitate access by such persons to the community at large and to suitable employment opportunities within such community.".

(b) The second sentence of section 202(a)(4)(C) of such Act is amended—

(1) by striking out "in any fiscal year" after "under this section"; and

(2) by striking out "for such year" after "authority established".

(c) Section 202(d)(3) of such Act is amended by inserting "the cost of moveables necessary to the basic operation of the project as determined by the Secretary," immediately after "related facilities,".

(d) Section 202(d)(2) of such Act is amended to read as follows:

"(2) The term 'corporation' means any incorporated private institution or foundation—

"(A) no part of the net earnings of which

inures to the benefit of any member, founder, contributor, or individual;

"(B) which has a governing board (i) the membership of which is selected in a manner to assure that there is significant representation of the views of the community in which such project is located, and (ii) which is responsible for the operation of the housing project assisted under this section; and

"(C) which is approved by the Secretary as to financial responsibility.".

LOW-INCOME HOUSING

SEC. 203. (a) Section 5(c) of the United States Housing Act of 1937 is amended—

(1) by striking out "and" immediately after "October 1, 1976," in the first sentence;

(2) by inserting immediately after "on October 1, 1977," in the first sentence the following: "and by $1,195,043,000 on October 1, 1978";

(3) by striking out the second and fourth sentences; and

(4) by inserting "and on and after October 1 1978," immediately after October 1, 1976," in the third sentence.

(b) Section 8(d)(1)(B) of such Act is amended to read as follows:

"(B) the owner shall have the right to give notice to vacate, in accordance with State and local laws which the Secretary has determined provide adequate protection for tenants and in accordance with the determination of the public housing authority pursuant to review procedures which the Secretary has determined provide such protection;".

(c)(1) Section 8 of such Act is amended by adding at the end thereof the following new subsection:

"(i) In entering into contracts under this section with respect to substantially rehabilitated dwelling units, the Secretary shall provide that—

"(1) the maximum monthly rent permitted for the assisted units be not greater than the amount permitted under subsection (c) or a lesser amount which the Secretary determines is appropriate taking into consideration the investment of the owner in the assisted units and such other factors as the Secretary determines to be relevant;

"(2) the assisted units be rehabilitated to a level which meets but does not exceed applicable codes and standards for decent, safe, and sanitary housing which are prescribed by the Secretary;

"(3) all the dwelling units in the housing structure in which the assisted units are located meet applicable codes and standards prescribed by the Secretary for decent, safe, and sanitary housing;

"(4) the term of any such contract does not exceed the maximum term permitted under subsection (e)(1) or a shorter term which the Secretary determines is appropriate taking into consideration the amount of investment of the owner in the assisted units and such other factors as the Secretary determines to be relevant; and

"(5) the assisted units meet cost-effective energy efficiency standards prescribed by the Secretary.".

(2) The amendments made by this subsection shall become effective with respect to contracts entered into on or after 180 days following the date of enactment of this Act.

(d) Section 8 of such Act is amended by adding at the end thereof the following new subsection:

"(j)(1) The Secretary may enter into annual contributions contracts under this subsection for the purpose of assisting lower income families by making rental assistance payments with respect to real property on which is located a mobile home which is owned by any such family and utilized by such family as its principal place of residence. In carrying out this subsection, the Secretary may (A) enter into annual contributions contracts with public housing agencies pursuant to which such agencies may enter into contracts to make such assistance payments to the owners of such real property, or (B) enter into such contracts directly with the owners of such real property.

"(2) Contracts entered into pursuant to this subsection shall establish the maximum monthly rent (including maintenance and management charges) which the owner is entitled to receive for each space on which a mobile home is located and with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically (but not less than annually) with respect to the market area for the rental of real property suitable for occupancy by families assisted under this subsection. The provisions of subsection (c)(2) of this section shall apply to the adjustments of maximum monthly rents under this subsection.

"(3) The amount of any monthly assistance payment with respect to any family assisted under this subsection shall be the difference between 25 per centum of one-twelfth of the annual income of such family and the sum of—

"(A) the monthly payment made by such family to amortize the cost of purchasing the mobile home;

"(B) monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

"(C) the maximum monthly rent permitted with respect to the real property which is rented by such family for the purpose of locating its mobile home;

except that in no case may such assistance exceed the total amount of such maximum monthly rent.

"(4) Each contract entered into under this subsection shall be for a term of not less than one month and not more than 180 months.

"(5) The Secretary may prescribe other terms and conditions which are necessary for the purpose of carrying out the provisions of this subsection and which are consistent with the purposes of this subsection.".

(e) Section 9(c) of such Act is amended—

(1) by striking out "and" immediately following "on or after October 1, 1976"; and

(2) by inserting immediately before the period at the end thereof the following: ", and not to exceed $729,000,000 on or after October 1, 1978".

(f) The amendments made by this section, except the amendments made by subsection (c), shall become effective on October 1, 1978.

PUBLIC HOUSING SECURITY

SEC. 204. (a) This section may be cited as the "Public Housing Security Demonstration Act of 1978".

(b)(1) The Congress finds that—

(A) low-income and elderly public housing residents of the Nation have suffered substantially from rising crime and violence, and are being threatened as a result of inadequate security arrangements for the prevention of physical violence, theft, burglary, and other crimes;

(B) older persons generally regard the fear of crime as the most serious problem in their lives, to the extent that one-fourth of all Americans over 65 voluntarily restrict their mobility because of it;

(C) crime and the fear of crime have led some residents to move from public housing projects;

(D) an integral part of successfully providing decent, safe, and sanitary dwellings for low-income persons is to insure that the housing is secure; and

(E) local public housing authorities may have inadequate security arrangements for the prevention of crime and vandalism.

(2) It is, therefore, declared to be the policy of the United States to provide for a demonstration and evaluation of effective means of mitigating crime and vandalism in public housing projects, in order to provide a safe living environment for the residents, particularly the elderly residents, of such projects.

(c)(1) The Secretary of Housing and Urban Development shall promptly initiate and carry out during the fiscal year beginning on October 1, 1978, to the extent approved in appropriation Acts, a program for the development, demonstration, and evaluation of improved, innovative community anticrime and security methods, concepts and techniques which will mitigate the level of crime in public housing projects and their surrounding neighborhoods.

(2) In selecting public housing projects to receive assistance under this section, the Secretary shall assure that a broad spectrum of project types, locations and tenant populations are represented and shall consider at least the following: the extent of crime and vandalism currently existing in the projects; the extent, nature and quality of community anticrime efforts in the projects and surrounding areas; the extent, nature and quality of police and other protective services available to the projects and their tenants; the demand for public housing units in the locality, the vacancy rate, and extent of abandonment of such units; and the characteristics and needs of the public housing tenants.

(3) In selecting the anticrime and security methods, concepts and techniques to be demonstrated under this section, the Secretary shall consider the improvement of physical security equipment for dwelling units in those projects, social and environmental design improvements, tenant awareness and volunteer programs, tenant participation and employment in providing security services, and such other measures as deemed necessary or appropriate by the Secretary. Particular attention shall be given to comprehensive community anticrime and security plans submitted by public housing authorities which (i) provide for coordination between housing management and local law enforcement officials, or (ii) coordinate resources available to the community through programs funded by the Law Enforcement Assistance Administration, the Department of Health, Education, and Welfare, the Department of Labor, the Community Services Administration, ACTION or other State or Federal agencies.

(d) The Secretary shall initiate and carry out a survey of crime and vandalism existing in the Nation's public housing projects. The survey shall include the nature, extent and impact of crime and vandalism and the nature and extent of resources currently available and employed to alleviate crime and vandalism in public housing.

(e) The Secretary shall report to the Congress not later than eighteen months after the date of enactment of this Act. Such report shall include the results of the survey on crime and vandalism in public housing; findings from the demonstration and evaluation of various methods of reducing the level of crime; and legislative recommendations, if appropriate for (i) a comprehensive program to increase security in public housing projects and (ii) increasing the coordination between anticrime programs of other State and Federal agencies that may be used by public housing authorities. Any recommendations shall include estimated costs of such programs.

(f) Of the additional authority approved in appropriation Acts with respect to entering into annual contributions contracts under section 5(c) of the United States Housing Act of 1937 for the fiscal year beginning on October 1, 1978, the Secretary may utilize up to $12,000,000 of such author-

ity in the fiscal year beginning on October 1, 1978, for the establishment of the public housing security demonstration program authorized by this section.

DEMONSTRATION PROGRAM

SEC. 205. (a) The Secretary of Housing and Urban Development shall conduct a demonstration program, beginning in fiscal year 1979, for the purpose of determining new methods by which the program established by section 8 of the United States Housing Act of 1937 can be improved in order to encourage more owners of new, substantially rehabilitated, and existing housing to utilize such program and thereby provide additional housing for low-income families, particularly families which have more than two children and which reside in market areas with a low-vacancy rate in rental housing. In carrying out this section, the Secretary may utilize the additional authority to enter into contracts for annual contributions provided on October 1, 1978, and approved in appropriation Acts, under section 5(c) of the United States Housing Act of 1937.

(b) The Secretary shall report to both Houses of the Congress annually, during the duration of such demonstration program, for the purpose of providing a detailed accounting of the results of such program.

TITLE III—PROGRAM AMENDMENTS AND EXTENSIONS

EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS

SEC. 301. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1978" in the first sentence and inserting in lieu thereof "October 1, 1979".

(b) Section 217 of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(c) Section 221(f) of such Act is amended by striking out "September 30, 1978" in the fifth sentence and inserting in lieu thereof "September 30, 1979".

(d) Section 235(m) of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(e) Section 236(n) of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(f) Section 244(d) of such Act is amended—

(1) by striking out "September 30, 1978" in the first sentence and inserting in lieu thereof "September 30, 1979"; and

(2) by striking out "October 1, 1978" in the second sentence and inserting in lieu thereof "October 1, 1979".

(g) Section 245 of such Act is amended by striking out "September 30, 1978" in the third sentence and inserting in lieu thereof "September 30, 1979".

(h) Section 809(f) of such Act is amended by striking out "September 30, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".

(i) Section 810(k) of such Act is amended by striking out "September 30, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".

(j) Section 1002(a) of such Act is amended by striking out "September 30, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".

(k) Section 1101(a) of such Act is amended by striking out "September 30, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".

EXTENSION OF FLEXIBLE INTEREST RATE AUTHORITY

SEC. 302. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended, is amended by striking out "October 1, 1978" and inserting in lieu thereof "October 1, 1979".

EXTENSION OF EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974

SEC. 303. Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended by striking out "October 1, 1978" and inserting in lieu thereof "October 1, 1979".

COMPREHENSIVE PLANNING

SEC. 304. (a) The second sentence of section 701(e) of the Housing Act of 1954 is amended by striking out "and not to exceed $75,000,000 for the fiscal year 1978" and inserting in lieu thereof "not to exceed $75,000,000 for the fiscal year 1978, and not to exceed $65,000,000 for the fiscal year 1979".

(b) The second sentence of section 701(c) of such Act is amended by striking out "biennially" and inserting in lieu thereof "triennially".

(c) Section 701(d)(2) of such Act is amended by striking out "biennially" and inserting in lieu thereof "at least triennially" and by striking out "two" and inserting in lieu thereof "three".

(d) Section 701(m) of such Act is amended by adding the following new paragraph at the end thereof:

"(5) The term 'Indian tribal group or body' means any Indian tribe, band, group, and nation, including Alaska Indians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act (Public Law 93-638) or under the State and Local Fiscal Assistance Act of 1972 (Public Law 92-512).".

RESEARCH AUTHORIZATIONS

SEC. 305. (a) Section 501 of the Housing and Urban Development Act of 1970 is amended by striking out in the second sentence "and not to exceed $60,000,000 for the fiscal year 1978" and inserting in lieu thereof "not to exceed $60,000,000 for the fiscal year 1978, and not to exceed $62,000,000 for the fiscal year 1979".

(b) Title V of such Act is amended by adding at the end thereof the following new section:

"EXPANDING HOMEOWNERSHIP OPPORTUNITIES

"SEC. 510. In carrying out activities under section 501, the Secretary is authorized to conduct demonstrations to determine the feasibility of expanding homeownership opportunities in urban areas and encouraging the creation and maintenance of decent, safe, and sanitary housing in such areas through the conversion of multifamily housing properties to condominium or cooperative ownership by individuals and families.".

(c) The Secretary of Housing and Urban Development shall conduct a study of the feasibility of underground construction of residential housing and changes in housing codes and financing which may be necessary as the result of the adoption of this construction method. The Secretary shall transmit a preliminary report at the end of the first year after the date of enactment of this Act and a final report no later than 2 years after such date to both Houses of the Congress with regard to the findings and conclusions made as a result of such study, along with any legislative recommendations which the Secretary determines should be enacted with respect to the subject of such study.

NEW COMMUNITIES

SEC. 306. Section 720(a) of the Housing and Urban Development Act of 1970 is amended by striking out "October 1, 1978" and by inserting in lieu thereof "October 1, 1979".

CRIME INSURANCE AND RIOT REINSURANCE PROGRAMS

SEC. 307. (a) Section 1201 of the National Housing Act is amended—

(1) by striking out, in subsection (b)(1), "September 30, 1978" and inserting in lieu thereof "September 30, 1979";

(2) by striking out, in subsection (b)(1)(A), "September 30, 1981" and inserting in lieu thereof "September 30, 1982"; and

(3) by striking out, in subsection (b)(2) "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(b) Section 1211(b) of such Act is amended by striking out "and" at the end of paragraph (9), by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and", and by adding the following new paragraph at the end thereof:

"(11) Notwithstanding any other provision of this section, on and after January 31, 1979, no risk within the plan shall be insured at a rate higher than the rates or advisory rates set by the principal State-licensed rating organization for essential property insurance in the voluntary market; except that this provision shall not be deemed to prohibit the application to any such risk, on a nondiscriminatory basis, of condition charges for substandard physical conditions within the control of the applicant for insurance as set by the principal State-licensed rating organization for the voluntary market.".

(c) Section 1211 of such Act is amended by adding the following new subsection at the end thereof:

"(c) At least one-third of the voting members of every board of directors, board of governors, advisory committee, and other governing or advisory board or committee for each plan described in subsection (b) shall be individuals who are not employed by, or otherwise affiliated with, insurers, insurance agents, brokers, producers, or other entities of the insurance industry.".

EXTENSION OF NATIONAL FLOOD INSURANCE PROGRAM

SEC. 308. (a) Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(b) Section 1336(a) of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

FLOOD INSURANCE STUDIES

SEC. 309. Section 1376(c) of the National Flood Insurance Act of 1968 is amended by striking out "and not to exceed $108,000,000 for the fiscal year 1978" and inserting in lieu thereof the following: ", not to exceed $108,000,000 for the fiscal year 1978, and not to exceed $114,000,000 for the fiscal year 1979".

REPORT ON MOBILE HOME CONSTRUCTION AND SAFETY STANDARDS

SEC. 310. (a) The first sentence of section 626(a) of the National Mobile Home Construction and Safety Standards Act of 1974 is amended—

(1) by striking out "March 1 of each year" and inserting in lieu thereof "July 1 of every other year beginning with calendar year 1978"; and

(2) by striking out "preceding calendar year" and inserting in lieu thereof "two preceding calendar years".

(b) The second sentence of section 626(a) of such Act is amended by striking out "such year" in clauses (1), (2), and (5) and "the year" in clause (6) and inserting in lieu thereof "such years" in each such clause.

MULTIFAMILY MORTGAGE INSURANCE

SEC. 311 (a) The last sentence of section 207(c) of the National Housing Act is amended by striking out "eight" and inserting in lieu thereof "five".

(b) Section 241(d) of such Act is amended by adding at the end thereof the following:

"At any sale under foreclosure of a mortgage on a project or facility which is not insured under this Act but which is senior to a loan assigned to the Secretary pursuant to subsection (c), the Secretary is authorized to bid, in addition to amounts authorized under section 207(k), any sum up to but not in excess of the total unpaid indebtedness secured by such senior mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses. No bid shall be made under the authority provided in the preceding sentence, unles the Secretary determines that sales proceeds from future disposition of the project or facility can reasonably be expected to equal or exceed the costs of acquiring title, extinguishing any prior uninsured debt or liability, paying the insurance claim on the loan insured, and managing and preparing the property for sale. In the event that, pursuant to subsection (c), the Secretary acquires title to, or is assigned, a loan covering a project or facility which is subject to a mortgage which is not insured under this Act, the Secretary is authorized to make payments from the General Insurance Fund on the debt secured by such mortgage, and to take such other steps as the Secretary may deem appropriate to preserve or protect the Secretary's interest in the project or facility.".

MORTGAGE INSURANCE FOR NONRESIDENT CARE FACILITIES

SEC. 312. (a) Section 232(a) of the National Housing Act is amended—

(1) by inserting the following immediately before the period at the end of paragraph (1): ", including additional facilities for the nonresident care of senior citizens and others who are able to live independently but who require care during the day"; and

(2) by inserting the following immediately before the period at the end of paragraph (2): ", including additional facilities for the nonresident care of elderly individuals and others who are able to live independently but who require care during the day".

(b) Section 232(b)(2) of such Act is amended by inserting immediately after "nursing services;" in the first sentence the following: "(3) a 'nursing home' or 'intermediate care facility' may include such additional facilities as may be authorized by the Secretary for the nonresident care of elderly individuals and others who are able to live independently but who require care during the day;".

CONDOMINIUM MORTGAGE INSURANCE

SEC. 313. (a) The first sentence of section 234(c) of the National Housing Act is amended by inserting immediately after "less units" in the proviso of clause (2) the following: ", or twelve or more units in the case of a multifamily project the construction of which was completed more than a year prior to the application for mortgage insurance,".

(b) The third sentence of section 234(c) of such Act is amended by inserting "(100 per centum if the mortgagor is a veteran as defined under section 203(b)(2) of this Act)" after "centum" in clause (A)(i).

FEDERAL HOUSING ADMINISTRATION GENERAL INSURANCE FUND

SEC. 314. Section 519(f) of the National Housing Act is amended by inserting the following before the period: ", which amount shall be increased by $165,000,000 on October 1, 1978".

PURCHASE OF FEE SIMPLE TITLE

SEC. 315. Section 240(c)(2) of the National Housing Act is amended by adding "($30,000 if the property is located in Hawaii)" immediately after $10,000".

HOUSING AND URBAN DEVELOPMENT DAY CARE CENTER FACILITIES

SEC. 316. Section 7(n) of the Department of Housing and Urban Development Act is amended—

(1) by inserting "or facilities" immediately following "day care center facility" in the first sentence; and

(2) by striking out "such a day care center" in the second sentence and inserting in lieu thereof "any such day care center facility".

SALE OF SURPLUS FEDERAL LAND FOR HOUSING

SEC. 317. (a) The first and second sentences of section 414(a) of the Housing and Urban Development Act of 1969 are amended to read as follows:

"(a) Notwithstanding the provisions of the Federal Property and Administrative Services Act of 1949, any Federal surplus real property within the meaning of such Act may, in the discretion of the Administrator of General Services, be transferred to the Secretary of Housing and Urban Development at the Secretary's request for sale or lease by the Secretary at its fair value for use in the provision of housing to be occupied predominantly by families or individuals of low and moderate income, assisted under a Federal housing assistance program administered by the Secretary or under a State or local program found by the Secretary to have the same general purpose, and for related public commercial or industrial facilities approved by the Secretary. Prior to any disposition of Federal surplus real property to an entity other than a public body, the Secretary shall notify the governing body of the locality where such property is located of the proposed disposition and no such disposition shall be made if the local governing body, within ninety days of such notification, formally advises the Secretary that it objects to the proposed disposition.".

(b) Section 414(b) of such Act is amended to read as follows:

"(b) As a condition of any disposition by the Secretary of Federal surplus real property under this section to an entity other than a public body, the Secretary shall obtain such understandings as the Secretary may consider appropriate to assure that the property will be used, to the maximum practicable extent, in the provision of housing and related facilities to be occupied by families or individuals of low and moderate income for a period of not less than thirty years. If during such period the property is used for any purpose other than the purpose for which it was disposed of, it shall revert to the United States (or, in the case of leased property, the lease shall terminate) unless the Secretary and the Administrator, after the expiration of the first twenty years of such period, have approved the use of the property for such other purposes.".

INCREASE IN GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE PURCHASE AUTHORITY AND LIMITS

SEC. 318. Clause (3) of the proviso in the first sentence of section 302(b)(1) of the National Housing Act is amended by striking out "if the original obligation thereof exceeds or exceeded $33,000 (or such higher amount not in excess of $38,000 as the Secretary may by regulation specify in any geographical area where he finds that cost levels so require), for each family residence or dwelling unit covered by the mortgage (plus an additional $2,500 for each such family residence or dwelling unit which has four or more bedrooms)." and inserting in lieu thereof "if the original principal obligation thereof exceeds or exceeded $50,000 in the case of property upon which is located a dwelling designed principally for a one-family residence; or $55,000 in the case of a two- or three-family residence; or $62,500 in the case of a four-family residence; or, in the case of a property containing more than four dwelling units, $38,000 per dwelling unit (or such higher amount not in excess of $45,000 per dwelling unit as the Secretary may by regulation specify in any geographical area where the Secretary finds that cost levels so require) for that part of the property attributable to dwelling use.".

NATIONAL INSTITUTE OF BUILDING SCIENCES

SEC. 319. Section 809(h) of the Housing and Community Development Act of 1974 is amended by inserting after "1978" the following: ", and any amounts not appropriated for fiscal years 1977 and 1978 shall be available for appropriation through fiscal year 1979".

TITLE I HOME IMPROVEMENT LOANS FOR MULTIFAMILY DWELLINGS

SEC. 320. The first sentence of section 2(b) of the National Housing Act is amended by striking out "$25,000", "$5,000", and "twelve years" in the third proviso in clause (3) and inserting in lieu thereof "$37,500", "$7,500", and "fifteen years", respectively.

AMENDMENTS TO THE FEDERAL HOME LOAN MORTGAGE CORPORATION ACT

SEC. 321. (a) Paragraph (1) of subsection (a) of section 305 of the Federal Home Loan Mortgage Corporation Act is amended by inserting the following before the period at the end of the first sentence thereof: "or from any mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act".

(b) Paragraph (1) of subsection (a) of section 305 of the Federal Home Loan Mortgage Corporation Act is amended by adding at the end thereof the following new sentences: "The Corportion may establish requirements, and impose charges or fees, which may be regarded as elements of pricing, for different classes of sellers or servicers, and for such purposes the Corporation is authorized to classify sellers or services according to type, size, location, assets, or, without limitation on the generality of the foregoing, on such other basis or bases of differentiation as the Corporation may consider necessary or appropriate to effectuate the purposes or provisions of this Act. The Corporation may specify requirements concerning among other things, (A) minimum net worth; (B) supervisory mechanisms; (C) warranty compensation mechanisms; (D) prior approval of facilities; (E) prior organization and servicing experience with respect to different types of mortgages; (F) capital contributions and substitutes; (G) mortgage purchase volume limits; and (H) reduction of mortgage purchases during periods of borrowing. With respect to any particular type of seller, the Corporation shall not be required to make available programs involving prior approval of mortgages, optional delivery of mortgages, and purchase of other than conventional mortgages to an extent greater than the Corporation elects to make such programs available to other types of eligible sellers. Any requirements specified by the Corporation pursuant to the preceding three sentences must bear a rational relationship to the purposes or provisions of this Act, but will not be considered discriminatory solely on the grounds of differential effects on types of eligible sellers. Insofar as is practicable, the Corporation shall make reasonable efforts to encourage participation in its programs by each type of eligible seller.".

(c) The amendments made by this section shall become effective at the end of the two hundred and ten calendar days after enactment of this Act, but not before January 31, 1979, or on such earlier date as the Federal Home Loan Mortgage Corporation may prescribe.

SALE OF ACQUIRED PROPERTY TO COOPERATIVES

SEC. 322. Section 246 of the National Housing Act is amended to read as follows:

"SALE OF ACQUIRED PROPERTY TO COOPERATIVES

"SEC. 246. In any case in which the Secretary sells a multifamily housing project ac-

quired as the result of a default on a mortgage which was insured under this Act to a cooperative which will operate it on a nonprofit basis and restrict permanent occupancy of its dwellings to members, or to a nonprofit corporation which operates as a consumer cooperative as defined by the Secretary, the Secretary may accept a purchase money mortgage, or upon application of the mortgagee, insure a mortgage under this section upon such terms and conditions as the Secretary determines are reasonable and appropriate, in a principal amount equal to the value of the property at the time of purchase, which value shall be based upon a mortgage amount on which the debt service can be met from the income of the property when operated on a nonprofit basis after payment of all operating expenses, taxes, and required reserves; except that the Secretary may add to the mortgage amount an amount not greater than the amount of prepaid expenses and costs involved in achieving cooperative ownership, or make such other provision for payment of such expenses and costs as the Secretary deems reasonable and appropriate. Prior to such disposition of a project, funds may be expended by the Secretary for necessary repairs and improvements.".

SECONDARY MORTGAGES ON INSURED PROPERTIES

SEC. 323. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"SECONDARY MORTGAGES ON INSURED PROPERTIES

"SEC. 528. In carrying out the provisons of title II of this Act with respect to insuring mortgages secured by a one- to four-family dwelling unit, the Secretary may not deny such insurance for any such mortgage solely because the dwelling unit which secures such mortgage will be subject to a secondary mortgage or loan made or insured, or other secondary lien held, by any State or local governmental agency or instrumentality under terms and conditions approved by the Secretary.".

SEC. 324. (a) Section 7 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

"(o)(1) Notwithstanding any other provision of the law, simultaneously with prescribing any rule or regulation, under this Act or any other Act, excluding section 3 of Public Law 90–301, the Secretary shall transmit a copy thereof to the Secretary of the Senate and the Clerk of the House of Representatives. Except as provided in paragraph (2), the rule or regulation shall not become effective, if within 90 calendar days of continuous session of Congress after the date the rule or regulation is prescribed, either House of Congress adopts a resolution, the matter after the resolving clause of which is as follows: 'That the disapproves the rule or regulation prescribed by the Department dealing with the matter of which rule or regulation was transmitted to Congress on ', the blank spaces therein being appropriately filled.

"(2) If, at the end of 60 calendar days of continuous session of Congress after the date on which a rule or regulation is prescribed, no committee of either House of Congress has reported or been discharged from further consideration of a resolution disapproving the rule or regulation and neither House has adopted such a resolution, the rule or regulation may go into effect immediately.

"(3) Congressional inaction on, or rejection of, a resolution of disapproval under this subsection shall not be deemed an expression of approval of the rule or regulation involved.

"(4) For purposes of this subsection—

"(A) continuity of session is broken only by an adjournment of Congress sine die; and

"(B) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of 60, and 90 calendar-days of continuous session of Congress.".

(b) The amendments made in this section shall apply to any rule or regulation of the Department of Housing and Urban Development in the Federal Register prior to June 30, 1978. If any such rule or regulation becomes final before the date of enactment of this section, such rule shall cease to be in effect and shall be subject to the provision of section 7(b) of the Department of Housing and Urban Development Act, as added by this section.

MORTGAGE LIMITS UNDER SECTION 221(d)(3)

SEC. 325. Section 221(d)(3)(ii) of the National Housing Act is amended—

(1) by striking out "$16,680", "$18,648", "$22,356", "$28,152", and "$31,884" and inserting in lieu thereof "$18,450", "$20,625", "$24,630", "$29,640", and "$34,846", respectively; and

(2) by striking out "$19,680", "$22,356", "$26,496", "$33,120", and "$38,400" and inserting in lieu thereof "$20,962", "$24,030", "$29,220", "$37,800", and "$41,494", respectively.

TITLE IV—RURAL HOUSING

AUTHORIZATIONS

SEC. 401. (a) Section 513 of the Housing Act of 1949 is amended—

(1) by striking out "September 30, 1978" in clauses (b) and (c) and inserting in lieu thereof "September 30, 1979";

(2) by striking out "not to exceed $105,000,000" in clauses (b) and (c) and inserting in lieu thereof "$150,000,000" in clause (b) and "$115,000,000" in clause (c); and

(3) by striking out clause (d) and inserting in lieu thereof the following: "(d) not to exceed $10,000,000 for research and study programs pursuant to subsections (b), (c), and (d) of section 506 for the fiscal year ending September 30, 1979;".

(b) Section 514 of such Act is amended by striking out "$25,000,000" in subsection (d) and inserting in lieu thereof "$38,000,000 (subject to approval in an appropriation Act)".

(c) Section 515(b)(5) of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(d) Section 517(a)(1) of such Act is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979".

(e) Section 523(f) of such Act is amended—

(1) by striking out "October 1, 1978" and inserting in lieu thereof "October 1, 1979";

(2) by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979"; and

(3) by striking out "$10,000,000" and inserting in lieu thereof "$16,500,000".

(f) Section 525(c) of such Act is amended by inserting after the first sentence the following new sentence: "There are also authorized to be appropriated for the fiscal year ending September 30, 1979, not to exceed $5,000,000 for the purposes of subsection (a) and not to exceed $5,000,000 for the purposes of subsection (b).".

RURAL HOUSING RESEARCH

SEC. 402. (a) Subsections (b) and (c) of section 506 of the Housing Act of 1949 are amended to read as follows:

"(b) The Secretary is further authorized and directed to conduct research, technical studies, and demonstrations relating to the mission and programs of the Farmers Home Administration and the national housing goals defined in section 2 of this Act. In connection with such activities, the Secretary shall seek to promote the construction of adequate farm and other rural housing, with particular attention to the housing needs of the elderly, handicapped, migrant and seasonal farmworkers, Indians and other identifiable groups with special needs. The Secretary shall conduct such activities for the purpose of stimulating construction; improving the architectural design and utility of dwellings and buildings; and utilizing new and native materials, economies in materials and construction methods, and new methods of production, energy conservation, distribution, assembly, and construction. In addition, the Secretary shall conduct such activities for the purpose of reducing the cost of such dwellings and buildings and adapting and developing fixtures and appurtenances for more efficient and economical farm and other rural housing use.

"(c) The Secretary is further authorized to carry out a program of research, study, and analysis of rural housing in the United States for the purpose of developing data and other information on—

"(1) the adequacy of existing rural housing;

"(2) the nature and extent of current and prospective needs for rural housing, including needs for financing, subsidies, improved design, utility, comfort, and the best methods of meeting such needs;

"(3) the adequacy of the rural housing stock to meet the special needs of the elderly, the handicapped, farmworkers, and Indians and the best methods of meeting such needs;

"(4) problems faced by rural people, including farmers, eligible under section 501 for purchasing, constructing, improving, altering, repairing, and replacing their housing;

"(5) rural growth patterns and the interrelation of rural housing problems and the problems of housing in urban and suburban areas;

"(6) the status of community facilities and services in rural areas, problems resulting from inadequate facilities and services, and recommendations to alleviate such problems; and

"(7) any other matters relating to the provision of adequate rural housing and related community facilities."

(b) Section 506 of such Act is amended by adding the following new subsection at the end thereof:

"(f)(1) The Secretary shall conduct a study of housing which is available for migrant and settled farmworkers. In conducting such study, the Secretary shall—

"(A) determine the location, number, quality, and condition of housing units which are available to such farmworkers and the cost assessed such farmworkers for occupying such units;

"(B) recommend legislative, administrative, and other action (including the need for new authority for such action) which may be taken for the purpose of improving both the availability and the condition of such housing units; and

"(C) determine the possible roles which individual farmworkers, farmworker associations, individual farmers, farmer associations, and public and private non-profit agencies can perform in improving the housing conditions of farmworkers.

"(2) The Secretary shall transmit the results of the study described in paragraph (1) to each House of the Congress within one year after the date of the enactment of this subsection.

"(g)(1) In order to assist in reducing deaths caused by unsanitary water and waste disposal systems in rural areas, the Secretary shall conduct a study for the purposes of determining—

"(A) the approximate number of rural housing units without access to sanitary

waste disposal facilities and potable water or without access to either sanitary waste disposal facilities or potable water; and

"(B) the cost of implementing an emergency program to provide sanitary waste disposal facilities and potable water supplies for such housing units within a two-year period.

"(2) The Secretary shall, no later than 6 months after the date of enactment of this subsection, transmit a report to both Houses of the Congress containing the findings, conclusions, and recommendations of the Secretary with respect to the study conducted pursuant to this subsection.".

NOTIFICATION REQUIREMENT

SEC. 403. Section 510 of the Housing Act of 1949 is amended by redesignating paragraph (i) as paragraph (j) and by inserting after paragraph (h) the following new paragraph:

"(i) provide, and shall provide, to any applicant which has been denied assistance under this title adequate written notice of the reasons for which such assistance was denied; and".

RURAL RENTAL ASSISTANCE

SEC. 404. (a) Section 521(a)(2)(A) of the Housing Act of 1949 is amended by inserting after "rental" the second time such term appears in the first sentence the following: ", congregate, or cooperative".

(b) Section 521(a)(2)(A)(i) of such Act is amended by inserting "or by a loan under section 514," immediately after "section 515 for elderly or handicapped housing".

STUDY OF PROBLEMS CAUSED BY REMOTE CLAIMS

SEC. 405. (a) The Secretary of Agriculture (hereinafter referred to in this section as "Secretary") shall make a detailed study of the problems associated with obtaining title insurance by persons in rural areas with respect to real property encumbered by remote claims or other remote encumbrances which prevent such persons from receiving the full benefit of the use of such property, including the benefit of assistance provided under this title. The Secretary shall, in making such study, consider and develop findings and conclusions with respect to—

(1) the extent of such problems as they pertain to the lawful rights of such persons;

(2) the location and amount of land affected by such problems;

(3) the nature, extent, and effectiveness of remedies to such problems presently available, or proposed, under State law;

(4) the potential impact (with respect to existing Federal, State, and local laws) of such remote claims and encumbrances and of any reasonable remedies determined necessary for resolving the problems created for persons by such remote claims or encumbrances;

(5) the liability and losses which might accrue to the Federal Government as a result of each of the remedies considered in the study conducted under this section; and

(6) other issues which the Secretary determines shall be considered, after consulting with the Secretary of Housing and Urban Development.

(b) The Secretary shall, no later than one year after the date of the enactment of this Act, transmit a report to each House of the Congress. Such report shall contain the findings and conclusions of the Secretary with respect to the study made under this section. In addition such report shall include—

(1) recommendations for Federal legislative actions necessary to implement reasonable remedies to the problems studied under this section; and

(2) recommendations for legislative actions which may be undertaken by State and local governments for the purposes of providing such remedies.

ASSISTANCE TO PERSONS RECEIVING LOANS TO PROVIDE OCCUPANT-OWNED, RENTAL, AND COOPERATIVE HOUSING

SEC. 406. (a) Section 521(a)(1) of the Housing Act of 1949 is amended—

(1) by inserting "(A)" after "SEC 521. (a) (1)";

(2) by striking out everything in the first sentence after "one-eighth of 1 per centum" and inserting in lieu thereof a period; and

(3) by inserting the following at the end thereof:

"(B) From the interest rate so determined, the Secretary may provide the borrower with assistance in the form of credits so as to reduce the effective interest rate to a rate not less than 1 per centum per annum for such periods of time as the Secretary may determine for applicants described in subparagraph (A) if without such assistance such applicants could not afford the dwelling or make payments on the indebtedness of the rental or cooperative housing.

"(C) For persons of low income under section 502 or 517(a) whom the Secretary determines are unable to afford a dwelling with the assistance provided under subparagraph (B) and when the Secretary determines that assisted rental housing programs (as authorized under this title, the National Housing Act, and the United States Housing Act of 1937) would be unsuitable in the area in which such persons reside, the Secretary may provide additional assistance, pursuant to amounts approved in appropriation Acts and for such periods of time as the Secretary may determine, which may be in an amount not to exceed the difference between (i) the amount determined by the Secretary to be necessary to pay the principal indebtedness, interest, taxes, insurance, utilities, and maintenance, and (ii) 25 per centum of the income of such applicant.

"(D) With respect to borrowers under section 502 or 517(a) who have received assistance under subparagraph (B) or (C), the Secretary shall provide for the recapture of all or a portion of such assistance rendered upon the disposition or nonoccupancy of the property by the borrower. In providing for such recapture, the Secretary shall make provisions to provide incentives for the borrower to maintain the property in a marketable condition. Notwithstanding any other provision of law, any such assistance whenever rendered shall constitute a debt secured by the security instruments given by the borrower to the Secretary to the extent that the Secretary may provide for recapture of such assistance.

"(E) Except for Federal or State laws relating to taxation, the assistance rendered to any borrower under subparagraphs (B) and (C) shall not be considered to be income or resources for any purpose under any Federal or State laws including, but not limited to, laws relating to welfare and public assistance programs.

"(F) Loans subject to the interest rates and assistance provided under this paragraph (1) may be made only when the Secretary determines the needs of the applicant for necessary housing cannot be met with financial assistance from other sources including assistance under the National Housing Act and the United States Housing Act of 1937.

"(G) Interest on loans under section 502 or 517(a) to victims of a natural disaster shall not exceed the rate which would be applicable to such loans under section 502 without regard to this section.

"(H) The aggregate principal amount of loans made to borrowers receiving assistance pursuant to subparagraph (C) shall not exceed $440,000,000.".

(b) Section 517(j) of such Act is amended by striking out "(2)" in paragraph (4).

TITLE V—CONGREGATE SERVICES

SHORT TITLE

SEC. 501. This title may be cited as the "Congregate Housing Services Act of 1978".

FINDINGS

SEC. 502. The Congress finds that—

(1) congregate housing, supplemented by supportive services, offers a proven and cost-effective means of enabling temporarily disabled or handicapped elderly and handicapped individuals to maintain their dignity and independence and to avoid costly and unnecessary institutionalization;

(2) a large and growing number of residents of public housing face premature and unnecessary institutionalization because of deficiencies in the availability, adequacy, coordination, or delivery of the supportive services required for the successful development of adequate numbers of congregate public housing units; and

(3) supplemental supportive services, available on a continuing basis, are essential to a viable congregate housing program.

DEFINITIONS

SEC. 503. For purposes of this title—

(1) the term "congregate housing" means (A) low-rent housing which, as of January 1, 1979, was built or under construction, with which there is connected a central dining facility where wholesome and economical meals can be served to such occupants; or (B) low-rent housing constructed after, but not under construction prior to, January 1, 1979, (i) in which some or all of the dwelling units do not have kitchen facilities, and (ii) connected with which there is a central dining facility to provide wholesome and economical meals for such occupants;

(2) the term "congregate services programs" means programs to be undertaken by a public housing agency or a nonprofit corporation to provide assistance, including personal assistance and nutritional meals, to eligible project residents who, with such assistance, can remain independent and avoid unnecessary institutionalization;

(3) the term "elderly" means sixty-two years of age or over;

(4) the term "eligible project resident" means handicapped elderly individuals, nonelderly handicapped individuals, or temporarily disabled elderly individuals, who are residents of congregate housing projects administered by public housing agencies or by a nonprofit corporation;

(5) the term "handicapped" means an impairment which (A) is expected to be of long-continued and indefinite duration, (B) substantially impedes an individual's ability to live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions; such impairment may include a functional disability or frailty which is a normal consequence of the human aging process;

(6) the term "personal assistance" means service provided under this title which may include, but is not limited to, aid given to eligible project residents in grooming, dressing, and other activities which maintain personal appearance and hygiene;

(7) the term "professional assessment committee" means a group of at least three persons appointed by a local public housing agency or a nonprofit corporation and shall include qualified medical professionals and other persons professionally competent to appraise the functional abilities of elderly or permanently disabled adult persons, or both, in relation to the performance of the normal tasks of daily living; and

(8) the term "temporarily disabled" means an impairment which (A) is expected to be of no more than six months' duration, (B) substantially impedes an indivdual's ability to

live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions; and

(9) the term "nonprofit corporation" means any corporation responsible for a housing project assisted under section 202 of the Housing Act of 1959.

AUTHORIZATION TO ENTER INTO CONTRACTS

SEC. 504. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to enter into contracts with local public housing agencies under the United States Housing Act of 1937 (hereinafter referred to as "public housing agencies") and with nonprofit corporations, utilizing sums appropriated under this title, to provide congregate services programs for eligible project residents in order to promote and encourage maximum independence within a home environment for such households capable of self-care with appropriate supportive congregate services. Each contract between the Secretary and a public housing agency shall be for a term of not less than three years or more than five years and shall be renewable at the expiration of such term.

CONGREGATE SERVICES PROGRAM

SEC. 505. (a) Congregate services programs assisted under this title must include full meal service adequate to meet nutritional needs, and may also include housekeeping aid, personal assistance and other services essential for maintaining independent living.

(b) No services funded under this title may duplicate services which are already affordable, accessible, and sufficiently available on a long-term basis to eligible project residents under programs administered by or receiving appropriations through any department, agency, or instrumentality of the Federal Government or any other public or private department, agency, or organization.

(c) A public housing agency and a nonprofit corporation applying for assistance shall consult with the Area Agency on Aging (or, where no Area Agency on Aging exists, with the appropriate State agency under the Older Americans Act of 1965) in determining the means of providing services under this title and in identifying alternative available sources of funding for such services.

(d) Prior to the submission of a final application for either new or renewed funding under this title, a public housing agency and a nonprofit corporation shall present a copy of a proposed application to the Area Agency on Aging (or, where no Area Agency on Aging exists, to the appropriate State agency under the Older Americans Act of 1965) for review and comment. Such agency and nonprofit corporation shall consider such review and comment in the development of any final application for either new or renewed funding under this title.

(e)(1) When nonelderly handicapped individuals are included among the eligible project residents, the public housing agency and nonprofit corporation shall consult with the appropriate local agency, if any, designated by applicable State law as having responsibility for the development, provision, or identification of social services to permanently disabled adult individuals, for the purpose of determining the means of providing services under this title and of identifying alternative available sources of funding for such services.

(2) Such public housing agency and nonprofit corporation shall also, prior to the submission of a final application for either new or renewed funding under this title, present a copy of the proposed application to such appropriate local agency for review and comment. The public housing agency and nonprofit corporation shall consider such review and comment in the development of any final application for either new or renewed funding under this title.

(f) Any nonprofit corporation or public housing agency receiving assistance under this title may provide congregate services directly to eligible project residents or may, by contract or lease, provide such services through other appropriate agencies or providers.

(g) Nonprofit corporations and public housing agencies receiving assistance for congregate services programs under this title shall be required to maintain the same dollar amount of annual contribution which they were making, if any, in support of the provision of services eligible for assistance under this title before the date of the submission of the application for such assistance unless the Secretary determines that the waiver of this requirement is necessary for the maintenance of adequate levels of services to eligible project residents. If any contract or lease entered into by a public housing agency or nonprofit corporation pursuant to subsection (f) of this section provides for adjustments in payments for services to reflect changes in the cost of living, then the amount of annual contribution required to be maintained by such public agency or nonprofit corporation under the preceding sentence shall be readjusted in the same manner.

(h) Each nonprofit corporation and public housing agency shall establish fees for meal service and other appropriate services provided to eligible project residents. These fees shall be reasonable, may not exceed the cost of providing the service, and shall be calculated on a sliding scale related to income which permits the provision of services to such residents who cannot afford meal and service fees. When meal services are provided to other project residents, fees shall be reasonable and may not exceed the cost of providing the meal service.

(i) The Secretary shall establish standards for the provision of services under this title, and, in developing such service standards, the Secretary shall consult with the Secretary of the Department of Health, Education, and Welfare and with appropriate organizations representing the elderly and handicapped, as determined by the Secretary.

ELIGIBILITY AND SELECTION

SEC. 506. (a) The identification of eligible project residents who may participate in a congregate services program assisted under this title, and the designation of the services appropriate to their individual functional abilities and needs, shall be made by a professional assessment committee utilizing procedures which insure that the process of determining eligibility of individuals for services under this title shall accord such individuals fair treatment and due process.

(b) Other residents may participate in a congregate meal service program assisted under this title if the local public housing agency or nonprofit corporation determines that the participation of these individuals will not adversely affect the cost-effectiveness or operation of the program.

APPLICATION PROCEDURES

SEC. 507. (a) An application for assistance under this title shall include—

(1) a plan specifying the types and priorities of the basic services the public housing agency or nonprofit corporation proposes to provide during the term of the contract; such plan must be related to the needs and characteristics of the eligible project resident and, to the maximum extent practicable, provide for the changing needs and characteristics of all project residents; such plan shall be determined after consultation with eligible project residents and with the professional assessment committee;

(2) a list of the names and professional qualifications of the members of the professional assessment committee;

(3) the fee schedule established pursuant to section 505(h) of this title; and

(4) a statement affirming (A) that the nonprofit corporation or public housing agency has followed the consultation procedures required in subsections (c), (d), and (e) of section 505, and (B) that such application complies with subsection (b) of such section.

(b) The Secretary shall establish appropriate deadlines for each fiscal year for the submission of applications for funding under this title and shall notify any public housing agency and nonprofit corporation applying for assistance under this title of acceptance or rejection of its application within ninety days of such submission.

(c) Within twelve months prior to the submission of an application for renewed funding under this title, each nonprofit corporation and public housing agency shall review the performance, appropriateness, and fee schedules of their congregate services program with eligible project residents and with the professional assessment committee. The results of such review shall be included in any application for renewal and shall be considered in the development of the application for renewal by the nonprofit corporation or public housing agency and in its evaluation by the Secretary.

EVALUATION OF APPLICATIONS AND PROGRAMS

SEC. 508. (a) In evaluating applications for assistance under this title, the Secretary shall consider—

(1) the types and priorities of the basic services proposed to be provided, and the relationship of such proposal to the needs and characteristics of the eligible residents of the projects where the services are to be provided;

(2) how quickly services will be established following approval of the application;

(3) the degree to which local social services are adequate for the purpose of assisting eligible project residents to maintain independent living and avoid unnecessary institutionalization;

(4) the professional qualifications of the members of the professional assessment committee; and

(5) the reasonableness of fee schedules established for each congregate service

(b) In evaluating programs receiving assistance under this title, the Secretary shall—

(1) establish procedures for the review and evaluation of the performance of nonprofit corporations and public housing agencies receiving assistance under this title, including provisions for the submission of an annual report, by each such nonprofit corporation and public housing agency, which evaluates the impact and effectiveness of its congregate services program; and

(2) publish annually and submit to the Congress, a report on and evaluation of the impact and effectiveness of congregate services programs assisted under this title. Such report and evaluation shall be based, in part, on the evaluations required to be submitted pursuant to paragraph (1).

FUNDING PROCEDURES

SEC. 509. (a) The Secretary shall establish procedures—

(1) to assure timely payments to nonprofit corporations and public housing agencies for approved assisted congregate services programs with provision made for advance funding sufficient to meet necessary startup costs;

(2) to permit reallocation of funds approved for the establishment of congregate services in existing public housing projects and projects assisted under section 202 of the Housing Act of 1959 if the services are not established within six months of the notification date of funding approval;

(3) to assure that where such funding has been approved for the establishment of congregate services for public housing projects and projects assisted under section 202 of the Housing Act of 1959 under construction or approved for construction, these services shall be in place at the start of the project's occupancy by tenants requiring such services for maintaining independent living;

(4) to establish accounting and other standards in order to prevent any fraudulent or inappropriate use of funds under this title; and

(5) to assure that no more than 1 per centum of the funds appropriated under this title for any fiscal year may be used by public housing agencies and nonprofit corporations for evaluative purposes required by section 508(b)(1).

(b) The Secretary shall establish a reserve fund, not to exceed 10 per centum of the funds appropriated in each fiscal year for the provision of services under this title, in order to supplement grants awarded to public housing agencies and nonprofit corporations for evaluative purposes as required termination of the Secretary, such supplemental adjustments are required to maintain adequate levels of services to eligible project residents.

MISCELLANEOUS PROVISIONS

SEC. 510. (a) Each public housing agency and nonprofit corporation shall, to the maximum extent practicable, utilize elderly and permanently disabled adult persons who are residents of public housing projects or projects assisted under section 202 of the Housing Act of 1959, but who are not eligible project residents, to participate in providing the services assisted under this title. Such persons shall be paid wages which shall not be lower than whichever is the highest of—

(1) the minimum wage which would be applicable to the employee under the Fair Labor Standards Act of 1938, if section 6(a)(1) of such Act applied to the resident and if he or she were not exempt under section 13 thereof;

(2) the State or local minimum wage for the most nearly comparable covered employment; or

(3) the prevailing rates of pay for persons employed in similar public occupations by the same employer.

(b) No service provided to a public housing resident or to a resident of a housing project assisted under section 202 of the Housing Act of 1959 under this title, except for wages paid under subsection (a) of this section, may be treated as income for the purpose of any other program or provision of State or Federal law.

(c) Individuals receiving services assisted under this title shall be deemed to be residents of their own households, and not to be residents of a public institution, for the purpose of any other program or provision of State or Federal law.

(d) The Secretary may issue regulations to carry out the provisions of this title.

AUTHORIZATION OF APPROPRIATIONS

SEC. 511. To carry out the provisions of this title, there are authorized to be appropriated—

(1) for fiscal year 1979, not to exceed $20,000,000;

(2) for fiscal year 1980, not to exceed $25,000,000; and

(3) for fiscal year 1981, not to exceed $35,000,000.

Any sums appropriated pursuant to this section shall remain available until expended.

AMENDMENT TO UNITED STATES HOUSING ACT OF 1937

SEC. 512. Section 7 of the United States Housing Act of 1937 is amended by striking out the second sentence and inserting in lieu thereof the following: "As used in this section, the term 'congregate housing' means (1) low-rent housing which, as of January 1, 1979, was built or under construction, with which there is connected a central dining facility where wholesome and economical meals can be served to such occupants; or (2) low-rent housing constructed after, but not under construction prior to, January 1, 1979, (A) in which some or all of the dwelling units do not have kitchen facilities, and (B) connected with which there is a central dining facility to provide wholesome and economical meals for such occupants. Such occupants of congregate housing may also be provided with other supportive services appropriate to their needs under title V of the Housing and Community Development Amendments of 1978.".

TITLE VI—NEIGHBORHOOD REINVESTMENT CORPORATION

FINDINGS AND PURPOSE

SEC. 601. (a) The Congress finds that—

(1) the neighborhood housing services demonstration of the Urban Reinvestment Task Force has proven successful as a program to assist in revitalizing older urban neighborhoods by mobilizing public, private, and community resources at the neighborhood level; and

(2) the demand for neighborhood housing services programs in cities throughout the United States warrants the creation of a public corporation to institutionalize and expand the neighborhood housing services program and other programs of the present Urban Reinvestment Task Force.

(b) The purpose of this title is to establish a public corporation which will continue the joint efforts of the Federal financial supervisory agencies and the Department of Housing and Urban Development to promote reinvestment in older neighborhoods by local financial institutions working cooperatively with community people and local government and which will continue the nonbureaucratic approach of the Urban Reinvestment Task Force, relying largely on local initiative for the specific design of local programs.

ESTABLISHMENT OF A CORPORATION

SEC. 602. (a) There is established a National Neighborhood Reinvestment Corporation (hereinafter referred to as the "corporation") which shall be a body corporate and shall possess the powers, and shall be subject to the direction and limitations specified herein.

(b) The corporation shall implement and expand the demonstration activities carried out by the Urban Reinvestment Task Force.

(c) The corporation shall maintain its principal office in the District of Columbia or at such other place the corporation may from time to time prescribe.

(d) The corporation, including its franchise, activities, assets, and income, shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the corporation shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

BOARD OF DIRECTORS; ESTABLISHMENT

SEC. 603. (a) The corporation shall be under the direction of a board of directors made up of the following members:

(1) the Chairman of the Federal Home Loan Bank Board;

(2) the Secretary of Housing and Urban Development;

(3) a member of the Board of Governors of the Federal Reserve System, to be designated by the Chairman of the Board of Governors of the Federal Reserve System;

(4) the Chairman of the Federal Deposit Insurance Corporation;

(5) the Comptroller of the Currency; and

(6) the Administrator of the National Credit Union Administration.

(b) The Board shall elect from among its members a chairman who shall serve for a term of two years, except that the Chairman of the Federal Home Loan Bank Board shall serve as Chairman of the Board of Directors for the first such two-year term.

(c) Each director of the corporation shall serve ex officio during the period he holds the office to which he is appointed by the President.

(d) The directors of the corporation, as full-time officers of the United States, shall serve without additional compensation but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as directors of the corporation.

(e) The directors of the corporation shall adopt such bylaws, policies, and administrative provisions as are necessary to the functioning of the corporation and consistent with the provisions of this title.

(f) The presence of a majority of the board members shall constitute a quorum.

(g) The corporation shall be subject to the provisions of section 552 of title 5, United States Code.

(h) All meetings of the board of directors will be conducted in accordance with the provisions of section 552b of title V, United States Code.

OFFICERS AND EMPLOYEES

SEC. 604. (a) The board shall have power to select, employ, and fix the compensation and benefits of such officers, employees, attorneys, and agents as shall be necessary for the performance of its duties under this title, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, except that no officer, employee, attorney, or agent of the corporation may be paid compensation at a rate in excess of the highest rate provided for GS–18 of the General Schedule under section 5332 of title 5, United States Code.

(b) The directors of the corporation shall appoint an executive director who shall serve as chief executive officer of the corporation.

(c) The executive director of the corporation, subject to approval by the board, may appoint and remove such employees of the corporation as he determines necessary to carry out the purposes of the corporation.

(d) No political test or political qualification shall be used in selecting, appointing, promoting, or taking any other personnel action with respect to any officer, agent, or employee of the corporation or of any recipient, or in selecting or monitoring any grantee, contractor, or person or entity receiving financial assistance under this title.

(e) Officers and employees of the corporation shall not be considered officers or employees of the United States.

POWERS AND DUTIES

SEC. 605. (a)(1) The corporation shall continue the work of the Urban Reinvestment Task Force in establishing neighborhood housing services programs in neighborhoods throughout the United States, supervising their progress, and providing them with grants and technical assistance. For the purpose of this paragraph, a neighborhood housing services program may involve a partnership of neighborhood residents and representatives of local governmental and financial institutions, organized as a State-chartered nonprofit corporation, working to bring about reinvestment in one or more neighborhoods through a program of systematic housing inspections, increased public investment, increased private lending, increased resident investment, and a revolving loan fund to make loans available at

flexible rates and terms to homeowners not meeting private lending criteria.

(2) The corporation shall continue the work of the urban reinvestment task force in identifying, monitoring, evaluating, and providing grants and technical assistance to selected neighborhood preservation projects which show promise as mechanisms for reversing neighborhood decline and improving the quality of neighborhood life.

(3) The corporation shall experimentally replicate neighborhood preservation projects which have demonstrated success, and after creating reliable developmental processes, bring the new programs to neighborhoods throughout the United States which in the judgment of the corporation can benefit therefrom, by providing assistance in organizing programs, providing grants in partial support of program costs, and providing technical assistance to ongoing programs.

(4) The corporation shall continue the work of the Urban Reinvestment Task Force in supporting Neighborhood Housing Services of America, a nonprofit corporation established to provide services to local neighborhood housing services programs, with support which may include grants and technical assistance to assist in the development of its national loan purchase pool demonstration and may contract with it for services which it can perform more efficiently or effectively than the corporation.

(5) The corporation shall, in making and providing the foregoing grants and technical and other assistance, determine the reporting and management restrictions or requirements with which the recipients of such grants or other assistance must comply. In making such determinations, the corporation shall assure that recipients of grants and other assistance make available to the corporation such information as may be necessary to determine compliance with applicable Federal laws.

(b) To carry out the foregoing purposes and engage in the foregoing activities, the corporation shall have the following powers:

(1) to adopt, alter, and use a corporate seal;

(2) to have succession until dissolved by Act of Congress;

(3) to make and perform contracts, agreements, and commitments;

(4) to sue and be sued, complain and defend, in any State, Federal, or other court;

(5) to determine its necessary expenditures and the manner in which the same shall be incurred, allowed, and paid, and appoint, employ, and fix and provide for the compensation of consultants, without regard to any other law, except as provided in section 607(d);

(6) to settle, adjust, and compromise, and with or without compensation or benefit to the corporation to release or waive in whole or in part, in advance or otherwise, any claim, demand, or right of, by, or against the corporation;

(7) to invest such funds of the corporation in such investments as the board of directors may prescribe;

(8) to acquire, take, hold, and own, and to deal with and dispose of any property; and

(9) to exercise all other powers that are necessary and proper to carry out the purposes of this title.

(c)(1) The corporation may contract with the Office of Neighborhood Reinvestment of the Federal home loan banks for all staff, services, facilities, and equipment now or in the future furnished by the Office of Neighborhood Reinvestment to the Urban Reinvestment Task Force, including receiving the services of the Director of the Office of Neighborhood Reinvestment as the corporation's executive director.

(2) The corporation shall have the power to award contracts and grants to—

(A) neighborhood housing services corporations and other nonprofit corporations engaged in neighborhood preservation activities; and

(B) local governmental bodies.

(3) The Secretary of Housing and Urban Development, the Federal Home Loan Bank Board and the Federal home loan banks, the Board of Governors of the Federal Reserve System and the Federal Reserve banks, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency, the National Credit Union Administration or any other department, agency, or other instrumentality of the Federal Government are authorized to provide services and facilities, with or without reimbursement, necessary to achieve the objectives and to carry out the purposes of this title.

(d)(1) The corporation shall have no power to issue any shares of stocks, or to declare or pay and dividends.

(2) No part of the income or assets of the corporation shall inure to the benefit of any director, officer, or employee, except as reasonable compensation for services or reimbursement for expenses.

(3) The corporation may not contribute to or otherwise support any political party or candidate for elective public office.

REPORTS AND AUDITS

SEC. 606. (a) The corporation shall publish an annual report which shall be transmitted by the corporation to the President and the Congress.

(b) The accounts of the corporation shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants who are certified by a regulatory authority of the jurisdiction in which the audit is undertaken.

(c) In addition to the annual audit, the financial transactions of the corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States.

(d) For any fiscal year during which Federal funds are available to finance any portion of the corporation's grants or contracts, the General Accounting Office, in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States, may audit the grantees or contractors of the corporation.

(e) The corporation shall conduct or require each grantee or contractor to provide for an annual financial audit. The report of each such audit shall be maintained for a period of at least five years at the principal office of the corporation.

AUTHORIZATION

SEC. 607. (a) There is authorized to be appropriated to the corporation to carry out this title not to exceed $8,500,000 for fiscal year 1979.

(b) Funds appropriated pursuant to this section shall remain available until expended.

(c) Non-Federal funds received by the corporation, and funds received by any recipient from a source other than the corporation, shall be accounted for and reported as receipts and disbursements separate and distinct from Federal funds.

(d) The corporation shall prepare annually a business-type budget which shall be submitted to the Office of Management and Budget, under such rules and regulations as the President may establish as to the date of submission, the form and content, the classifications of data, and the manner in which such budget program shall be prepared and presented. The budget of the corporation as modified, amended, or revised by the President shall be transmitted to the Congress as a part of the annual budget required by the Budget and Accounting Act, 1921. Amendments to the annual budget program may be submitted from time to time.

APPLICATION OF GOVERNMENT CORPORATION CONTROL ACT

SEC. 608. Section 101 of the Government Corporation Control Act is amended by inserting "National Neighborhood Reinvestment Corporation;" after "Federal Housing Administration;".

TITLE VII—TREATMENT OF SOCIAL SECURITY BENEFIT INCREASES UNDER CERTAIN FEDERAL HOUSING LAWS

SEC. 701. (a) Notwithstanding any other provision of law, social security benefit increases occurring after May 1976 shall not be considered as income or resources or otherwise taken into account for purposes of determining the eligibility for or amount of assistance which any individual or family is provided under the United States Housing Act of 1937, the National Housing Act, the Housing and Urban Development Act of 1955, or the Housing Act of 1949. For purposes of this subsection, the term "social security benefit increases occurring after May 1978" means any part of a monthly benefit payable to an individual under the insurance program established under title II of the Social Security Act which results from (and would not be payable but for) a cost-of-living increase in benefits under such program becoming effective after May 1978 pursuant to section 215(i) of such Act, or any other increase in benefits under such program, enacted after May 1978, which constitutes a general benefit increase within the meaning of section 215(i)(3) of such Act.

(b) Subsection (a) of this section shall be effective only with respect to assistance which is provided (under the Acts referred to in the first sentence of such subsection) for periods after September 30, 1978.

TITLE VIII—HOUSING PROGRAM PAPERWORK REDUCTION

FINDINGS AND AUTHORITY

SEC. 801. (a) The Congress finds and declares—

(1) that various departments, agencies, and instrumentalities of the Federal Government with responsibilities involving housing and housing finance programs require, approve, use or otherwise employ a variety of different forms as residential mortgages (or deeds of trust or similar security instruments), as notes secured by those mortgages, and for applications, appraisals and other purposes, and that such duplication of forms constitutes a paperwork burden that adds to the costs imposed on the Nation's homeowners and home buyers;

(2) that unnecessary paperwork impairs the effectiveness of Federal housing and housing finance programs;

(3) that both single-family and multifamily programs are affected; and

(4) that simplification of paperwork imposed by Federal housing and housing finance programs would contribute to achieving the Nation's housing goals by reducing housing costs.

(b)(1) Insofar as it is practicable and to the extent permitted by law and to the extent that such action would result in a reduction in paperwork and regulatory burden, the Department of Housing and Urban Development and the Veterans' Administration shall employ in their respective programs—

(A) uniform single-family and multi-family note and mortgage forms;

(B) a uniform application form for mortgage approval and commitment for mortgage insurance;

(C) a uniform form for computation of the monthly net effective income of applicants;

(D) a uniform property appraisal form;

(E) a uniform settlement statement which shall satisfy the requirements of the Real Estate Settlement Procedures Act; and

(F) such other consolidated or simplified forms, the consolidation or simplification of which the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs mutually agree would contribute to a reduction in the paperwork and regulatory burden of housing and housing finance programs administered by the agencies.

(2) Each agency may employ riders, addenda, or similar forms of modification agreements to adapt such uniform forms to its respective programs and policies, consistent with the goals of minimizing the use and extent of such modification agreements and of maximizing the suitability of such forms for the use of all participants, public and private.

(3) To the extent permitted by law, the President may require the Farmers Home Administration and the Administrator of the Farmers Home Administration to comply with the requirements of this section if such compliance will contribute to a reduction in the paperwork and regulatory burden of housing and housing finance programs administered by the agency.

(c) The Director of the Office of Management and Budget shall coordinate and monitor the development and implementation by Federal departments and agencies of the efforts required by subsection (b) and shall report to the Congress on such development and implementation as part of each report required under Public Law 93-556.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. REUSS).

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill, H.R. 12433, was laid on the table.

APPOINTMENT OF CONFEREES ON S. 3084, HOUSING AND COMMUNITY DEVELOPMENT AMENDMENTS

Mr. REUSS. Mr. Speaker, I ask unanimous consent that the House insist on its amendments to the Senate bill S. 3084, a bill to amend and extend certain Federal laws relating to housing, community, and neighborhood development and preservation, and related programs, and for other purposes, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin? The Chair hears none, and, without objection, appoints the following conferees: Messrs. REUSS, ASHLEY, MOORHEAD of Pennsylvania, ST GERMAIN, GONZALEZ, MITCHELL of Maryland, AUCOIN, BLANCHARD, LUNDINE, BROWN of Michigan, STANTON, ROUSSELOT, and WYLIE.

There was no objection.

COMMODITY EXCHANGE ACT EXTENSION AND AMENDMENTS

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10285) to extend the Commodity Exchange Act, as amended, for 4 years.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Washington (Mr. FOLEY).

The motion was agreed to.

The SPEAKER pro tempore. The Chair designates the gentleman from Arkansas (Mr. ALEXANDER) as Chairman of the Committee of the Whole and requests the gentleman from Colorado (Mr. WIRTH) to assume the chair temporarily.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 10285, with Mr. WIRTH (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN pro tempore. Under the rule, the gentleman from Washington (Mr. FOLEY) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. MADIGAN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Washington (Mr. FOLEY).

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

Mr. Chairman, I rise in support of H.R. 10285, a bill which extends and amends the Commodity Exchange Act.

The Commodity Futures Trading Commission was established in 1974 by amendments to the Commodity Exchange Act as a new independent regulatory body, with a much more comprehensive regulatory role than its predecessor agency, which was one of many agencies within the Department of Agriculture.

Under the sunset provision in the 1974 act, authorization for funding of the Commission will expire in September 1978 unless it is extended. In considering legislation to extend the authorization, the Committee on Agriculture began, last December, conducting a serious examination of the proper role of the Commission and the need for changes in its basic mandate. To this end, we held extensive hearings and many markup sessions. The committee also benefited from the review of operations of the Commission conducted by the House Appropriations Committee and the General Accounting Office.

As in 1974, we continue to believe there is a need for a strong, independent regulatory commission and have included in the bill a 3-year extension. The Commission assumed its new responsibilities in the midst of one of the most rapid growth periods the futures industry has ever experienced. The annual volume of futures contracts traded has risen more than 50 percent since 1974 to nearly 43 million contracts traded in 1977. According to the futures industry association, the regulated futures industry exceeded an annual trading volume of $1 trillion in 1977.

The Commission has had several significant accomplishments in its first years of existence despite operating under difficult circumstances. It has issued many of the necessary rules and regulations needed to implement its authority, and it is actively carrying out the job of regulating trading in 62 contracts on the Nation's 10 commodity exchanges. In spite of these accomplishments, the Commission has been the subject of much public controversy. There has also been strong criticism by the General Accounting Office of ineffective management which it claims exists within the Commission.

While the committee is of the view that the Commission's mandate should be extended, it has limited the extension of the appropriation authorization to a 3-year period so that at the end of that period the committee can again review the Commission's performance and the need for changes in its basic authority over this rapidly expanding and often controversial industry. The oversight exercised by the committee during consideration of the reauthorization legislation has proven useful and beneficial. It has brought to the forefront issues confronting the Commission, the public, and the industry.

In H.R. 10285, we have addressed those issues which could be solved through legislation. I would like to highlight a few of the important ones considered by the committee.

Several jurisdictional issues were raised. Both the U.S. Department of the Treasury and the Securities and Exchange Commission supported transferring some of the Commission's jurisdiction and responsibilities to those agencies. In particular, concern was expressed about futures trading in financial instruments and Governments securities. The committee decided, however, that jurisdiction over futures markets should continue to reside in a single agency, such as the Commission, whose regulatory role requires an economic expertise which focuses upon the risk shifting and price determining function that futures trading performs.

We do not believe that the public interest would be served by duplicating regulatory authority over the futures markets. However, the bill would require the Commission to maintain an ongoing liaison with and obtain the views of the Treasury Department, the Federal Reserve System, and the SEC on matters relating to their areas of responsibility. Additionally, it requires that prior to approving a new futures contract on any government security, the Commission must solicit the views of the Treasury Department and the Federal Reserve System. Inputs from these agencies should insure that the final decisions made by the CFTC are financially sound and are not in conflict with the national interest.

In dealing with recommendations from several State Securities Commissioners, the committee adopted an amendment to assist in combating fraud and otherwise protect the public in commodity transactions by allowing the States to supplement the Commission's enforcement activities with their own

resources. Under the amended act, States would have the authority to investigate and prosecute civil actions in Federal District Court for violations of the act or the Commission's rules and regulations to protect their citizens from persons dealing in London options, dealer options, or leverage contracts.

The States could also investigate and whenever authorized to do so as parens patriae prosecute civilly in Federal court any other violation of the act (other than violations by boards of trade). Under this provision, the States should be able to proceed against futures commission merchants and other commodity professionals involved in futures or options activities on domestic exchanges where the State can show that the violation of the act has harmed or is causing harm to the welfare of its citizens.

Finally, H.R. 10285 makes clear that the States may continue to enforce their own anti-fraud and other criminal statutes of general application against improper activities in commodity related transactions.

The committee refused to adopt a provision that would have authorized the States to bring action in State courts under State statutes identical to the Commodity Exchange Act. The committee was concerned that, despite safeguards in the act, the possibility existed that in time there would be separate bodies of State court decisions among the various States that would cause confusion and disruption among the regulated persons. It is the view of the committee that with the added enforcement authority conferred on the States by H.R. 10285, they should have the flexibility necessary to deter fraud and abuses such as were recently experienced in the sale of commodity options.

The most publicized issue which was addressed by the committee was the matter of the sale of London options. Because of continued fraud in this area and because the Commission found it virtually impossible to regulate the sale of London options, it ordered a suspension of options transactions which became effective June 1, 1978. H.R. 10285 backstops the Commission by providing a congressional ban on options transactions, but leaves the Commission with the authority to move ahead with domestic traded options under rules and regulations adopted by the Commission unless either House of Congress disapproves them within 10 days of the receipt of the Commission's rules and regulations.

The committee bill permits the Commission to set different terms and conditions for different markets. Thus, for example, the bill permits the Commission, if it should so elect, to adopt regulations to implement a pilot program for commodity option trading on certain U.S. exchanges.

H.R. 10285 grants the Commission authority to exempt from the suspension trade options and certain grantors of dealer options under rules and regulations issued under expedited procedures. In committee, there was discussion of proposals whereby options on physical commodities would be exempted from the prohibition if the grantor of the options and the futures commission merchant marketing the options could meet specified criteria. However, the committee believes that it is more consistent with the regulatory process for the Commission to determine whether, and under what circumstances, dealer options might be permitted to be offered to the public, rather than for Congress to mandate specific standards in the act.

H.R. 10285 also contains a number of provisions that relate to management and administration of the Commission. Ambiguities in the act have resulted in disagreement regarding the Executive and administration functions of the Chairman and the policy formulation functions of the Commission. Accordingly the committee has clarified the division of responsibility and authority between the Commission and the Chairman. The committee has also made the term of the Chairman subject to the pleasure of the President to bring it into line with the term of service of Chairmen of many other Federal regulatory bodies. Under H.R. 10285, a new Chairman may be designated at any time by the President subject to confirmation by the Senate. Finally, the committee deleted from the act the requirement that the Executive Director be appointed by the Commission with the advice and consent of the Senate to eliminate constitutional questions arising from the required Senate confirmation.

H.R. 10285 also includes a provision clarifying current statutory provisions relating to registration of national futures associations. Title III of the 1974 act authorized the Commission to register national futures associations which would consist of firms that deal directly with the public and have fiduciary duties to the public. At the present time there are industry participants operating largely beyond exchange supervision which are increasing in number. Regulation of any such persons could be achieved through expansion of Commission activities or, instead, through registration of one or more futures associations which would provide a self-regulatory program under Commission oversight. The committee has left the determination of that issue to the Commission. It has, however, included an amendment which provides expressly that the Commission may approve rules for any futures association or associations that would require persons eligible for membership to become members of at least one such association, upon a determination by the Commission that such rules and regulations are appropriate to achieve the purposes and objectives of the act. Use of the authority of this amendment would be completely discretionary with the Commission. The committee was persuaded that such discretion may be useful to the Commission if it should decide that such a provision is necessary for an effective self-regulation program and is otherwise in the interest of the objectives of the act.

An amendment was also included which would enable a contract market to delegate its arbitration responsibilities under the act to a registered futures association if the Commission should determine it desirable and in the interest of the objectives of the act. The effect of such a provision would be to allow the Commission to provide for centralization of the arbitration programs for customer claims.

H.R. 10285 contains many other amendments of a technical nature. Among other things, these include strengthening the penalty provisions of the act, and tightening the provisions against disclosure of market positions and other data relating to individual traders. A provision has also been included in H.R. 10285 which deletes the requirement for making public any information furnished a congressional committee and provides instead for such information to be furnished a committee on a confidential basis. In addition, H.R. 10285 provides for a hearing on the record for Commission refusal, suspension, or revocation of a contract market designation and prior to issuing a cease-and-desist order or imposing a civil money penalty against a contract market for violating provisions of the act or Commission regulations. Several of the more technical provisions were included in a bill which passed the House in the 94th Congress but failed of enactment in the final days of that Congress.

Mr. Chairman, I urge the Members of the House to join me in support of this legislation.

Mr. Chairman, for a further discussion of the basic directions taken in this legislation, I yield now such time as he may consume to the distinguished chairman of the Subcommittee on Conservation and Credit that was responsible for the basic markup of this legislation, the gentleman from Tennessee (Mr. JONES).

Mr. JONES of Tennessee. Mr. Chairman, I rise in support of H.R. 10285, a bill to extend the life of the Commodity Futures Trading Commission for 3 years and make other amendments to this act. The Senate, on July 12, passed by a vote of 84 to 6, a bill which closely parallels H.R. 10285 except that it would grant a 6-year extension.

The Subcommittee on Conservation and Credit began the "sunset" review last December by contacting the primary parties involved with commodity futures regulation, asking at that early date what changes they felt were needed to update the act. Later we held 3 days of public hearings and held extensive markups in both the subcommittee and full committee.

Additionally, we have closely reviewed the findings of the General Accounting Office and the investigation conducted by the House Committee on Appropriations.

The primary decision, of course, was whether to reauthorize the Commission in its present form or to transfer some or all of its functions to other agencies. Quickly, I decided that an independent regulatory commission was essential to a proper functioning futures trading market in the United States.

I listened to the arguments of the

Securities Exchange Commission and the Department of the Treasury as they tried to make bureaucratic power grabs on the jurisdiction of the CFTC. Quickly it was apparent they were using their well deserved prestige in efforts to usurp the jurisdiction of a new and controversial agency. While the committee bill, which was reported by a 40-to-0 vote, does not grant CFTU's jurisdiction to other agencies, it does provide for formalized and mandated consultations with the Federal Reserve Board, the Securities Exchange Commission and the Department of the Treasury on decisions which impact on their areas of responsibility. I feel it is a prudent and well founded step to require the CFTC to seek from these respected agencies their impact on such matters as futures contracts on Government-backed securities and financial instruments. But, Congress was aware, in 1974, when it passed the Commodity Futures Trading Commission Act that the industry was developing proposals for futures trading in financial instruments and Government securities. Congress then, as now, recognizes the uniqueness of futures trading—its primary functions of risk-shifting and price discovery—and determined that it required regulation by a single, expert agency; an agency without other conflicting mandates to serve.

Much has happened in the futures trading industry since 1974. The futures trading industry has become more accepted and credible, largely through acting responsibly and through the guidance of the CFTC. Last year, futures contracts valued at over $1 trillion were traded on our domestic exchanges. New contracts on new instruments have been developed and more will come. The period of growth is not halting. I feel it will grow even larger as diversified industries learn the benefits of risk-spreading and, for this reason, we must have a strong, independent, and competent Commission. The provisions of H.R. 10285 make some needed changes in that direction.

This bill recognizes one important fact of life that is slowly dawning on us here in Washington. The Federal Government cannot be all things to all men and cannot reserve to itself every task. The CFTC will never have the resources to adequately enforce this law in every community of the Nation. For this reason, H.R. 10285 grants some enforcement, not regulatory powers, to the States. I feel that if the CFTC had had the assistance of State officials in enforcing the act in the past 3 years, the "London Options" scandal might have been brought under control more quickly. H.R. 10285 reflects the attitude that the CFTC should continue to have sole authority for the development of a nationally uniform body of law and standards governing commodity futures trading, but that States have and should play an important role in protecting their citizens against fraudulent and illegal conduct.

Earlier I mentioned the London Options problem. Dealing with the options situation was one of the most time consuming issues we faced. Essentially, H.R. 10285 is an effort to backstop the CFTC suspension on options trading. It recognizes the magnitude of the abuses which have occurred and believes the Commission should have a period of time in which to evaluate fully the terms and conditions under which commodity options might be offered, if at all. The bill does provide that the Commission could permit options trading subject to rules and regulations which would themselves be subject to congressional review. Additionally, the Commission would be authorized to grant exceptions to the ban under certain circumstances to dealers in the physical commodities.

Reviews of the Commission's day-to-day operations have revealed shortcomings in management and administration which have affected the Commission's basic regulatory mission. It is inappropriate to address simple mismanagement through legislative remedy, but H.R. 10285 contains several provisions aimed at clarifying the division of responsibility and authority between the Chairman and the Commission. These four changes, including clarifying that the Chairman shall serve at the pleasure of the President, and deleting the Senate confirmation of the Executive Director should resolve some of the problems.

I recognize the CFTC has been faced with a monumental task in implementing its regulatory mandate and has many accomplishments to its credit. It falls short in the areas of management and administration, but rather than attempt inappropriate legislative solutions, the committee intends to continue to monitor the progress of the Commission in improving its performance in this area.

Mr. Chairman, I want to close by submitting to my colleagues that H.R. 10285 is an excellent, well-balanced bill and one which I urge them to support.

Mr. SMITH of Iowa. Mr. Chairman, the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, I want to commend the chairman of the subcommittee, the gentleman from Tennessee (Mr. JONES) for his leadership in proceeding to bring this bill to the floor. I know it has been very difficult with so many demands on time to get a quorum of Members at committee meetings, but the gentleman's persistence permitted the committee to develop what I think is a very, very important extension of existing legislation.

The usual procedure in Washington in recent years has been to wait until a crisis develops and then try to deal with after much of the damage has been done. But in 1974 the Congress in its wisdom did not wait for either the administration to act or for a greater crisis to develop. It proceeded to pass this legislation, which I think prevented a very serious crisis from developing. Although some people may criticize some of the things that have occurred in the last 3 or 4 years, had it not been for the 1974 act, we would have had some very, very major commodity futures problems that reach right down to the local level. Those problems would have affected farmers who wanted to contract for the marketing of crops or hedge indirectly so as to qualify for a loan. But for this legislation, many producers might not have been able to find a decent hedge against adverse prices.

So, Mr. Chairman, I just want to commend the gentleman from Tennessee, the full committee chairman, Mr. FOLEY, and the ranking subcommittee member, Mr. MADIGAN for their persistence in developing and bringing this bill to the floor.

Mr. JONES of Tennessee. Mr. Chairman, I thank my friend, the gentleman from Iowa, for those remarks. I also want to take this opportunity to thank the gentleman from Iowa, Mr. NEAL SMITH, for the counsel and the advice that he gave the subcommittee.

Although the gentleman from Iowa is not a member of our subcommittee, he assisted us from time to time in the work that we did on the bill, and it was through his assistance and the hard work that the subcommittee did that we have been able to bring this bill into being.

Mr. Chairman, I will conclude by repeating that I believe H.R. 10285 is an excellent, well-balanced bill, and one which I urge each of the Members to support.

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

Mr. Chairman, I rise in support of H.R. 10285. In doing so, I wish to first take this opportunity to commend Chairman FOLEY and Mr. JONES, the chairman of the Subcommittee on Conservation and Credit, for their efforts in putting together a good bill which extends the Commodity Futures Trading Commission for 3 years and adds some needed amendments to the commodity Exchange Act, as amended.

In 1974, the Committee on Agriculture established a new independent regulatory agency, the Commodity Futures Trading Commission replacing the Commodity Exchange Authority, which was part of the U.S. Department of Agriculture—the new agency was vested with broad authority: To affirmatively approve contract markets, contract terms, and conditions as well as exchange rules and to oversee the exchange self-regulatory program; to check the fitness of floor brokers, futures commission merchants, associated persons, commodity trading advisers, and commodity pool operators; to have expanded enforcement responsibility with strong civil and criminal penalties to use in enforcement; to provide for reparations procedures for settlement of claims by customers against persons registered with the Commission; to supervise a reporting and recordkeeping program and undertake research in specified areas of concern. In addition to the foregoing, the CFTC was given oversight authority over other types of trading instruments such as commodity options and leverage contracts.

It was fortunate that the Congress acted when it did in establishing the new Commission, because the commodity fu-

tures industry has seen tremendous growth since early 1975. Volume of futures contracts traded has increased over 50 percent (to nearly 43 million in 1977), and the annual trading value grew to $1 trillion in 1977.

However, the CFTC, as might be expected with a fledgling agency, had trouble in organizing, managing, and regulating its industry during this period of substantial growth. As a result, the CFTC has been subjected to considerable criticism. The General Accounting Office raised a number of questions about the effectiveness of the management of the CFTC.

The default on the Maine potato contracts a couple of years ago, the litigation with the Hunt family over questions of exceeding the speculative limits in soybeans, and the domestic vending of "London" options by unregistered and "boiler room" type traders have all elicited criticism of the actions taken, or the lack of action taken, by CFTC.

The CFTC accomplishments—which also were significant—were overshadowed by some of these more highly publicized controversies which resulted in some CFTC criticism.

The hearings held on H.R. 10285 elicited considerable criticism of CFTC, some considerable praise for its ability to survive despite its many problems, and many suggestions for improvement which took the form of amendments to the Commodity Exchange Act. There were recommendations concerning jurisdiction, such as one to abolish CFTC and split its authority between the Securities and Exchange Commission and the Department of Agriculture. Others recommended a transfer of some of CFTC's authority to the Treasury Department. Indeed, and virtually at the last minute, the administration, through the Office of Management and Budget (OMB), recommended that the Commission structure of CFTC be abolished and replaced by a single administrator-type structure—to use the words of OMB, "a structure like the Environmental Protection Agency."

By far the great majority of testimony supported the CFTC in its current form and structure, but with some changes recommended in its authority, and enforcement powers. What our committee reported is, I believe, a balanced product. It recognizes CFTC can and should do a better job, and it provides what I believe is the legislative prescription to achieve a more effective Commission so that our tax dollars will pay for as much Government regulation as is needed to protect the public interest.

Let me illustrate some of the amendments to the Commodity Exchange Act which were added by the committee. In section 1, we redefined the term "commodity trading adviser" so as to exclude certain entities such as "nonprofit voluntary membership, general farm organizations" such as American Farm Bureau offices, which may provide advice on the sale and purchase of cash commodities.

There is also an amendment which prohibits Commission employees—classified as GS–16 or above—from making an appearance before the Commission or communicating with the Commission on matters before the Commission for 1 year from the date of his or her last service. I do not favor this piecemeal approach to the issue of the revolving door from Government to industry. Moreover, in my opinion the amendment prohibits appearances by former Commission employees whether they affiliate with Common Cause, the Consumer Federation of America, or other groups not identified as in the commodity industry. I believe the amendment goes further than some of those who voted for it intended.

Another amendment requires the CFTC to maintain communications with the Department of Treasury, the Federal Reserve Board, and the Securities Exchange Commission relative to matters before the CFTC that relate to the responsibilities of these other agencies.

On the issue of jurisdiction of States to prosecute violations of the Commodity Exchange Act or fraudulent transactions in futures or options transactions, the committee adopted an amendment that would give States the authority to investigate or initiate actions against violators of the act or section 217 of the CFTC Act of 1974 in Federal courts in which cases the CFTC could intervene as a party. Certain actions against contract markets or boards of trade were excepted from this authority. I believe the committee amendment finally adopted is preferable to other proposals considered and rejected by the committee.

On the issue of options trading, the committee had trouble arriving at a decision; and I am aware of floor amendments to be offered to section 2 of the bill regarding options. The committee adopted a compromise proposal which basically prohibited commodity options transactions "unless expressly permitted under rules or regulations that the Commission, in its discretion, may prescribe subsequent to the date of enactment * * *."

There was an exception written into this amendment which allowed the Commission to provide an exemption for dealer options without regard to the requirements of the Administrative Procedures Act and the procedural requirements of the Commodity Exchange Act—for those who on May 5, 1978, were in the options business and in the business of dealing in the commodity which was the subject of the option. Such option exemptions could not be terminated without a hearing.

I am not entirely happy with the exception on dealers options tied to companies that deal in the commodity, that is, actually have an inventory, if as I believe to be true it grandfathers in only a few companies. I do not favor writing private legislation into public laws.

There was also an amendment limiting public disclosure of information and reports by CFTC. Testimony elicited in the course of the hearings on the bill brought out the dangers of permitting CFTC to disclose market positions, business transactions, trade secrets, or names of customers unless such data had been previously disclosed publicly in a judicial or congressional proceeding. Obviously, such information can be extremely market sensitive; and in at least one case where information was brought out in a judicial proceeding, it had a depressant effect on the market and appeared to hurt the marketing situation for farmers and producers.

I had an amendment in subcommittee which deleted the authority of the Commission to publish full facts concerning any commodity transaction which in the judgment of the Commission disrupts any market or is otherwise harmful to the p blic interest at the time this information is communicated to committees or officers of contract markets. Section 13 of the bill, which amends section 8 of the Commodity Exchange Act, puts limits on disclosure of information which in my opinion could be dangerous to orderly transactions of commodity business.

There were also amendments in the committee to increase certain penalties under the act. One amendment was adopted which unrealistically increased criminal penalties to $500,000 for some infractions which might not be major in effect. This amendment was deleted in the full committee, but left standing in full committee were provisions which raised from misdemeanors to felonies violations of the Commodity Exchange Act which involve fraud and false reporting.

I believe the penalties in the commodity exchange laws are equal to or in most instances in excess of those imposed under the securities exchange laws, and I believe that the committee bill will serve as a deterrent to future violations without further floor amendment.

There are other amendments in the bill—some of which my colleagues Mr FOLEY and Mr. JONES of Tennessee have touched upon—which improve on existing law.

Mr. Chairman, I support the committee's bill as a well-balanced product encompassing considerable work and thoughtuful consideration. I urge you to support it.

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

Mr. MADIGAN. I yield to my colleague from Illinois.

Mr. FINDLEY. Mr. Chairman, I would like to add my commendation to members of the committee on both sides of the aisle for what I think is a job well done. It may be that some perfecting amendments can still be added during the amendment process which will make it even better, but I rejoiced when the Commission was first established.

I recognize that its record has not been unblemished, but I feel even more today than when the idea was first launched on Capitol Hill that the Commission fills a very important role. I think the legislation now before this body will improve the Commission; will enable it to serve more adequately the futures activities within this country.

There are people who are very disappointed with the Commission. They feel

that its record has not been adequate. I think the basic legislation may be part of the problem.

In any case, I think the committee has done an excellent job in the quest for better regulation of a very vital part of the private sector.

Mr. MADIGAN. I thank the gentleman for his contribution. Again, as I did in my statement, I say that there has been considerable criticism of the agency but, as the chairman of the committee, the gentleman from Washington (Mr. FOLEY), pointed out, the agency was organized and began its job at a time when considerably more interest was beginning to appear in this type of transaction which they were to regulate. The total dollar volume of those things which they regulate now has exceeded $1 trillion per year, and in the judgment of this Member the Commission is doing the best job it could under the circumstances. I think their record in the next 3 years will be even better.

Mr. FOLEY. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, I rise in support of this bill to reauthorize the CFTC. In doing so, I would like to take a few minutes to point out to my colleagues just how important this legislation is, how important it is to the strength of our economy as a whole, and most particularly to the question of capital formation.

One of the things that is strange, being on the Agriculture Committee, to me was finding our authorizing an agency which now regulates perhaps as much as one-half of all capital being spent in this country. Just seeing the lack of Members on the floor indicates that most people probably consider this to be an agency which just deals with commodity issues, farm-related issues, but in fact this agency relates to the very heart of our economic strength and ability to form capital.

One of the things we discovered when we got into the hearings was how little information people really had as to how much money was flowing into the futures markets and flowing out of our securities markets. To be quite frank with Members of this body, we still do not know the answers to all of that information. Nobody seems to have the foggiest idea of how the development of futures on financial instruments which we are now finding developing will affect our capital markets, but the fact remains that commodities on which futures and options can be purchased has expanded so greatly in recent years that there is little doubt that this agency regulates a great matter of importance with respect to the economic strength of this country.

I am convinced that the 3-year authorization contained in this bill, based on an amendment which I offered in subcommittee, is needed to get a handle on just what is involved in terms of the economy in general. The Senate has passed a 6-year bill, and I think we should stick as close to that 3-year period as possible.

I might also mention, on the issue of David Gartner, the new Commissioner of the CFTC who is coming into controversy lately, because of the conflict of interest issue, that irrespective of Gartner's position on the Commission, he throws a further cloud of suspicion on the whole issue of credibility of this agency. That is all the more reason for a 3-year, rather than a 6-year authorization.

I compliment the chairman, the gentleman from Washington (Mr. FOLEY), and the chairman of the Subcommittee on Conservation and Credit, Mr. JONES of Tennessee, for conducting what I consider to be a very, very thorough set of hearings on oversight of the Commission.

I suggest the only way this Commission can go is up, because its credibility is so low, and investors and farmers all over this country need to have confidence in this Commission.

On another matter I strongly support the CFTU jurisdiction over futures on financial instruments as opposed to giving that jurisdiction to the Securities and Exchange Commission. I originally had supported the SEC retaining jurisdiction, but I have changed my mind, because I think there is a difference fundamentally and economically between futures and securities. I hope we will give that authority to the CFTC.

On another point, I think we need to take steps to enhance the enforcement of CFTC antifraud regulations. The bill we have before us was modified at the full committee level to remove language adopted by the Conservation and Credit Subcommittee to authorize the States to enforce the antifraud provisions of the Commodity Exchange Act. My colleague, the gentleman from Wisconsin (Mr. BALDUS), will be offering an amendment to reinstate that language and thereby give the States the opportunity they want to protect their residents from fraudulent schemes within their States. As a former attorney with the Securities and Exchange Commission, I can attest to the fact that most of the fraud that occurs in these kinds of affairs occurs on a small-scale, localized basis, and I believe the citizens of this country would be best protected by giving the States the authority to enforce the antifraud provisions of the Commodity Exchange Act. That is the basis of the Baldus amendment. We will not have to continually be building up and beefing up the staff of the CFTC staff in Washington, because all of these agencies are clamoring for more and more money, and by making the States the people on top of the problems, it will eliminate the need for a significantly expanded CFTC staff.

I urge my colleagues to support the Baldus amendment and final passage of this legislation.

As I said before, this is a very complex piece of subject matter we are dealing with here. It relates to various sophisticated matters concerning the economy of this country. I believe the Commission needs to be reauthorized.

Again I thank the chairman of my subcommittee for his oversight on this matter.

Mr. MADIGAN. Mr. Chairman, I have no further requests for time, and reserve the balance of my time.

Mr. JONES of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, I have had the honor of working with the distinguished chairman of the Subcommittee on Conservation and Credit, and we have worked on this legislation for a long period of time. We have had extensive hearings on this issue. It is a complex area of law relating to our commodities. It impacts on our agricultural community. It impacts on our trading community. It impacts on our securities community.

It is most important that we provide this extension and that we provide the necessary authority to the Commodities Exchange Commission so it will be able to deal with the problems in this area. The fact is that in the commodities area today we are talking about almost a trillion dollars that is being annually exchanged in commodities.

That is a fantastic sum, and it has increased and multiplied tremendously over the last few years. This has become the one area in our trading markets in this country where speculation is running rampant. The opportunity for fraud and abuse is prevalent.

It is for this reason that it is most important we give the Commission the power and authority to be able to do a good job. I think that the subcommittee and the full committee in the drafting work that went on in connection with this legislation have done a commendable job. I think the bill does provide the necessary tools. There is one area that I feel should be added which is the area of the distinction between misdemeanors and felonies committed in violation of the laws in this area. At the present time there is no distinction in the penalties provided for those committing misdemeanors and the penalties provided for those committing felonies.

It is my feeling that in violations which are serious and involve embezzlement and fraud, we ought to increase the penalties and bring into accord with the laws in the Securities and Exchange Commission and other commissions which provide a difference between violations for misdemeanors and violations for felonies.

I hope that during the course of the debate and during the course of the amending process, I will be able to offer an amendment in this area to increase the penalties that will be provided for those committing felonies. Otherwise, what happens is that when offenses that are of a serious nature are committed in this area, they are treated as a matter of business expense and nothing more. That is essentially what was testified to by the Commission and by the chairman of the Commission. It is an area that, hopefully, we can remedy on the floor of the House in the amending procedure.

I would conclude by saying that I believe the overall bill is an effective one and I would urge the House to adopt it.

Mr. JONES of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin (Mr. BALDUS).

Mr. BALDUS. Mr. Chairman, I rise in support of the bill and to call attention to an amendment which I will introduce.

H.R. 10285 is the product of extensive hearings by the Conservation and Credit Subcommittee and of many days of markup by both the subcommittee and the full Agriculture Committee. I intend to support the bill regardless of the outcome of my amendment, and I urge my colleagues to do likewise. Nonetheless, I think it is extremely important that the House act to reinstate my amendment, which was passed by the subcommittee but removed by the full committee by a narrow, two vote margin. I would add that before the subcommittee passed my amendment, the Commissioners voted to accept it.

Mr. Chairman, I do not want to start the debate on my amendment today, but I would like to briefly explain what it would do and why it is being offered.

My amendment would allow the States to pass and enforce their own laws exactly identical to sections 4b, c, d, and o of the Commodity Exchange Act and section 217 of the CFTC Act. In order to avoid conflicting interpretations of the identical law, the State laws would also be required to contain the following:

In any such action, Federal law, including the decisions of the Federal courts and the decisions and published interpretations of the commission, shall be controlling.

In addition, the CFTC must be notified within 3 business days of any action taken, and the CFTC is given the right to intervene in any such action. These two factors put the CFTC in a position to utilize their limited enforcement resources and personnel to monitor and direct the interpretations of State enforcement personnel.

Finally, the majority of the activities of the legitimate futures trading industry are exempted from State enforcement as my amendment would preserve any actions committed on boards of trade or on designated contract markets for enforcement by the CFTC.

This amendment is needed because the CFTC Act of 1974 gave the CFTC exclusive jurisdiction over violations of the antifraud provisions of law. But the CFTC has never been given the resources and personnel which are required to effectively monitor the industry on a nationwide basis and seek enforcement, not is it likely that they ever will be given such resources. The CFTC has been content to rely on injunctive relief actions, a pattern of enforcement which has taken all of the deterrent value out of the antifraud provisions.

In the absence of effective Federal enforcement, the States have actively sought the right to pursue State enforcement. My amendment is supported by the North American Securities Administrators Association (representing all 50 States) and by the National Conference of State Legislators, as well as by the National Farmers Union and the NFO.

The States have demonstrated their capabilities in the enforcement of securities laws, over which they share jurisdiction with the Federal Government, and in the enforcement of insurance laws, over which they have exclusive jurisdiction.

The issue is one of State enforcement as opposed to no enforcement at all. I urge my colleagues to opt for State enforcement by voting for my amendment when it is introduced.

Mr. JONES of Tennessee. Mr. Chairman, we have no further requests for time, and I yield back the balance of my time.

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

Mr. JONES of Tennessee. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. EVANS of Colorado) having assumed the chair, Mr. WIRTH, Chairman pro tempore of the Commitee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 10285) to extend the Commodity Exchange Act, as amended, for 4 years, had come to no resolution thereon.

DEEP SEABED HARD MINERALS ACT

Mr. BREAUX. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3350) to promote the orderly development of hard mineral resources in the deep seabed, pending adoption of an international regime relating thereto.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Louisiana (Mr. BREAUX).

The motion was agreed to.

The SPEAKER pro tempore. The Chair designates the gentleman from Illinois (Mr. SIMON) as Chairman of the Committee of the Whole and requests the gentleman from Colorado (Mr. WIRTH) to assume the chair temporarily.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 3350, with Mr. WIRTH (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN pro tempore. Under the rule, the gentleman from Louisiana (Mr. BREAUX) will be recognized for 15 minutes; the gentleman from Maryland (Mr. BAUMAN) will be recognized for 15 minutes; the gentleman from New York (Mr. BINGHAM) will be recognized for 15 minutes; the gentleman from Kansas (Mr. SKUBITZ) will be recognized for 15 minutes; the gentleman from New York (Mr. BINGHAM) will be recognized for 15 minutes; the gentleman from Illinois (Mr. FINDLEY) will be recognized for 15 minutes; the gentleman from Oregon (Mr. ULLMAN) will be recognized for 15 minutes; and the gentleman from New York (Mr. CONABLE) will be recognized for 15 minutes.

The Chair recognizes the gentleman from Louisiana (Mr. BREAUX).

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

Mr. Chairman, the bill before the House today contains some of the most important and timely policy decisions which this body could make during this session. We are deciding the fate of issues today which can have a very positive impact on several critical domestic and international policy considerations.

I would first like to explain to you why I think that this bill is important. From an international perspective, the legislation would reiterate some major U.S. policy statements which I believe are necessary in order to correct the present confused status of international law. Among other statements, the bill would include clear statements—

That deep sea mining is a freedom of the high seas which can be conducted by any nation desiring to engage in exploration or exploitation.

That the resources of the deep seabed beyond the limits of national jurisdiction are the "common heritage of mankind," but this common heritage concept can only be properly defined by the text of a future Law of the Sea Treaty.

That any person desiring to engage in deep sea mining should do so in a manner which properly recognized other persons freedoms to also conduct activities upon the high seas.

That any future Law of the Sea Treaty should, at a minimum, contain terms which provide U.S. citizens assured and nondiscriminatory access to deep sea mining sites and that future treaty provisions do not impose substantially different restrictions on U.S. citizens which would materially impair investments made by such citizens.

These statements will put the Congress on record that this country intends to continue to operate under the terms of present internationally accepted law until and if that law is changed by treaty. These policies are consistent with those of our Government, but it is necessary to restate them to those nations of the world who would like to implement the common heritage doctrine as customary international law.

This country must let it be known that it is fully prepared to continue with the development and application of our deep sea mining technology whether or not there is a final Law of Sea Treaty.

We, in the Congress, must also tell our adversaries from the Third World and our own U.S. negotiating team that certain general principles must be maintained in any future treaty. Any treaty concerning the management of resources of two-thirds of the Earth's surface must contain provisions to adequately protect the present rights of U.S. citizens.

The United States has approached these negotiations at the LOS Confer-

ence in good faith for 10 years now. We have given concession after concession without receiving very much, if anything, in return. It is time that Congress indicated the type of treaty which would be acceptable. If we had done this much sooner in the Panama Canal Treaty negotiations, we could have had a treaty which would have been much more acceptable, rather than merely having to accept or reject the final terms. This important statement of congressional intent as to what the LOS Treaty should contain is included as title II of H.R. 12988.

Mr. Chairman, the bill before you today would also address some important domestic policy questions.

In light of this country's alarming dependence on foreign sources of supply for cobalt, nickel, and manganese, the bill would recognize the prudence and necessity for the United States to develop a domestic supply of such minerals—a supply which is abundantly available on the floor of our oceans in the form of manganese nodules.

In order to avail ourselves of this resource it is necessary to establish some legal framework under which domestic mining companies can conduct their exploration and commercial recovery operations. With the LOS treaty negotiations continuing to change the status of international law, these companies need to know the direction of U.S. policy with respect to their rights on the high seas. This bill would clarify some of these important questions, and, at the same time, establish a domestic licensing and regulatory program to begin implementing the necessary regulatory procedures to conduct seabed mining.

The bill requires extensive environmental safeguards to allow for the deep sea mining operations to proceed without creating any adverse effects on the marine environment.

As Chairman MURPHY stated, this amendment to the bill, H.R. 3350, is a consensus developed after extensive discussions with the Committees on Merchant Marine and Fisheries, Interior and Insular Affairs, International Relations, and Ways and Means. It represents the best combined thinking of all these committees and I believe it is a responsible piece of legislation.

The administration supports deep sea mining legislation. Ambassador Richardson, head of the U.S. negotiating team, has personally reviewed the compromise bill and supports it. He stated at a hearing before our committee several weeks ago that the legislation should move forward in the Congress whether or not success is achieved at the Law of the Sea Conference.

The U.S. companies which have developed the expensive and complex technology to mine the seabeds are on the verge of determining their future investment actions. If no domestic legislation is adopted by this Congress, I believe that these companies will choose to invest in more secure ventures. This would allow those government-supported competitors in Germany, Japan, and Great Britain to proceed without U.S. participation, and I think that this would be a great loss for the mineral and economic future of the United States.

We are at a crucial stage in deciding on the future of deep sea mining, and this Congress needs to make the choice as to whether or not we should encourage these ventures or leave high seas resource development to the fate of the Third-World-controlled Law of the Sea Conference. The choice is clear to those of us who have observed this conference for years. I urge you to join with us in voting "aye" to H.R. 12988.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Chairman, I have no requests for time, and I reserve the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. MURPHY).

Mr. MURPHY of New York. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, 3 miles below the ocean's surface lies the most significant untapped source of minerals known to man. The deep seabed's nickel, cobalt, and manganese resources have a value greater than all of the lond-based deposits of these three mtals put together. In addition, the deep seabed holds an amount of copper that could significantly supplement land-based sources of this metal. We have not even begun to investigate the mineral treasures that might be found beneath the surface of the deep seabed.

Advancing technology—which is largely spurred by the rapidly growing offshore oil industry—has now made it possible to recover mineral nodules from the deep ocean floor at costs competitive with land-based sources, and to do this in an environmentally sound manner. Technologically sophisticated U.S.-led mining consortia have already invested over $150 million in the development of this new technology.

At the same time, the United States is now importing 100 percent of its cobalt and manganese—two metals critical in the steel making process. Eighty-three percent of our cobalt imports originate in Zaire—mostly in the politically troubled Shaba Province. We import over 70 percent of our nickel and 15 percent of our copper—a small but not insignificant percentage that is steadily growing.

Deep seabed mining could reduce our dependence on imports to zero for copper, cobalt, and manganese by as early as 1990. By the same date, we could substantially reduce imports of nickel, and reduce our balance-of-trade deficit by over $1 billion. If pursued, deep seabed mining will reduce the concentration of the international mineral market and stabilize world mineral prices. This would not only benefit the industrialized nations, but all the nations of the world who are counting on technology for their economic development. Given this situation, one may logically ask why industry is not vigorously pushing ahead with this new venture. What are we waiting for?

What we are waiting for is a conclusion to the U.N. Conference on the Law of the Sea (LOS), which has dragged on for 10 years with still no end in sight.

In deep seabed mining is to proceed, it is imperative that some degree of predictability about the mining industry's future rights in the ocean be established. Between now and the beginning of commercial recovery on the first few mine sites which will be located in the North Pacific Ocean between Hawaii and the west coast, the companies must acquire and commit more than $2.5 billion.

To the extent that a Law of the Sea Treaty could terminate industry's rights under existing international law, prohibit mining activities, limit production, fix prices, require transference to a new mining site, or raise costs prohibitively, lending institutions will not loan any substantial part of the risk capital needed to move toward commercial operations. The political risks involved in an international agreement must be addressed in legislation so that a reasonably secure investment climate will be created.

Without some clarification of their future access to the ocean, mining companies will be hesitant to proceed with the further technological development and capital investments that will soon be required. Unless this is done, we will stand a strong chance of losing the technological lead we have developed in ocean mining.

I might add that, after witnessing recent developments at the Law of the Sea Conference, I would hesitate, too, if I were on the board of directors of an American mining company. It is unfortunate to have to report that the lack of progress which has characterized a decade of LOS negotiations continues. Despite some inflated and exaggerated reports coming from that last session in Geneva, the fact remains that we are no closer to achieving an acceptable International Treaty than before. In fact, some extremely knowledgeable individuals have argued that the proposed compromise articles would leave us worse off than with no treaty at all.

I think it is highly significant that Richard G. Darman, former vice chairman of the U.S. delegation to the Law of the Sea, has called for a reexamination of the premises on which our position at the Law of the Sea negotiations are based. In his article published in the December 1977 issue of Foreign Affairs, he makes the point that almost any achievable LOS Treaty works to the strategic net advantage of major U.S. adversaries. Further more, he questions the generally unquestioned premise that a Law of the Sea Treaty is so vital to U.S. interests that we should be prepared to sacrifice a number of high seas freedoms we currently enjoy under customary international law in order to achieve its enactment.

From Caracas-to-New York-to-Geneva, I have always supported the fundamental goals of the LOS Conference in general, and the objectives of our U.S.

delegations, in particular. Clearly a balanced treaty with a seabeds article that assures equal and nondiscriminatory access to American citizens under reasonable terms and conditions would benefit the entire world. Such a treaty would help establish a framework of predictability in which investments would be made within a context of some security. It would also promote international institution building to deal with the complex problems of a high technology era.

Yet, the building of such institutions must be carried out within existing international and political realities. Certainly the United States must play an active role in the development of this institutional framework, but it cannot afford to establish precedents for the 21st century that jeopardize its fundamental economic interests.

We should all be aware that we are talking about more than the international structure for the recovery of manganese nodules. We are talking about a structure which could very well form the precedent for the development of other resources—below the seabed—particularly oil and gas, for which deep drilling technology may not be far off.

We simply cannot afford to set back the cause of international cooperation by permitting our diplomats to agree to a treaty that the American people will not support, and the American Congress will not ratify.

It is these potentially tragic consequences that are creating tremendous uncertainty for our mining companies. Therefore, it is imperative that we provide a strong legal framework within which the industry can operate.

At the same time, the Government must establish regulatory and environmental control over the activities of U.S. citizens in international waters. Both purposes—a sound legal framework and administrative control—are accomplished in the deep seabed mining legislation which we bring before you today.

H.R. 3350 is the product of the work of four committees. It represents a consensus on most of the major provisions in the bill, although a few irresolvable issues will be settled here on the floor.

In addition to the overwhelming need for the legislation and the consensus that has been developed by the committees of jurisdiction, I am pleased to note that, for the first time in the history of this issue, the administration supports deep seabed mining legislation. In response to direct questions on this matter upon his return from Geneva, U.S. Ambassador Elliot Richardson indicated that the administration continues to support such legislation and that, in his judgment, there is no linkage between the proceedings of the Conference and the need to establish a domestic legal framework for American mining companies.

Consideration of deep seabed mining legislation began with the Merchant Marine and Fisheries Committee in the 92d Congress. It has taken an extraordinarily long time for this bill to reach the floor of the House but, given the cooperation of many of my colleagues and now the administration, we are pleased to bring this legislation before the entire membership.

H.R. 3350 encourages the further development of a U.S. led technologically sophisticated deep ocean mining capability, creates an interim legal framework with strong environmental provisions which will operate in the absence of an International Law of the Sea Treaty, provides a strong statement of congressional intent that any such treaty should not materially impair the investments made by U.S. permittees in carrying out deep seabed mining operations prior to ratification, and establishes a deep seabed revenue sharing trust fund to be shared by the international community under the provisions of a Law of the Sea Treaty. It is a bill that has been subject to intense scrutiny by four committees, the administration, and the international community. It presents a rational and reasonable interim domestic program for ocean mining and its balance reflects the careful examination which it has received from many different sides.

Mr. Chairman, the international situation is too uncertain, our need for these essential minerals too acute, and the time for major investment decisions too critical, to allow us to delay this important legislation any further.

I urge this body to strongly support H.R. 3350.

The CHAIRMAN. The time of the gentleman from New York (Mr. MURPHY) has expired.

Mr. BAUMAN. Mr. Chairman, I yield 3 additional minutes to the gentleman from New York.

Mr. MURPHY of New York. Mr. Chairman, I thank my very generous colleague, the gentleman from Maryland, for his indulgence.

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

Mr. MURPHY of New York. I yield to the gentleman from Kansas.

Mr. SKUBITZ. I thank the gentleman for yielding.

Mr. Chairman, I am wondering if it is the intention of my colleague, the gentleman from New York (Mr. MURPHY), at a later moment to substitute H.R. 12988 as the vehicle that we would consider for markup, or does the gentleman intend to stay with H.R. 3350?

Mr. MURPHY of New York. When we are under the 5-minute rule on amendments, the first amendment will be offered by the gentleman from Louisiana (Mr. BREAUX), and at that time he will offer that legislation as a substitute for H.R. 3350.

Mr. SKUBITZ. That is the blended bill, so to speak, that the four committees have discussed.

Another question I woud like to ask my colleague: I believe I understood the gentleman to say that there are three times the amount of minerals below the sea which has been discovered, or is known outside of the sea area; is this correct?

Mr. MURPHY of New York. From all known land-based sources that are presently in mining, our reserve estimates on just the seabed floor, that is, the nodules that have been pushed up on the seabed floor, the estimate is that in 200 mining sites worldwide there are three times the known quantities of land-based sites.

Mr. SKUBITZ. Could the gentleman give me the source of that information? It is a rather startling figure.

Mr. MURPHY of New York. The American Mining Congress and the Department of the Interior.

Mr. SKUBITZ. The reason I asked the question is that I was reading from the report of the Commission on Marine Science, Engineering and Resources, and I found this statement which I think places this matter more into its real perspective:

> The hard mineral resources of the shelf and deep sea have assumed public prominence only recently, unlike oil and gas, which have been taken from the continental shelves for more than 30 years. Ocean minerals have been hailed by some as a nearly inexhaustible treasure trove. To others, the inaccessibility of most marine minerals and the expensive technology required for their recovery place them on the far horizon of the future in comparison with minerals from more conventional sources.

The Commission goes on to say this:

> The Commission finds that the truth lies somewhere between these extremes. There is no urgent necessity to develop subsea hard minerals with maximum speed regardless of cost. Nevertheless, an early start in offshore exploration and development of the required technology is warranted to determine reserves and to establish a basis for future exploration.

The CHAIRMAN. The time of the gentleman from New York (Mr. MURPHY) has expired.

Mr. SKUBITZ. Mr. Chairman, I yield 3 additional minutes to the gentleman from New York.

Mr. MURPHY of New York. Mr. Chairman, I thank the gentleman for yielding.

Mr. SKUBITZ. Mr. Chairman, if the gentleman will yield further, the point I am getting at is that really we do not know how much is there. Really we do not know how much we can actually recover. There is need for more exploration, but the problem that bothers us is in the exploration and the development of it: just how far this Government should get into that particular area.

Mr. MURPHY of New York. Mr. Chairman, I would say in response to my colleague that, considering the costs I just outlined to the gentleman, it is probably fair to state that no more than four sites could be mined between now and the year 2000 based on technology and risk capital; and of the 200 sites which are estimated to be productive sites, I do not think that anyone is intimating that we are going to rush headlong into deep-ocean mining.

Mr. SKUBITZ. The point I am getting at, I say to my colleague, is that during the hearings before our committee and when considering some sections during markup, we were constantly being reminded that we get 90 percent of one mineral from this country and 70 percent of another mineral from another, as if to say that if we do not rush ahead with this bill there is going to be a tremendous shortage.

The fact is, although we do depend upon others, if we are going to mine

only three or four ocean sites at this time, we are not going to actually meet the real requirements of this country overnight; and we ought to take it more slowly. We deliberately determine just how far we want to go in permitting some of the bills—and I think the gentleman's was one of them, as well as ours—to guarantee private interest against all losses if the State Department in some way or another decides that they will have to give up their rights to areas which they have staked out. I just want to make the point that I do not think we should be intimidated by scare tactics and I am pleased the blended bill takes a more reasonable approach.

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

Mr. MURPHY of New York. I yield to the gentleman from Louisiana.

Mr. BREAUX. I thank the chairman for yielding.

Mr. Chairman, the point I would like to address to the ranking member of the committee is that the information he is reading is from the Stratton Commission report, which was presented in 1969. Since then, the use of mineral supplies has drastically changed.

The CHAIRMAN. The time of the gentleman from New York (Mr. MURPHY) has expired.

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

I would like to say first that I am here representing Chairman UDALL, who could not be in Washington today but will be present with us for the consideration of amendments on Wednesday.

Mr. Chairman, this bill has had an interesting legislative history, in fact, I think it has one of the most interesting histories that we have experienced under the change of the rules recommended by the Bolling Committee for multiple committee consideration of legislation. The bill was originally referred to the Committee on Merchant Marine and Fisheries and to the Committee on Interior and Insular Affairs, and then subsequently to the Committee on International Relations and to the Ways and Means Committee.

As the members have heard, there have been extensive negotiations as a result of which a compromise bill will be offered as a substitute. It is found in H.R. 12988, and it hopefully will resolve most of the controversies—not all the controversies, but most of the controversies—that remain. Let me take a couple of minutes to summarize the provisions of the substitute bill.

It would establish an interim licensing program to encourage and regulate mining of seabed minerals by U.S. citizens, pending a superseding international agreement. Part of the mining proceeds would go into a special fund to be shared with the international community under the Law of the Sea Treaty now under negotiation. Title I would prohibit any U.S. citizen from exploring or commercially recovering deep seabed minerals unless authorized by a license or permit issued by the United States or a reciprocating state or pursuant to an international agreement. Licenses would be issued only to applicants who: Have the technological and financial capability to mine the seabeds, will adequately protect the ocean environment, and will not unreasonably interfere with freedom of the seas or U.S. international obligations. No license or permit could be issued after an international agreement is in force unless it is consistent with such agreement.

Environmental impact statements for prospective ocean mines would be required. Existing licenses or permits may not be modified for environmental reasons if the national interest in obtaining minerals outweighs the potential injury to the environment. The President may designate any foreign nation as a "reciprocating state," whose mining licenses would be recognized by U.S. licensees, if that nation establishes restrictions similar to those of the United States and contributes to the special international community fund. This title would require antitrust review by the Justice Department and Federal Trade Commission. This is one of the proposals made by the Interior Committee.

Title II would express the intent of Congress that U.S. negotiators at the Law of the Sea Conference should obtain a final treaty that assures nondiscriminatory access to the seabed and does not materially impair the value of U.S. investments. Title III would provide for civil and criminal penalties and authorize necessary sums for administration.

Title IV, which will be handled by the Ways and Means Committee, provides for the funding of the deep seabed revenue sharing trust fund.

Now, the major amendment which was recommended by the Interior Committee and by the Committee on International Relations as well, was an amendment to remove the provision that the gentleman from Kansas (Mr. SKUBITZ) was just referring to, the so-called investment insurance or investment guarantee provision. The Interior Committee also, as I have said, recommended that applications for licenses or permits be referred to the Attorney General and the Federal Trade Commission for review as to the applicability of the antitrust laws and advice as to the effect such license or permit, if issued, might have on competition.

I think that is all I need say at this time, Mr. Chairman, except to note that one of the areas of controversy which I am sure will be debated at length on Wednesday is whether the Secretary in charge of this program should be the Secretary of Commerce or the Secretary of Interior. The Interior Committee of course feels strongly that because of its experience in the regulation of coal, oil, gas, hardrock minerals, and so forth, the responsibility should lie with the Secretary of the Interior.

Mr. Chairman, now I would like to yield 5 minutes, and more if he needs it, to the chairman of the subcommittee concerned, the Mines and Mining Subcommittee, the gentleman from Texas (Mr. KAZEN).

Mr. KAZEN. Mr. Chairman, do I understand I am being yielded to on the time of the Committee on Interior and Insular Affairs and not the time of the Committee on International Relations?

Mr. BINGHAM. That is correct.

Mr. KAZEN. I thank the gentleman from New York.

Mr. Chairman, I support enactment of ocean mining legislation. It is needed now.

This Nation is not self-sufficient in many minerals which are critical to our economy. Four of these: nickel, cobalt, copper and manganese, can be mined from the deep ocean floor using technology which the United States now possesses.

Present events have demonstrated how fragile our supply of just one of these minerals—cobalt—may be. I need only to point out that we import 98 percent of our cobalt from Zaire.

The technology which our industry has developed has not been used for a very simple reason. As much as $500 million are required for a total mining and processing operation. In order to commit such amounts to a venture, the investment climate must be one which gives the industry some assurance that it will not be dislocated or have its investments endangered by some future international agreement. This type of investment climate does not exist today.

For over 10 years, the United States has been an active participant in the Law of the Sea Conference in which more than 150 nations are attempting to establish an international agreement to govern, among other things, the exploitation of the hard mineral resources of the deep seabed. Although the United States is the most advanced in deep seabed mining technology, it is disadvantaged at the conference by having only one vote.

The seventh session of the Law of the Sea Conference concluded in Geneva last month. The conference will reconvene in New York in August.

Proposals being given serious consideration at the conference would create an international organization to regulate deep seabed mining. The organization would have its own mining company called the "Enterprise." Private companies would be required to transfer technology to the Enterprise—with which they would be in competition—in exchange for a permit or contract to mine. Companies which agree to enter into joint ventures with the Enterprise would have a priority in the selection of mining sites.

I do not anticipate an agreement being reached this summer in New York. Indeed, in view of the history of the Law of the Sea Conference, agreement, if there is to be one at all, may be many years away. But, the very fact that an international agreement may be negotiated creates uncertainty. Such uncertainty stands as an impediment to development. Sound domestic legislation enacted now will help to remove that impediment.

In all candor, I cannot say that I am thoroughly satisfied with the compromise version of the bill which will be offered as an amendment in the nature of a substitute for H.R. 3350. I would

have preferred a bill which would have offered to citizens of the United States willing to invest the vast amounts of money required for the mining and processing of the hard mineral resources of the deep seabed some insurance against any loss they incur by reason of an international agreement to which the United States is a party.

The administration objected to an investment insurance provision on the ground that it would restrict our negotiators at the Law of the Sea Conference and would be an undesirable precedent.

In place of an investment insurance provision, the compromise bill contains a strong declaration of the intent of the Congress that any agreement entered into by the United States should provide assured and nondiscriminatory access, under reasonable terms and conditions, to the hard mineral resources of the deep seabed for U.S. citizens. It provides further that it should recognize the rights of the U.S. citizens who have undertaken the exploration for, or commercial recovery of, these resources to continue their operations under substantially the same terms and conditions as are imposed upon them by the act. Also, that such an agreement should provide for the continuation of operations by U.S. citizens in a manner that does not materially impair the investments made by them in such operations.

I hope that the House will approve this declaration of congressional intent without modification.

We must say to our own negotiators that they must protect the interests of our own citizens.

We must send an unmistakable message to the rest of the world that, while we will respect the rights of other countries, we will not be inhibited in employing the technology we have developed to our own benefit.

Finally, Mr. Chairman, the bill we are considering contains many provisions for the regulation of U.S. citizens who engage in deep seabed mining. There are, for example, provisions for strict regulation for the protection of the environment. I would caution against the addition of provisions which might result in over-regulation. The deep seabed is not the same as lands owned by the United States, or lands over which it has unquestioned national jurisdiction, such as the submerged lands of the Outer Continental Shelf. The fact is, that our citizens and those of any other state could now mine the deep seabed without any regulation and that probably would be done were it not for the threat of an international agreement which might disrupt the activity and result in a loss of substantial investments. I hope, therefore, that the bill will not, during the course of our consideration, be encumbered with additional requirements which might discourage deep seabed mining by U.S. citizens. The bill is a good bill as it stands, and I urge its approval.

Mr. SKUBITZ. Mr. Chairman, I yield 3 minutes to the gentleman from Nevada (Mr. SANTINI).

Mr. SANTINI. Mr. Chairman, I rise in support, albeit perhaps less than ecstatic support, for both of the proposed legislative products, H.R. 12988 and H.R. 3350. I will share some preliminary observations with my colleagues who have decided to remain with us here to discuss this vital subject. I am absolutely convinced that to establish some sort of legislative expression is imperative if we are to provide any kind of constructive and informative impetus to the Law of the Sea Treaty. As one of the gentlemen observed, the treaty has been 10 years in the making. It is one of the ships that perhaps never got out of port and that is floundering on the shoals, or perhaps it is just too loaded down to ever get anywhere. The reason is, that we are dealing with one of the most unusual negotiation processes that it has ever been the privilege for this meager-minded Congressman ever to observe, and I am not referring to Alaska, but to the island of Manhattan, and I know there are certain differences with the quid pro quo bargaining, but now listen to what has been proposed in the treaty draft proposal in committee No. 1, dealing explicitly with the issue of recovery of mineral resources from the deep seabed. We, as a Nation, and our contemporaries, are considering giving complete control of these resources to the 150 or so nations alluded to previously by the other speaker, but we are not going to do so just willy-nilly, no, we are providing for certain price controls that would violate any antitrust provisions that this country has never sought to enforce, because it happens to relate to an international entity, and that international entity will protect the producers of the minerals in the emerging Third World nations. We are creating a super international institute, which, as I say, the antitrust division would probably take serious views concerning it if it happened domestically, but because it involves an international agreement it is not subject to antitrust procedures.

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

Mr. SANTINI. I would prefer that the gentleman permit me to complete my statement since I have such little time.

Mr. BINGHAM. I will be glad to give the gentleman additional time.

Mr. SANTINI. We are going to refuse to recognize any and all rights that existed prior to the treaty. Therefore we have to have some kind of legislative protection and I would suggest that the two bills under consideration at least afford some kind of protection, so that we can bring some sort of sanity to this situation before we do any investing in this billion dollar venture in the deep seabeds, and the privilege of giving all of our established technology away.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BINGHAM. Mr. Chairman, I yield 2 additional minutes to the gentleman from Nevada (Mr. SANTINI).

Mr. SANTINI. I thank the gentleman for yielding me the time.

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

Mr. SANTINI. Certainly I am pleased to yield to the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, it seems to me worth pointing out, and I know the gentleman is familiar with this, that the so-called draft treaty that the gentleman has been summarizing was labeled by the principal U.S. negotiator, and so considered, as totally unacceptable to the United States. That is one reason why negotiations are continuing, because unless the United States agrees to the treaty, there is not going to be any treaty. The provisions that the gentleman outlines are obviously unacceptable, and that has been stated to the other parties to the negotiations.

I am sure the gentleman would agree that that is the case.

Mr. SANTINI. I wish that I had the distinguished Member from New York's wholehearted optimism about the position of our negotiating team with reference to the specific 1 through 6 items contained in that treaty. Some have not been labeled unacceptable. Some have been said to be acceptable. Certain provisions have been rejected, it is true, but the difficulty I see is that we are at a posture now of trying to execute potentially a treaty at all costs, and one of the principal costs, it seems to me, relates to the deep sea mining issue. That seems to be a write-off or a sellout, if you will, in terms of the desirability of trying to establish this international negotiated instrument that is going to reconcile all of the dilemmas and debates of the sea. And committee No. 1, deep sea mining, it has seemed to me from the inception, is the biggest writeoff for the United States. It claims we can afford to give up our technology. We can afford to pay for all the developing world's prospecting costs. We can afford to turnover our future in terms of mineral resources of the sea entirely to the other 149 nations who do not have mutuality of interest in terms of the U.S.A.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Kansas (Mr. SKUBITZ).

Mr. SKUBITZ. Mr. Chairman, may I say, first, that I am very much in favor of the objectives of the bill before us. I am hopeful that we can get them into shape. I think there are a few amendments that are necessary to this piece of legislation. But the thing that bothers me, Mr. Chairman, is the manner in which we bring bills to the floor using scare tactics in order to try to force them through.

For example, I can recall how years ago we got the desalting bill through on the basis that we were going to make the desert bloom. We needed water to promote agriculture in the West.

Then we came along the other day with a coal slurry bill that was claimed to be a vital energy measure. It could not stand on its own as a transportation bill. I am happy that my colleagues agreed that it was really a transportation bill—and a bad one.

Now we come to a third one. Again let me talk about conditions in some far-off country. We get 92 percent of our cobalt or something from that country, and because of some situation that exists there today, it might endanger the national security of this country. I am sure that,

because I think this bill can stand on its own, we do not have to use that sort of tactic in order to try to get supporters.

Mr. Chairman, as I say, I feel that I shall support this bill, but I would like to spend a few moments to clarify my position regarding the so-called investment guarantee section which was deleted by the Interior Committee.

In the minority views found on pages 34 and 35 of the Interior Committee report, which I signed, some Members might get the impression from the first paragraph that I support, guaranteeing private investment. This is not the case.

My reason for signing these views is found on page 35, which states:

"We do not contend that the formula outlined in the deleted section of H.R. 3350 for compensation of investment loss is inviolable. *What we do deplore, however, is the committee's failure to explore viable alternatives.*" (Emphasis added)

I compliment the chairmen of all four committees concerned with this bill, Mr. UDALL, Mr. MURPHY of New York, Mr. ZABLOCKI, and Mr. ULLMAN, for giving to us the blended bill H.R. 12988 as an alternative.

In title II, we express our intent that the U.S. negotiators at the United Nations Law of the Sea Conference not negotiate away all legitimate U.S. interests, including the preexisting investments which private companies may have made.

This provision without making any guarantee's sends a clear signal that Congress does not want a treaty which allows the underdeveloped countries—the group of 77—to run all over U.S. interests.

In addition, this blended bill provides for a payment of three-fourths of 1 percent of the gross value of any minerals extract to an international fund. While I think the percentage should be higher, I think 10 percent is too high, but this provision at least does recognize the legitimate interests in seabed minerals of underdeveloped nations.

I believe these provisions provide a good balance between United States and international interests without giving anyone a guarantee.

I urge my colleague to support H.R. 12988.

PARLIAMENTARY INQUIRY

Mr. GILMAN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GILMAN. Could the Chair inform us whether the Committee on International Relations will have separate time?

The CHAIRMAN. That is correct. The gentleman from New York (Mr. GILMAN) will have 15 minutes, and the gentleman from New York (Mr. BINGHAM) will have 15 minutes for the Committee on International Relations.

The Chair at this point will recognize the gentleman from Ohio (Mr. VANIK), a member of the Committee on Ways and Means, for 15 minutes.

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

Mr. VANIK. I yield to the gentleman from Minnesota.

Mr. OBERSTAR. I thank the gentleman for yielding.

Mr. Chairman, the mineral resources of the ocean floor are immense, difficult even to quantify, and have the potential to meet much of the world's needs for such critical minerals as cobalt, manganese, nickel, and copper.

The United States is committed to the principle that the minerals of the seabed are the common heritage of all mankind. The right to explore and develop that heritage is the right of every nation.

The legislation before the House recognizes the tremendous potential of the seabed and the common right of all nations to the oceans' resources.

I support H.R. 12988, legislation which will enable development of the seabed to begin in an orderly, efficient manner with necessary safeguards for the ocean environment.

It is interim legislation designed to regulate the activities of American citizens in deep seabed mining until a treaty negotiated by the United Nations Law of the Sea Conference is ratified by the nations of the world.

This legislation has been an enormous undertaking: Hearings conducted over a period of several years, diligent and persistent efforts by the members of four House committees, and the cooperation of three Presidents, their administrations, and Ambassadors to Law of the Sea Conferences.

The leadership of both parties have done an extraordinary job in presenting for our consideration consensus legislation which provides agreement on most major issues.

Where agreement has not been possible, the committee leadership have appropriately presented these areas for resolution by the Whole House.

As an original cosponsor of H.R. 3350 and as a member of the House Merchant Marine and Fisheries Subcommittee on Oceanography, I am very pleased to rise in support of H.R. 12988.

I feel we are very appropriately and properly acting on this much-needed legislation to encourage orderly and efficient exploration and recovery of the mineral wealth of the ocean floor and to provide the proper legal framework for that activity.

No nation can claim exclusive rights or sovereignty over any part of the ocean floor.

All nations have the right to develop that resource.

The United States, however, is the leader among several nations which have the technology and the capability to exercise that right.

I know I speak for many of my colleagues in this House when I say I would have preferred an international agreement governing the development of the ocean floor to have preceded commercial recovery.

The United States has participated fully in the Law of the Sea Conference and has negotiated in good faith towards a Law of the Sea Treaty.

The conference has deadlocked, as it had in previous sessions. The seventh session concluded this March with the participants moving farther apart rather than closer to agreement.

It is unfortunate the conference has been unable to agree on a treaty to provide an international framework for the development of the minerals.

That failure, however, cannot postpone indefinitely the exploration and development of these minerals for which there is such a great need.

The United States is a net importer of 23 of 32 critical minerals to the extent of at least 50 percent of our total consumption. The Soviet Union imports only one mineral to that extent.

We now import more than 98 percent of the cobalt and manganese we use in this country.

We import 70 percent of our nickel and 10 percent of our copper.

As the Representative of a district which produces two-thirds of the Nation's iron ore, I know the critical importance of manganese to this Nation's steel industry.

Recent developments in Zaire underscored the vulnerability of our dependence on imported cobalt. Following the invasion of Zaire by Communist-backed troops, cobalt production in Zaire ceased, and the price of cobalt tripled in 1 month.

A GAO report released last month—"Deep Ocean Mining—Actions Needed To Make It Happen"—stated that the potential benefits to the United States from seabed mining include:

Reducing nickel and manganese imports by more than 50 percent and eliminating all cobalt and most copper imports by 1985, which could reduce mineral import costs by over $1 billion in 1985.

Ensuring U.S. independence of foreign suppliers in meeting national security needs for these metals.

Increasing U.S. employment through deep seabed mining, shipbuilding, the production of mining equipment and the construction and operation of minerals processing plants within the United States.

The benefits of ocean mining are enormous, but the impact of that mining on those resources will be minimal. The same GAO report indicates the deposits are so large that "the first commercial ventures are likely to mine less than 5 percent of the deposits presently identified."

The mineral content of the South Pacific bed is estimated to be between 10 and 500 billion tons.

Any development of these resources must be based on a legal framework which encourages development, avoids conflict with international law, provides a strong mechanism for avoiding negative environmental impacts, and establishes an orderly procedure for mining activities by American citizens.

The capital investment required for mining is enormous. The cost of developing one site ranges from $550 to $700 million.

That kind of commitment requires assurances that any future international agreement to supersede this legislation will recognize the validity of their operations.

H.R. 12988 offers an appropriate compromise between absolute Federal guaranty and development totally at the developer's own risk.

The financial investment involved requires the assurance that our Govern-

ment will make the best effort possible in the law of the sea negotiations to ensure that implementation of the treaty will not affect the integrity of previous investments.

It is in our national interest to offer the incentive and make the commitment made in H.R. 12988.

This legislation represents a strong commitment to ocean mining without an abrogation of the principle that these mineral resources are the common heritage of all mankind.

Under this legislation, we remain committed to management of the resource under an international agreement.

We do not assert a claim of sovereignty which would undermine any law of the sea negotiations.

H.R. 12988 provides the reasonable framework within which American citizens may exercise the common right of exploration of the tremendous potential of the ocean floor.

Mr. VANIK. Mr. Chairman, the Ways and Means Committee agreed to an amendment which has been incorporated as a separate title IV in H.R. 12988, the Deep Seabed Hard Mineral Resources Act. This provision imposes an excise tax on deep seabed mining. It also creates a trust fund into which the taxes are deposited. The amounts in the fund would be available for appropriation for revenue sharing under an international deep seabed treaty.

The excise tax is imposed on the value of the metals or minerals removed from deep seabed nodules containing at least one of the following—manganese, nickel, copper, or cobalt. The rate of tax is 3.75 percent of the imputed value of all commercially recoverable metals or minerals in those nodules. The "imputed value" is 20 percent of fair market value, so that the effective tax rate is 0.75 percent of fair market value.

The tax is payable at the time prescribed by the Treasury Department which generally can be no earlier than the time of commercial use or sale of the metals or minerals. If the taxpayer does not intend to process, use commercially, or sell a metal or mineral within 1 year, the tax on that metal or mineral is not payable unless and until the taxpayer later does process, sell or use the metal or mineral.

The tax is effective on January 1, 1980, and it terminates 10 years after enactment or earlier if an international deep seabed treaty which meets the provision's requirements is adopted by the United States.

Since there is not expected to be any deep seabed mining for at least 5 years, there will not be any tax revenues for that period. Once mining is in full production, it is expected that the tax will raise about $5 million of net revenues annually.

Mr. Chairman, I urge the adoption of title IV of the bill.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. CONABLE).

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

Mr. Chairman, I rise in support of the Ways and Means Committee amendment to H.R. 3350, the Deep Seabed Hard Mineral Resources Act. It is an interesting measure. We are in virgin territory. We have tried to strike a balance that will bring about the development that is needed, that will give adequate recognition to the communal nature of the resources to be recovered and that will also reflect the current status of negotiations relative to the deep seabed.

The amendment imposes an excise tax on certain hard minerals extracted from the seabed. That is as opposed to the continental shelf. The excise tax is 3.75 percent; that is .0375 of the imputed value of the covered minerals, which in turn is defined as 20 percent of the fair market value of the recovered minerals. Simple arithmetic of 3.75 percent times a 20-percent imputed value figure yields an effective tax rate of 0.75 percent, or .0075, if you express it in decimals. This adjustment is made to approximate the value of the minerals themselves without the added value due to the extraction, handling, and transporting operations. The minerals subject to the excise tax are all commercially recoverable minerals contained in nodules which contain at least one of the following four minerals: manganese, nickel, cobalt, or copper.

The tax will take effect on January 1, 1980. It will terminate either when the United States agrees to an international treaty on this issue, or after 10 years, whichever is earlier.

The proceeds of the excise tax are earmarked for deposit in a Deep Seabed Revenue Sharing Trust Fund. The amounts in the Trust Fund will be available as part of any U.S. contribution to an international revenue sharing fund which may be required by the Law of the Sea Conference, but which has not as yet come to fruition in these negotiations. If there is no international agreement after 10 years, then Congress will determine the disposition of amounts in the trust fund. Remember, it terminates in 10 years, if there is no international agreement prior to that time.

Mr. Chairman, the excise tax and trust fund are straightforward in their operation. The specifics in the amendment address details such as the procedure for determining the minerals' value, the payment schedule of the tax, and certain conditions for suspending payments. However, the House should not lose sight of the more important aspect of this revenue measure. That is, it signals our willingness to share deep seabed revenues whenever an acceptable international treaty can be reached. It shows the world that we are backing up our words with action.

The level of the tax is sufficient to give credibility to our position but not so large as to stifle this emerging industry before it has a chance to get started. An excise tax significantly higher than that recommended by the Committee on Ways and Means will jeopardize the future of deep seabed mineral recovery. If it were lower than that, it would not give, I think, adequate recognition to the fact that this is a common property located on the deep seabed and not within the property of the United States.

Mr. Chairman, the amendment of the Committee on Ways and Means to this legislation is designed to strike a balance between collecting revenue and permitting a new industry an opportunity to establish itself. It is too bad to hold up the development of this industry and this important mineral resource simply because of an inability to bring the Law of the Sea Conference to a prompt conclusion.

Mr. Chairman, I urge my colleagues to support the committee amendment as a sensible first step toward the optimum tax treatment of the deep sea-mining industry.

The CHAIRMAN. The gentleman from New York (Mr. CONABLE) has consumed 5 minutes.

Mr. VANIK. Mr. Chairman, I would like to inquire to the gentleman from New York (Mr. MURPHY) whether he has any further requests for time.

Mr. CONABLE. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

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

The CHAIRMAN. The gentleman from New York (Mr. BINGHAM) is recognized on behalf of the Committee on International Relations for 15 minutes.

Mr. BINGHAM. Mr. Chairman, I yield 5 minutes to the chairman of the full committee, the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Chairman, I rise in support of H.R. 12988, which will be offered as a substitute for H.R. 3350 at the appropriate time.

The Committee on International Relations has had a long-standing interest in deep seabed mining legislation. It recognizes the implications that such legislation could have for U.S. foreign relations in general and the Third United Nations Conference on the Law of the Sea in particular. Several members of the committee have been congressional advisers to the U.S. delegation to the Law of the Sea Conference, and the committee has held briefings and hearings on the status of the conference following each conference session.

We have closely followed the related legislation, such as the 200-mile fishery-management zone, and we continue to be interested not only in U.S. fishing and mineral rights but also in such questions as the unimpeded passage of our naval ships through the world ocean as well as a uniform-breadth of the territorial sea.

The world ocean, Mr. Chairman, is the last frontier. Therefore, it is imperative that there be orderly exploration of the deep seabed, and, to accomplish this, a deep sea treaty is necessary.

The Committee on International Relations has been particularly cognizant of the impact that unilateral legislation would have on the Law of the Sea negotiations. In the past the committee has been concerned that U.S. legislation on deep sea mining could impair prospects

for the successful conclusion of a comprehensive agreement that is in our Nation's national interest.

However, the committee now believes that interim legislation could be useful. The committee is impressed by the broad support for this view expressed by witnesses from the Congress, the administration, the ocean mining industry, academia, nongovernmental organizations, and, Mr. Chairman, by past supporters and opponents of such interim legislation.

The committee concurs with the administration that the failure of the sixth session of the United Nations Conference held in the summer of 1977 to make progress on the proposed seabed authority makes its necessary for Congress to establish a legal framework within which U.S. companies can develop deep sea mining technology which is important to the United States.

Mr. Chairman, the substitute bill, H.R. 12988, represents a compromise of the three versions of H.R. 3350 reported from the Committee on Merchant Marine and Fisheries, the Committee on Interior and Insular Affairs, and the Committee on International Relations. There were 19 issues of difference among the 3 versions, one of which was resolved by referral to the Committee on Ways and Means. A great deal of time and effort has been expended by these committees to reach acceptable conclusions, and I congratulate all the participants who have worked so hard to achieve a successful compromise.

Particularly, Mr. Chairman, I wish to pay tribute to the chairman of the Subcommittee on International Economic Policy and Trade of the Committee on International Relations, the gentleman from New York (Mr. BINGHAM).

Mr. Chairman, I urge passage of the substitute bill before us.

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

Mr. ZABLOCKI. I am delighted to yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I appreciate very much the comments of the committee chairman.

The gentleman mentioned the lack of progress at the sixth session of the United Nations Conference, and I presume his statement refers primarily to that lack of progress. Is that accurate or not?

Mr. ZABLOCKI. That is accurate. There was, unfortunately, a lack of progress at the sixth session in the summer of 1977.

I wish to submit to the gentleman that passing this legislation would serve as an incentive for progress at the future sessions of the conference.

Mr. BEDELL. Through the sixth session the gentleman felt there was inadequate progress. Is that correct?

Mr. ZABLOCKI. Yes, the sixth session was the one I referred to.

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

Mr. Chairman, I rise in support of H.R. 12988, a bill which will be offered as a substitute for H.R. 3350 and which will promote the orderly development of hard mineral resources, pending adoption of an international regime relating thereto.

Considered by four committees, Merchant Marine and Fisheries, Interior and Insular Affairs, International Relations, and Ways and Means, this legislation has received careful and close scrutiny over a period of many months.

It is a measure enabling deep seabed mining operations to develop and apply necessary technology to the commercial recovery and processing of an abundant storehouse of minerals, particularly nodules of manganese, copper, cobalt, and nickel, all needed by an increasingly industrialized world, while at the same time clearly asserting that the bill is "interim" in nature pending the entry into force of a "superseding international agreement" governing such mining activities.

It is interim, transitional legislation because in 1970 the United States joined with 108 other nations in adopting a United Nations resolution declaring the seabed and the resources thereof beyond the limits of national jurisdiction as the "common heritage of mankind."

The United Nations Law of the Sea Conference, in which over 150 nations are participating, has made noteworthy progress toward, but has not as yet developed a working definition of this common heritage principle in terms of how the deep seabed's natural resources will be administered by an international regime and U.N. member states. Serving, during the last 4 years, as a congressional member of the U.S. delegation to the Law of the Sea Conference, I have joined with others in stressing the critical importance of giving meaning to this common heritage concept so that the deep seabed would be spared the debilitation caused by a modern day gold rush governed only by the rule of "first with the most."

I am confident that the basic framework of the compromise substitute bill, H.R. 12988, would prevent such chaotic exploitation of the deep seabed's mineral resources, and carefully effects a synthesis between the need to develop technology for commercial recovery and processing of the minerals, and the requirement that this Nation engage in ocean mining with the intent that principles of the common heritage concept to emerge from the Law of the Sea Conference will ultimately guide U.S. actions in this area.

Testifying on January 23, 1978, before the Committee on International Relations, Ambassador Elliot L. Richardson, head of the U.S. delegation to the Law of the Sea Conference, stated that "the orderly development of deep seabed mining should not only be continued but also be encouraged." Ambassador Richardson further indicated that "interim domestic legislation" composed of key elements now for the most part contained in H.R. 12988, "will not, as is often charged, negatively affect the prespects for reaching ageement at the Law of the Sea Conference."

Accordingly, I urge my colleagues to support H.R. 12988, and while there remain several additional issues concerning ocean mining to be considered before final passage of this bill, I am hopefull that the House will approve a measure which will both promote in an orderly way the development of deep seabed mining, and maintain the integrity of the concept "common heritage of mankind."

Mr. GILMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, after months of negotiation, we now have before us, a bill that will permit U.S. companies to mine manganese modules from the oceans seabeds. As a cosponsor of H.R. 12988, which my colleague from New York (Mr. MURPHY), will offer in the form of a substitute to the original text of H.R. 3350, I point out that what has finally emerged is the product of those who have taken an active interest in this legislation.

To get where we are today required significant concessions on the part of a number of us. Having made those concessions, we feel obliged to serve notice that we have compromised as much as we can and, therefore, must oppose last ditch efforts to make certain further changes adverse to U.S. interests.

I am naturally disturbed about reports that attempts will be made to alter two very important elements of the compromise bill, title II and title IV.

As Members know, the original bill reported out of the Merchant Marine and Fisheries Committee provided for a federally administered investment insurance program as a means of protecting U.S. deep sea mining companies against the loss of their investments under the terms of any future international oceans accord. I originally favored this idea, primarily because I was impressed by testimony indicating that private insurers would not underwrite deep sea mining ventures at affordable rates. Such insurance is not attainable because private insurers foresee the possibility that some years hence a Law of the Sea Treaty may come into force which would create an international seabed entity with the authority to seriously harm U.S. sea mining investments.

Can anyone recall any previous situation where U.S. industry has been faced with the prospect of having its business activities and investments subjected to the dictates of an international authority comprised of a majority of nations that have a much different perception of the merits of the free enterprise system and what constitutes a fair return on an invested dollar? I think not—it is an unprecedented possibility. Given that reality, a number of us felt it was in the national interest to insure that U.S. companies mining materials vital to our national defense effort be given some kind of needed protection.

During the long negotiations between those most interested in this bill, an acceptable alternative to the investment guarantee proposal was worked out. That alternative has been incorported into title II of the Murphy substitute which stipulates, inter alia, that it is the intent

of Congress that the United States will not accept a treaty which did not provide adequate protection for American mining investments and operations authorized by this legislation. I accepted this so-called grandfather rights compromise language after being satisfied that it would significantly minimize the risk of the United States becoming a signatory to a treaty that would jeopardize an operation's viability.

In view of the foregoing, any effort to weaken title II must be rejected. It would dilute a clearcut expression of congressional intent at a critical juncture in the Law of the Sea Treaty negotiations. The next round of talks is slated to begin in the latter part of August. Consequently, any congressional signal at this time that would encourage other countries to exact further adverse concessions from our negotiators could cause U.S. companies to terminate their plans for further deep seabed investments and operations. That is a turn of events all of us, I am sure, seek to avoid.

I would now like to turn to my concern about amending title IV which imposes a taxation system on deep seabed mining activities and provides for the establishment of a deep seabed revenue sharing trust fund. Evidently the gentleman from California (Mr. STARK) will offer an amendment to this title that would raise the effective rate of the removal tax on deep seabed minerals from three-fourths of 1 percent to 10 percent of gross revenues.

I will have more to say about the demerits of the Stark amendment when we consider it later on in these proceedings. For the moment, however, I would like to leave you with these thoughts to ponder:

This amendment would preclude ocean mining by U.S. industry and thus insures that there will be no revenues in the international fund.

Leaving aside the question whether it is in the national interest to turn over substantial ocean mining revenues to an international seabed authority or the Third World, it is clearly not in the national interest to do so at the expense of prohibiting the development of a U.S. ocean mining capability.

In sum, Mr. Chairman, the Murphy substitute represents a practical political solution to a host of problems that not too long ago seemed irreconcilable. Thanks to the collective efforts of members from the four committees—Merchant Marine and Fisheries, Interior, International Relations, and Ways and Means—exercising jurisdiction over this legislation, those problems have now been resolved. Admittedly, it may not be the complete answer to everyone's concerns, but frankly—how many bills are?

In evaluating the Murphy proposal, Members should bear in mind its passage would accomplish two overriding objectives:

First. It significantly strengthens Ambassador Richardson's negotiating hand at the next session of the Law of the Sea Conference; and

Second. It permits U.S. mining interests to extract resources from the deep ocean which are critical to the preservation of our national security.

In my estimation, these two objectives clearly transcend others. Passage of the Murphy alternative will cause us to realize both and, therefore, I urge its adoption.

Mr. BINGHAM. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, last November H.R. 3350 was subsequently referred to the International Relations Committee for consideration of those aspects of the bill which fall within the committee's jurisdiction. We worked very hard, in the short time available under the terms of the referral, to make the bill acceptable both to the committee and the administration from a foreign policy point of view. Our main purpose was to make the bill contribute to, rather than detract from, the chances for successfully concluding a Law of the Sea Treaty, and to make the bill consonant with the country's general foreign policy objectives. To that end, the amendments the committee reported out in February accomplished the following:

First. Deleted a provision which would have guaranteed the investments of U.S. mining companies against the effects of a treaty entered into by our own Government;

Second. Established a meaningful revenue-sharing provision based on the principle, to which this country has officially subscribed, that the resources of the deep seabed are the common heritage of mankind;

Third. Modified provisions, requiring documentation of mining vessels and location of processing plants exclusively in the United States, which would not only run counter to the principles of American foreign policy but would also actually hurt the mining operations themselves;

Fourth. Strengthened the reciprocating States and environmental protection provisions of the bill, and the disclaimer of extraterritorial sovereignty; and

Fifth. Emphasized that this act is transitional pending the conclusion of a Law of the Sea Treaty, and will be superseded by such treaty to the extent that the bill is inconsistent with the treaty.

For 4 months after we reported the bill, we engaged in complex negotiations with the other committees involved in an attempt to reconcile the 19 differences among the three versions, and produced a substitute, H.R. 12988, which will permit orderly consideration by the House Managers for the three committees agreed that they would neither offer nor support any amendment to the substitute from the floor which would have the effect of altering the agreement we reached on any of the 19 points at issue, with two exceptions.

Mr. Chairman, no party to this agreement is entirely satisfied with it. I myself have some doubts about the wisdom of passing a bill at all, since we have received so much contradictory testimony about the possible effects of the bill on the law of the sea negotiations. But I sense that the will of the House and the administration is to have a bill. In a spirit of compromise, I have cosponsored the substitute, which I am pleased to say contains the substance of the International Relations Committee amendments. I urge the House to pass the substitute without loading it down with harmful amendments.

Mr. Chairman, I yield 5 minutes to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Chairman, I rise in opposition to H.R. 3350, the Deep Seabed Hard Minerals Act. This bill has far reaching ramifications, and I do not believe we fully realize the potential consequences of passage of this legislation.

I would like to read for you from a declaration adopted by the U.N. General Assembly in 1970.

1. The Seabed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction (hereinafter referred to as the area), as well as the resources of the area, are the common heritage of mankind.

The area shall not be subject to appropriation by any means, by States or persons, natural or juridical, and no State shall claim or exercise sovereignty or sovereign rights over any part thereof.

This declaration passed by a vote of 108 to 0, with 14 abstentions. The United States voted for the declaration.

In May, our chief negotiator, Ambassador Richardson reported that:

When the Geneva phase of the Seventh Session ended last Friday, delegates could take deserved pride in the solid record of accomplishment they had built. By common agreement, success with respect to each hard-core issue being considered by the Conference was defined as a text sufficiently improved over the Informal Composite Negotiating Text that it offered a substantially enhanced prospect of consensus. Under this criterion, the list of successes is substantial.

Delegates from the developing world have told me that we should not expect their respective countries to continue to negotiate if the U.S. Government enacts unilateral legislation. Several representatives from landlocked States have stated that they are not concerned with many of the other issues involved in the LOS negotiations, such as right of passage through straits for example, because they do not have a navy. Their botton line is that they are tired of deferring to the neocolonial attitudes and policies of the United States and that passage of unilateral legislation will be the proverbial straw that breaks the camel's back.

Stated simply, many LDC's are tired of being pushed around.

It is important to understand that we are facing a very emotional situation. Many nations will be mad—and you and I would be too—if the United States professed to be negotiating in good faith and then went right ahead and licensed private companies to mine the deep seabed while negotiations were still in progress.

I believe that the delegates are sincere in what they have told me and that certain nations will indeed break off negotiations if unilateral legislation is enacted. But let us assume for the sake of argument that they are only bluffing and they will continue to negotiate at the U.N. I personally do not believe that such

a development materially changes the argument.

Remember, the United States has agreed that the minerals on the ocean floor "shall not be subject to appropriation by any means by states or persons * * *"

Consider the following excerpt from the prepared report by the Congressional Research Service for the House International Relations Committee:

Since over 100 nations are committed to the principle that deep seabed minerals are part of the "heritage of mankind" and thus may be subject to the moratorium on mining, a unilateral decision by the U.S. Government to license mining operations would probably be challenged. These challenges might take the form of protests in international forums, lawsuits both in the U.S. courts and in the courts of foreign countries against the companies engaged in mining the seabed, support of political opposition within the United States against seabed mining on environmental or other grounds, economic or political sanctions, or resort to force. Since the linkage has been made at the Law of the Sea Conference between seabed mining and navigation rights, sanctions or resorts to force might be directed either against the miners themselves or against U.S. maritime commerce generally. Failure to respond appropriately to challenges would have the effect of abandoning the claim to the right to mine the seabed beneath the high seas.

There is no intent to imply that violence is the most likely form challenges to U.S. mining of the deep seabed may take. Legal or political challenges are, in fact, more likely because of the powerful retaliatory capability of the U.S. military establishment. But the history of development of customary law of the sea is filled with resorts to low level violence as a supplement to other measures. Prudence requires that the possibility of violence be considered although its intensity might be very low.

Current concepts for mining the deep seabed involve ships towing deep sea dredges, either bucket or suction operated, at speeds from 2 to 4 miles an hour. With gear working, these ships are vulnerable to various kinds of hostile actions. Few in number and operating in well defined locations, they could be subjected to harassment, seizure or even sinking. The sophistification of the hostile element might range from naval and air units of a Third World power or powers to ordinary commercial craft in the hands of terrorists or other subnational groups. Harassment, the most likely hostile actions, could take the form of close passes to the mining vessel, intended to obstruct movement, deliberate fouling of the dredging equipment, setting off explosive charges in the near vicinity of the mining vessel, deliberate collision and similar actions designed to impede operations. Seizure or sinking, though probably less likely, are equally feasible actions against undefended mining ships should the challenger decide on that course. Harassment and seizure are most easily accomplished from another vessel. Either ships or aircraft could carry out a decision to sink a mining vessel as a challenge to the claimed right to mine the deep seabed. Submarines, available in a number of Third World navies, could sink mining vessels anonymously.

Indeed, one representative from a developing country told me that if the United States unilaterally licenses private companies to start mining deep sea minerals which the world has agreed does not belong to any one nation, we should not be surprised if something happens to their operations.

Mr. Chairman, what would we do if a ship is sunk or damaged while exploiting minerals which we have agreed "shall not be subject to appropriation by any means by states or persons * * *"?

Or suppose Third World countries retaliate by imposing navigation restrictions on U.S. shipping in their economic zones. Let me again read from the House International Relations Committee report on this legislation:

Whether the U.S. Navy has sufficient capability to assert the right of navigational freedoms within the economic zones of dissenting coastal states has not been assessed in unclassified sources and is not further addressed here. *It is a question that should be answered however, as a part of deliberations over whether to license U.S. companies to conduct seabed mining explorations or operations in the absence of an acceptable international agreement.*

Or, suppose certain nations simply expropriate property of U.S. interests within their country in return for what they compute to be their share of the value of the minerals we have taken from the "common heritage."

What would the United States do?

The question is whether it makes any sense for the House of Representatives to pass legislation that could lead us toward these kinds of problems.

Does it make any sense for us, in effect, to say to those who have been trying to negotiate a treaty on the complex issues of the use of the world's oceans that:

Sure we promised that we would negotiate in good faith and after the last LOS session we agreed that "delegates could take deserved pride in the solid record of accomplishment they had built." But since the progress has not been as rapid as we had hoped, we have decided to go ahead on our own and license private firms to take from the common heritage. We have also decided that any future treaty will be expected to conform to the terms established by our domestic legislation. Regardless of what you may think, we believe it is negotiating in good faith for us to take this action.

The fact that most of you believe that unilateral legislation violates the 1970 U.N. Declaration we supported as well as international law doesn't concern us much because mining industry lawyers have assured us that it is OK.

Oh, by the way, we hope that you will negotiate a treaty that guarantees our ships the right of passage through straits and free navigation through your economic zones, because that is important to us. And we hope you will respect us for the good country we are and will continue to furnish us with all the other important raw materials we need from you.

Such rationale is neither rational nor tenable.

Mr. Chairman, I believe a satisfactory Convention on the Law of the Sea is very much in the public interest of the United States and that passing unilateral legislation is very much in the private interest of a handful of mining companies. The two goals are contradictory, not complementary as some have suggested.

There is little doubt that deep sea mining legislation will pass the House and that there will be great celebration in the offices of the mining companies and their lobbyists—and that the change for our children and grandchildren to live in a peaceful world will also be diminished by that vote.

Mr. GILMAN. Mr. Chairman, I yield 5 additional minutes to the gentleman from Iowa (Mr. BEDELL).

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

Mr. BEDELL. I yield to the gentleman from Louisiana (Mr. BREAUX).

Mr. BREAUX. Mr. Chairman, regarding the question of the common heritage doctrine that the gentleman referred to, does the gentleman agree that the proposed legislation clearly states and recognizes that the mineral resources are the common heritage of mankind and further sets up an international revenue sharing fund to distribute some of the moneys that are derived from mining by international concerns?

Mr. BEDELL. The nations of the world believe that whether we say we recognize it or not the passage of this legislation is not only a violation of the 1970 declaration, which we voted for and which was passed unanimously, it is also a violation of the intent of international law. And further, it is doubtful that much of the international community would consider the revenue-sharing provision of H.R. 12988 particularly generous. The mining company tax assessment—0.75 percent of gross receipts—is far too low when considered in comparison to the potential economic benefits which would accrue to private mining companies from exploitation of the ocean floor.

Mr. BREAUX. If the gentleman will yield further, the gentleman referred to the fact that the United States voted for the common heritage doctrine, and that is correct.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GILMAN. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Chairman, I rise in support of H.R. 12988, the Deep Seabed Mining Act. This bill, as presently before the House, represents a consensus of the Committees on Merchant Marine and Fisheries, Interior and Insular Affairs, International Relations, and Ways and Means.

As a member of two of those committees, and former member of a third, I feel a certain sense of déjà vu regarding this bill. It has taken a long time to reconcile the various interests involved in this subject, stretching as they do from American board rooms and Government offices to literally the heart of Africa.

The implications of this measure are vast. A wealth of minerals awaits at the bottom of the sea, but it requires a massive investment of capital to recover. We are speaking of investments on the order of half a billion dollars and more before a profit is realized. Naturally, no one is going to invest that kind of money without at least some assurances that they will be able to keep a reasonable share of those profits.

Unfortunately, we find ourselves now in a chicken and egg situation. Do we pursue an international treaty in order to guarantee our rights, or do we go ahead in the hopes that our activity will stimulate movement toward a treaty.

Negotiations are now stalled in the U.N. Law of the Sea Conference. In a way, it is a situation similar to that of the 200-mile limit. Everyone argues over what to do until finally someone goes ahead and does it. Treaties usually ratify reality.

This bill expresses the intent of Congress that it will not accept a treaty, which imposes financially impossible conditions on development. It also lays the groundwork allowing U.S. companies to proceed. Without the participation of U.S. companies, it is doubtful whether deep seabed mining will ever become a reality. The "grandfathering" section contained in title II of the bill will assure this participation, and send a signal to the international community of our own conditions for participation.

Finally, in recognition of the principle that the minerals of the deep seabed belong to all mankind, the bill provides for a percentage of the revenues to be placed in a revenue-sharing fund, to be dispersed to the international community whenever a new treaty comes into force.

This bill has had a long genesis, but it is now at the point where a vital new industry can be born. I urge my colleagues to lend their vision to this undertaking and help it become a reality.

Mr. GILMAN. Mr. Chairman, I yield 1 minute to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I was disturbed to hear the mention of threats. We ought not in this country, it seems to me, act on account of threats or because we are afraid. We ought to act, because we think it is the right thing to do. If we are involved in negotiations then we should not, behind people's backs, take an arrogant and indifferent attitude and pass legislation that rides over the negotiations that are taking place, we hope, in good faith.

I would like to ask the chairman of the subcommittee, the gentleman from New York (Mr. BINGHAM) if it is, indeed, part of our negotiating posture that, for example, the countries which are negotiative in good faith and in cooperation, would understand the spirit of such legislation. Does our Ambassador want a bill so that he can then use it in his negotiations with other countries, or would that, indeed, be regarded as an unfriendly and arrogant action?

The CHAIRMAN. The time of the gentlewoman has expired.

Mr. GILMAN. I yield 1 additional minute to the gentlewoman from New Jersey (Mrs. FENWICK).

Mr. BINGHAM. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Chairman, our chief negotiator, Ambassador Richardson, has indicated publicly he feels Congress should proceed in an orderly fashion with legislation. I do not think he has made any statement publicly as to his position on the legislation. But to answer the gentlewoman's first statement, there is the view that the passage of legislation, particularly by the House, would help the U.S. negotiators.

Mr. BEDELL. Mr. Chairman, if the gentlewoman will yield, as a congressional adviser to the Law of the Sea Conference I have talked to a number of delegates from the developing countries, and I can tell you that without exception those delegates look at this action as a violation of our agreement to negotiate in good faith. In all fairness, I am not sure that they look upon passage in the House as such, but if the bill is enacted by Congress, they absolutely would feel that to be the case. And, in my opinion, if the House passes this bill, we will be setting an ominous precedent and, we will be embarking on a dangerous course.

Mrs. FENWICK. I thank the gentleman.

The CHAIRMAN. The time of the gentlewoman has again expired.

Mr. GILMAN. Mr. Chairman, I yield 1 additional minute to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, would it be possible in this legislation, to indicate the mood of the House? Could we suggest, by passing in this House alone, a bill that shows we are awaiting, as a final matter, the decision of the Law of the Sea Conference and that we are putting this legislation forward only in that spirit?

Mr. BINGHAM. I think the gentlewoman will find that there are various references to that effect in the legislation and in the committee reports. This is without question interim legislation, and it will have no impact beyond that. If a treaty comes into force, the legisation yieds to the treaty.

Mr. BEDELL. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Iowa.

Mr. BEDELL. I thank the gentlewoman for yielding.

The gentlewoman should also be aware, however, that the legislation clearly states that it is the intent of Congress that the treaty abide by substantially the same terms, conditions, and restrictions that we write into this legislation.

Mrs. FENWICK. Perhaps we could change that to read "hope" instead of "intent."

Mr. BEDELL. If the gentlewoman could, I think that would be agreeable.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SKUBITZ. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. I thank the gentleman from Kansas, my colleague on the Committee on Interior and Insular Affairs, for yielding to me.

Mr. Chairman, the legislation before us deals with many complex and sensitive issues. H.R. 12988 successfully responds to international, economic, technological, and environmental concerns and when passed, will give our country a sound policy for the development of the mineral potential of the ocean floor. As a result of this policy, our country will have a valuable source of manganese, copper, cobalt and nickel and will make great strides in insuring our mineral independence. I congratulate my colleagues who have worked so long and so hard on this matter for successfully resolving the issues that they faced. But while H.R. 12988 does strike to address most concerns, it does neglect certain aspects that this Congress must include in its considerations.

Deep seabed mining is an untested process and the impacts that it could have on the ocean and marine life are mostly unknown. The wealth of the oceans belong to all mankind and we must seek to protect this marine environment as far as possible. For this reason, it is imperative that H.R. 12988 offer the maximum environmental protection.

A key to protecting the oceans is the role of the public in the decisionmaking process. The input of concerned citizens will provide the Secretary with a valuable source of information and will result in rules and regulations that balance environmental concerns with development needs. Public participation will also play a valuable oversight function and will help to insure compliance by the regulatory agencies.

Public participation is an important device for those who wish to develop the ocean's mineral resources. Through this vehicle, industry will be able to contribute to the development of a sound mining policy and will be able to appeal adverse executive decisions.

Mr. Chairman, public input has proven to be beneficial to the development of governmental policy. During this session, Congress has provided for citizen participation in such important legislation as H.R. 2, the Surface Mining Control and Reclamation Act of 1977, and H.R. 1614, the Outer Continental Lands Act of 1977. Such a provision must be included in this legislation of international significance.

During consideration of H.R. 12988, I plan to offer an amendment to provide for such public participation. I believe that this amendment will serve as a further safeguard for this valuable resource and will result in a sound policy for mining the ocean floor.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas (Mr. SKUBITZ).

Mr. SKUBITZ. Mr. Chairman, I would like to take 1 minute to raise one question that has come to mind. I am sure there is an answer to it. We are trying to guarantee to the nations of the world, particularly the landlocked nations, as I understand it, their rights to participate in the benefits that may develop from this program by placing a certain

amount of funds, whether it be three-quarters of 1 percent or 10 percent, into a special fund. Is this not correct?

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

Mr. SKUBITZ. I yield to the gentleman from Louisiana.

Mr. BREAUX. I thank the gentleman for yielding.

The gentleman is correct. We have a provision which the Committee on Ways and Means has presented which does provide exactly that international fund.

Mr. SKUBITZ. That leads me to my second point. Supposing a firm should develop an area, find the resources, and begin removing minerals. What in this bill is there to protect them against poachers from other countries?

Mr. BREAUX. If the gentleman would yield further, the same thing that would protect any fisherman on the international high seas catching fish.

Mr. SKUBITZ. I do not know of anything that protects them; does the gentleman?

Mr. BREAUX. That is the answer.

Mr. SKUBITZ. If one of our countries should develop an area outside of our limits and a ship from some other country says, That is fine. We are glad you found the ore for us.

Now we are coming in and taking over, what would happen?

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

Mr. SKUBITZ. I yield to the gentleman from New York.

Mr. BINGHAM. I thank the gentleman for yielding.

First of all, I say as a practical matter the technology required for this kind of an operation is very sophisticated, and the capital investment is very large. It is true, as the gentleman from Louisiana has just stated, and it cannot be otherwise, that we cannot declare unilaterally that a certain segment of the ocean is the exclusive province of an American company to develop. On the other hand, there is a provision in the bill for us to come to agreement with certain other countries, and they will agree not to license any operations in any areas that we have licensed, and we agree not to operate in any areas they license. But beyond those statements it is subject to the kind of problem that the gentleman raises, and which could not be otherwise because that land and those resources are international.

Mr. SKUBITZ. Mr. Chairman, if I may have back my time, I think I get the gentleman's answer, but that raises this question. Certainly the gentleman is not telling me that if private enterprise can go out and raise the money to develop this, that a nation of the world cannot get enough funds to develop the type of equipment that is necessary today. Any number of nations could develop the equipment, sit idly by and wait for somebody to find a nice rich spot and then find somebody to help develop it. If they reach agreement, from what my colleague says, the undeveloped nations are not willing to accept any agreement.

I am not sure the Russians or anybody else are so willing to accept an agreement that they will not do a little poaching if they see an opportunity to do it and are protected by the fact that the people of the United States have no part in the property they are developing.

Mr. BINGHAM. Mr. Chairman, if the gentleman will yield further, I would say the gentleman has made a very excellent statement as to the reasons for a treaty and why we are trying to negotiate an international treaty to cover this.

Mr. SKUBITZ. Mr. Chairman, I thank the gentleman from New York.

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

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

Mr. BEDELL. Mr. Chairman, I think the gentleman misunderstood me. I think the gentleman thought the underdeveloped countries did not want this developed under any circumstances. On the contrary, I think they are most anxious to have this developed, because they want to see it developed so they can share in some of the profits.

The concern I have is what the gentleman has expressed, that is, that we should know if we license these people to go out and mine these minerals, which we agree do not belong to us, and somebody commits acts of violence against those operations, do we wash our hands of responsibility for whatever is done?

I hope this is settled before we pass the legislation, because I think it is a very important thing for the taxpayers of this country to know.

Mr. SKUBITZ. Mr. Chairman, I yield the remainder of my time to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Chairman, I rise in support of the measure.

Mr. Chairman, we are to decide, this week, whether or not we need to set interim guidelines for American mining corporations to follow in mining the deep seabed while the United States and the other nations of the world negotiate an international agreement on the subject. To decide this issue we must answer two questions: First, do we need the minerals that lie at the bottom of the sea; and second, if we determine there is a need for the minerals, is there also a need for guidelines in mining them?

The answer to the first question, "do we need the minerals," is yes. The nodules lying on the floor of the deep seabed contain copper, nickel, cobalt and manganese. We are presently importing almost 100 percent of the cobalt and manganese we use, 71 percent of the nickel, and 15 percent of the copper. Given the fact that the world economy is moving from a buyer's market to a seller's market for most resources—a marketplace where supply no longer exceeds demand, but barely meets it—we must, at least, develop the technology necessary to pull these resources from the sea so that we will be prepared to meet our increasing demand for them, without being subjugated to a cartel similar to the oil cartel we must now deal with.

The answer to the second question, "do we need to establish guidelines for the mining operation " is also, yes. At present, our Government has virtually no control over the present exploratory and development activity of our ocean mining companies. The State Department has acknowledged the fact that the companies may continue to operate under the customary international law within the concept of freedom of the high seas. Consequently, there is no regulatory framework by which any nation may exercise any type of administrative or environmental control over high seas operations. We need such a framework. We need a framework in which the mining industry is provided reasonable investment security and the Government may monitor their practices in light of the international considerations of the situation. But the framework we establish here now should be, and is, interim in nature. The framework will exist only as long as there is no international agreement.

Once such an agreement is reached, ocean mining will then be carried out under the structure of the international treaty. Title II of the legislation we are considering today deals specifically with this transition. This title is essential to the legislation because it answers the argument that our legislation will damage the law of the sea negotiations. Rather than impeding the progress of the negotiations, this legislation will provide a much-needed impetus.

Our special representative at the U.N. Law of the Sea Conference, Ambassador Elliot L. Richardson, agreed with this stance in testimony before the Merchant Marine Committee last July.

Further, I was privileged to be one of several Members of Congress to participate in the Third Ocean Policy Seminar in Tokyo last November, where the Japanese delegates agreed, in our joint summary communique of the seminar, that the Japanese Diet would consider passing its own legislation authorizing deep seabed mining, similar to the legislation now before us. Since that time I have received further indications from the president of the Japanese Maritime League of Diet Members, Matsuhei Mouri, that the Diet seriously intends to deal with deep seabed mining and is following with great interest our progress on this legislation. This will undoubtedly bring additional pressure on the developing nations to come to a reasonable international deep seabed agreement by making clear the intentions of the United States and Japan to mine these resources with or without a treaty.

Therefore, Mr. Chairman, I strongly urge my colleagues to pass this legislation to set the parameters for U.S. corporations to begin mining in international seas.

● Mr. FRASER. Mr. Chairman, the Deep Seabed Hard Minerals Act to establish an interim legal framework for U.S. companies to mine manganese nodules in the deep seabed beyond national jurisdiction in the oceans has been of considerable concern to me for a long time. I was a Member of the House when such legislation was first introduced in 1971 and, since the U.N. Conference on the

Law of the Sea officially opened in 1973, I have been a congressional adviser to the U.S. delegation to that Conference.

There is no question in my mind that a comprehensive treaty on the Law of the Sea is in the U.S. national interest as well as in the interest of the international community. The successful conclusion of negotiations to revise the rules governing the multiple uses of ocean space is critically important to a world of over 150 nation-states. Agreement on a uniform breadth of the territorial sea, on the legal status of the economic resource zone, on the rights of states in that zone, on transit through international straits and on measures to conserve fisheries, protect the marine environment, promote scientific research, and settle disputes all represent major achievements in these negotiations. The big difficulty, however, has been for the developing states and the advanced industrial states to define a mutuality of interest with respect to an International Seabed Authority to govern the exploration and exploitation of the manganese nodes on the sea floor in international waters.

The substitute bill being considered, H.R. 12988, is the result of long hours of consultation among and between four committees of the House that had jurisdiction on the deep seabed mining bill. I have participated in the deliberations of the International Relations Committee when it considered H.R. 3350 as well as in the discussions with those representing the other committees. My purpose all along has been to seek to modify the provisions so as to improve the substantive quality of the bill as well as to make those provisions as compatible as possible with the requirements of the continuing negotiations on the Law of the Sea.

In these respects, I want to make a few points about the substitute bill. First, the substitute provides that ocean mining and processing vessels are to be documented under the laws of the United States or the laws of reciprocating states, which are other industrialized states that have adopted legislation on seabed mining similar to that in the United States. The International Relations Committee approved this provision; I continue to support it for reasons outlined in a letter circulated last week by myself and by my colleagues, Congressmen BINGHAM, WHALEN, MCCLOSKEY, and UDALL. I would urge your favorable consideration of our language on this point.

Second, I have strongly advocated the inclusion in the substitute of a revenue-sharing provision (title IV) whereby companies that get a permit to mine the ocean pay a percent of their profits to an escrow fund to be set up in the Treasury and which in turn would provide U.S. contributions to an international seabed authority when it comes into existence. Such a provision is essential to demonstrate symbolically and substantively U.S. commitment to the principle of the common heritage as set forth in the 1970 U.N. Declaration of principles on the exploration and exploitation of resources beyond the limits of national jurisdiction.

Third, the substitute bill provides that companies are to pay an excise tax of two-thirds of 1 percent into the escrow fund. The source of this figure was the ocean industry. However, it should be pointed out that the U.S. negotiators have been discussing a higher percent in the conference. And U.S. mining companies follow the negotiations carefully and are wholly knowledgeable about the possibility that there will be an agreement internationally on a higher percent than presently exists in title IV of the bill. My point here is that if the negotiations result in an agreement on the higher percent than the three-fourths of 1 percent in this act, U.S. companies should in no way be able to make a claim against the U.S. Government for damages in the amount of the difference between the two percentages.

Fourth, and related to the third point, it is essential to establish a clear understanding of the intent of title II, sections 201 and 202, the so-called grandfather clause. In discussions with the other committees that resulted in the substitute bill, it was agreed that notwithstanding the present language in H.R. 12988 these sections impose no legal or moral obligation on the U.S. Government to compensate mining companies that have permits to mine for any loss of investment they may incur if and when an international agreement on the Law of the Sea comes into force for the United States. This understanding should be made explicit for purposes of the legislative history of the act.

Besides those parts of the substitute that the four committees dealt with, there are provisions of H.R. 12988 that should be improved. For instance, the administration some time ago proposed amending title I to require companies applying for a permit to submit a work plan. Such a plan would provide a useful management tool and I would support adoption of an amendment to incorporate this idea. In addition, the way the legislation now reads, the administering department has to develop regulations before any licenses or permits are issued. There is, however, no clear authority in title I of H.R. 12988 for the Secretary to revise regulations and apply them to existing licensees or permittees when he or she determines such regulations are necessary to protect the environment, to conserve mineral resources, or to insure the safety of life and property at sea. I would support an amendment that gave the Secretary such express authority.

Finally, I would reiterate my initial belief about the importance of a comprehensive treaty on the Law of the Sea. If this legislation is enacted, I am quite concerned that it will strengthen the hand of the antitreaty forces in this country. If the President considers that the industry is in any way obstructing or trying to obstruct the efforts of the negotiators to get agreement on a treaty, I will strongly urge the President to veto the legislation.●

Mr. BINGHAM. Mr. Chairman, I have no further requests for time.

Mr. BREAUX. Mr. Chairman, I have no further requests for time.

Mr. BAUMAN. Mr. Chairman, I have no further requests for time.

Mr. BREAUX. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. EVANS of Colorado) having assumed the chair, Mr. SIMON, the Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3350) to promote the orderly development of hard mineral resources in the deep seabed, pending adoption of an international regime relating thereto, had come to no resolution thereon.

GENERAL LEAVE

Mr. BINGHAM. Mr. Chairman, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 3350, the bill just under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

ECONOMIC OPPORTUNITY AND COMMUNITY SERVICES AMENDMENTS OF 1978

Mr. ANDREWS of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7577) to amend the Economic Opportunity Act of 1964, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina (Mr. ANDREWS).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 7577, with Mr. OBERSTAR in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN. Under the rule, the gentleman from North Carolina (Mr. ANDREWS) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. ERLENBORN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. ANDREWS).

Mr. ANDREWS of North Carolina. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, H.R. 7577, the Economic Opportunity and Community Services Amendments of 1978, was unanimously reported by the Committee on Education and Labor. It represents more than 1 year of work by many members of the committee and especially the work of many members of the Subcommittee on Economic Opportunity, including Congressman PERKINS, QUIE, GOODLING, HAWKINS, FORD, and CORRADA.

Mr. Chairman, poverty continues to be a persistent condition in the United States. In fact, the period 1974–75 represented the largest single-year increase of poor Americans since 1959, and there are more poor people in this country today than in 1973. Pockets of severe unemployment, substandard housing, and limited educational and vocational training opportunities, among others, are societal elements which perpetuate poverty. These barriers produce human frustration and despair for approximately 25 million Americans evidenced by increasing dependency on drugs and alcohol, the decline of the family structure, and an alarming proliferation of adult crime and juvenile delinquency.

Mr. Chairman, H.R. 7577 would extend for 3 years the Economic Opportunity Act of 1964 and is designed to improve the delivery of social services in the struggle against economic deprivation and strengthen the administration and management of the Community Services Administration, the Federal agency charged with the responsibility to combat the causes of poverty. This bill also extends two vitally important programs administered by HEW, those being the Head Start program administered by the Administration for Children, Youth, and Families, and the Follow Through program, administered by the Office of Education.

Basically, the present structure and philosophy of Federal aid in this area is retained in this bill. However, the bill does amend two important sections of the Economic Opportunity Act of 1964, as amended. These amendments deal with the percentage of Federal aid permissible to programs under title II and the allocation formula for the distribution of Head Start funds among the States. The bill also proposes several amendments designed to strengthen the administration of these programs at the Federal level.

I would like to briefly sketch for the Members the basic provisions of this bill.

TITLE I

Title I of the Economic Opportunity Act of 1964, as amended, provides authority to the Director of CSA to conduct research and demonstration projects designed to test the development of new approaches that will aid in the effort to alleviate the special problems of the poor. Unfortunately, due to the lack of a specific authorization for appropriations for title I, CSA has not been able to assume the leadership role in the development of innovative and experimental programs in this area. This bill specifically provides for the expenditure of funds for the commencement of an active research and demonstration program.

FINANCIAL ASSISTANCE TO COMMUNITY ACTION PROGRAMS

There are nearly 900 community action agencies providing services to the poor under numerous Federal poverty programs. These agencies administer about $1.6 billion in poverty funds and employ nearly 110,000 persons, many of whom are recruited from low-income communities. It should be noted that 79 percent of these employees earn less than $8,000 per year. For every CSA dollar allocated, community action programs mobilize almost $4 in other funds to serve the poor.

Originally, the Economic Opportunity Act of 1964 provided for a 90-percent Federal share of financial assistance to community action programs. The Federal share was changed to 80 percent in 1967, when poverty programs had achieved significant local acceptance. In 1974 the formula was amended by requiring a reduction in the Federal contribution beginning in fiscal year 1975 with a Federal share of 80 percent declining to 70 percent in fiscal 1976, and finally to 60 percent in fiscal year 1977. A slightly higher Federal contribution was allowed to those agencies receiving financial assistance below $300,000.

It is the committee's judgment that the act should be amended to restore to 80 percent the permissible level of Federal financial assistance to community action agencies. This provision is in response to the overwhelming testimony before the Subcommittee on Economic Opportunity that the current financial assistance formula has created an unnecessary hardship on community action agencies and was forcing numerous agencies to cut back worthy programs and was diverting the time and attention of agency personnel from program development and administration. The fact that CSA granted 160 waivers in 1977 to community action agencies, because of inability to meet the current ratio, as compared to only two waivers in 1975, was further indication of the need to restore a more realistic financial assistance formula.

COMPREHENSIVE HEALTH SERVICES

The bill deletes title IV of the act which provides for comprehensive health services. This program was designed to develop and deliver health services for the poor. It is the committee's opinion that title IV is duplicative of other existing programs administered by HEW. Since title IV has never received an appropriation and has been dormant since its establishment the committee proposes its deletion.

HEAD START

Mr. Chairman, the major amendment reflected in this bill relates to Head Start. These programs of compensatory educational, social, health, and nutritional services for low-income children have proven to be highly successful over the past 12 years. Recent independent studies indicate that participation in these programs produces positive gains in intelligence and achievement of children and significant enthusiastic parental involvement in the education and social development of their children. It is imperative that the Congress continue its active support for Head Start.

The committee proposes a new formula for the allocation among the States of funds for the program. This new formula is the result of extensive and intensive review of the current formula and numerous options for new allocation provisions, and represents a desire on the part of the Committee on Education and Labor to insure that no currently operating program is adversely affected, while at the same time providing that there be an equitable distribution among the States of new money for the program.

Mr. Chairman, specifically, this new formula first provides that up to 13 percent of the funds appropriated for Head Start may be reserved by the Secretary of Health, Education, and Welfare for the territories and discretionary programs. Second, each State will be provided with the amount they received in the previous fiscal year plus 6 percent for cost of living, except for those States [1] which receive more than 200 percent of the amount to which such State is entitled under the formula for any fiscal year. Third, the balance of the funds [2] would be allocated so that equal proportions are distributed on the basis of AFDC recipients in each State as compared to all States and the other half on the basis of children ages 0 to 5 living with low-income families in each State [3] as compared to all States.

This new formula will permit 46 States to receive substantially comparable increases in fiscal year 1979 above their fiscal year 1978 allotment. Without this change, the Congress would be faced with the fact that only seven States would receive 76 percent of the additional $100 million for Head Start projected for fiscal year 1979. This result should be unacceptable, and the new formula represents a reasonable and equitable resolution of a difficult issue.

FOLLOW THROUGH

The committee also recommended a 5-year extension of Follow Through programs with an authorization of appropriations of $70 million for fiscal year 1979 and incremental increases of an additional $10 million for the succeeding fiscal years. These amendments clearly reflect the broad support for this program.

NATIONAL ADVISORY COUNCIL ON ECONOMIC OPPORTUNITY

This bill provides for greater congressional review of the National Advisory Council on Economic Opportunity. While there is justification for the need of a presidentially appointed advisory council for the purpose of providing the President and the Congress with an independent citizen review of CSA and its programs, the past performance of the Council has been somewhat disappointing. The bill responds to this concern by limiting the budget for the Council and extending its life until the end of 1979, at which time the Congress can thoroughly evaluate its contribution to decide if the Council should be further extended. I am happy to add, however, that the Council has recently acquired new leadership, and the most recent report of the Council represents a thorough, and useful analysis of the current state of CSA and human services programs.

ADMINISTRATION AND COORDINATION

Mr. Chairman, CSA now has a new leadership team of qualified and dedi-

[1] Mississippi, Wyoming, and Alaska.
[2] $16 million.
[3] Survey on income and education report (SIE) using 1975 census data.

cated individuals who appear to be truly exercising their considerable skills in the best interests of the poor. I might add that it has been a pleasure to work with these people over the past 18 months.

The history of CSA and its management difficulties made it imperative that the committee thoroughly review the administration of the agency working toward the goal of proposing amendments to the Economic Opportunity Act for greater efficiency and effectiveness of the delivery of services to the poor. I should point out that the committee relied heavily on oversight reports of CSA prepared by the Committee on Government Operations. The Committee on Education and Labor is particularly grateful to Congresswoman CARDISS COLLINS for her thoughtful contributions in this area.

The bill proposes a number of amendments to the act which relate to management improvement, administration of grant money, and the operation of regional offices.

Specifically, the bill encourages the Director of CSA to streamline and decentralize the management of CSA. I am pleased to report that Grace Olivarez, the Director of CSA, has recently completed a major review of the agency's organizational structure, personnel evaluation, and performance, and supervisory accountability. In support of this effort, amendments are proposed to encourage CSA to annually consult with community action agencies, State economic opportunity offices, and other relevant groups to review all CSA regulations for the purpose of cutting redtape and to simplify administrative rules for those individuals responsible for running programs at the local and State levels. Furthermore, the Director is encouraged to place greater responsibility in the regional offices to eliminate the undesirable dependency on Washington for all administrative and programmatic decisionmaking.

Finally, the bill proposes numerous amendments designed to eliminate duplication of many social service delivery systems, to consolidate CSA program report requirements to the President and the Congress, and to encourage valuable research and demonstration projects while at the same time providing for greater review of project evaluation.

COMMUNITY ECONOMIC DEVELOPMENT

Title VII of the Economic Opportunity Act provides for the Federal funding of community economic development programs designed to stimulate small business ventures in areas of severe economic depression. Currently these grants are provided to community development corporations (CDC's) by the Office of Economic Development with CSA. There are 36 operational CDC's and 7 CDC planning grants in 29 States.

CDC's have proven to be unique institutional vehicles to stimulate economic improvement in depressed areas. They are representative of low-income residents banning together to alleviate special economic problems in their local communities.

While CDC's hold great promise, and while several CDC's have demonstrated remarkable success in stimulating successful business ventures, there is considerable concern over the management of most CDC's, the relatively high rate of unsuccessful business ventures, and the administration and monitoring of CDC's by CSA.

The current administration at CSA has recognized the serious weaknesses within the agency in this area and has stressed the importance of providing strong leadership and improving management guidance of CDC's. In support of this recognition the agency recently contracted with a nationally recognized business consulting firm to assist in developing criteria for the management of CDC's and to help them develop sound business practices.

The Economic Opportunity Act provides that CDC's may qualify for assistance and loans from several Federal programs; namely, the Small Business Administration, the Farmers Home Administration, and the Departments of Agriculture, Commerce, and Housing and Urban Development.

CDC's have encountered problems with these Federal departments and agencies mandated to assist them. Consequently, this bill proposes several amendments designed to minimize these problems and provide greater financial stability for CDC's. First, the bill mandates greater coordination between CSA and SBA in the promulgating of regulations with respect to CDC's. More specifically, the section 8a contract program of SBA helps business concerns owned or controlled by socially or economically disadvantaged persons to obtain subcontracts from suppliers to the Federal Government. Because nonprofit organizations are not eligible for such subcontracts, SBA approves subcontracting to CDC subsidiaries only on condition that the CDC agree to divest itself of ownership and control within 2 or 3 years. The divestiture requirement is unrealistic. While autonomy is the objective for every CDC business venture once it is established as a successful ongoing enterprise, it may take substantially longer than 24 to 36 months to complete this process. This bill would provide that eligible business concerns will not be considered ineligible for these benefits simply because it is owned in whole or in part by a CDC.

Finally, the committee recommends an authorization of appropriations of $50 million for fiscal year 1979 and such sums as may be necessary for the two succeeding fiscal years.

CONCLUSION

Mr. Chairman, the Federal Government still has a vital role to play in supplying the necessary resources to combat the continuing problems of poverty. This bill will strengthen and improve the Economic Opportunity Act of 1964 so that we can permit its full potential to be realized. It is a bill worthy of the support of my colleagues.

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

Mr. Chairman, H.R. 7577 accomplishes four major things. First, it extends the Head Start program for 3 years, and introduces a new formula for distributing the funds. Second, it extends for 5 years the Follow Through program while increasing its appropriations incrementally and expanding eligibility. Third, it sets a termination date for the National Advisory Council on Economic Opportunity, what we might call a sunset provision for the authority for this counsel.

The one part of the bill, the fourth part, I want to address my remarks to primarily. It is, I think, the most important part of the bill. The other portions, I think, are quite noncontroversial.

Mr. Chairman, the legislation before us today is designed to "help" all community action agencies throughout the country. I would like to point out, however, that there is one change that will not help, but actually hurt these agencies, the change made by the Committee on Education and Labor, and may actually hinder the ability of the agencies to function.

As the community action agencies will be hurt, there is one more hurt which will be even greater. That is the hurt for all people that comes with increased Federal spending. Somehow, the taxpayers throughout the country, I believe, deserve better from this Congress. When we reach the amending stage my colleague from Pennsylvania (Mr. GOODLING) will offer an amendment to correct the problem that we see in this legislation. His amendment simply strikes the new formula for community action agencies and reverts back to the existing law for the Federal-State match.

The current formula in the act is 60 percent Federal-40 percent local, and in some circumstances under the existing law 70 percent Federal-30 percent local. The bill for all of the community action agencies will change this formula to 80 percent Federal-20 percent local.

Now, if the Members will looks at the figures, they will see that the facts clearly show that the formula change just is not necessary, and there is nothing, in my opinion, in the hearing record to justify this change. Of the 865 community action agencies presently receiving funds, 705, or 81 percent, were able to meet the full matching requirements of the current law. One may ask, what happens if a community action agency is unable to meet the match? Well, under the provisions of the existing law the Community Services Administration, the agency which administers the program, may grant waivers to any agency which proves it is unable to meet the matching part requirement.

In 1977, 160 community action agencies received such a waiver. I must stress that the Community Services Administration has total discretion as to how and to whom the waiver may be applied. Because of the tremendous flexibility, there is no overwhelming burden on community action agencies.

If we listen to the arguments presented, we get the impression that no program will survive unless the formula is changed. This is certainly not the case, and bears no relation to the facts. All the Members know human nature—if we ask anybody to operate a program or

agency in our districts which is receiving Federal funds, I am sure they would certainly want to receive more money from the Federal Government than they now receive, and would ask for the formula to be changed. In reality, however, I am also sure that they would not be so anxious for this change if they understood that if the matching requirement is changed, although the Federal payment immediately increases slightly, most agencies will lose at least one-half of the support that they presently receive from State and local governments. This means that they will lose buildings, services, supplies, volunteers, called in-kind contributions, as well as money.

Since the Federal funds will not be adequate to replace those items, the community action agencies will have to find the money somewhere in order to purchase them. The net result will be that the loss will actually hinder the ability of the community action agencies to operate, and the poor these agencies serve will receive fewer services.

Possibly the best insight as to why the formula should not be changed comes from our colleague from North Carolina (Mr. ANDREWS), who is chairman of the subcommittee from which this legislation emerged, and manager of the bill today. In speaking to witnesses he described the reason why the formula should not be changed at a hearing in Atlanta last year.

He said:

But the matter of whether to put in 80–20, or 75–25—my point is that the Appropriations Committee probably has no interest * * * I expect what we are going to get for this program is pretty much already destined. I doubt there is much we can do about that. So if we change to 80–20 in this bill, you probably aren't going to get any more Federal money, you are just going to get less total money for the program * * * I believe most all of you are thinking if you get 80–20 you get more money for the program. I think you get less. The Federal share is going to be the same either way. And yet you are going to get less local so you get less total.

A few minutes later, he said:

But I just want you to understand that it is not as simple as some of you think. If you get 90–10, some of you think you automatically have more money. It may be that you have less. Because the Federal share is going to probably be the same, you may not like it, but if it is all you can get, so adding less local money to it means less total money. That's the way I see it.

The gentleman from North Carolina, who is handling the bill for the committee, gives an excellent justification for the Goodling amendment. I think he has analyzed the situation in the hearings extremely well, and in support of his reasoning I hope the Goodling amendment will be adopted.

Mr. PERKINS. Mr. Chairman, I rise in support of H.R. 7577, a bill to improve the Economic Opportunity Act of 1964 and to extend the act for 3 additional years.

Initially I want to compliment the distinguished chairman of the Subcommittee on Economic Opportunity, our colleague IKE ANDREWS. This is a well researched piece of legislation which is designed to strengthen and improve the administration of the Community Services Administration and to insure comprehensive and efficient delivery of social services in our continuing struggle against poverty. Chairman ANDREWS was ably assisted by the majority members of his subcommittee, our colleagues BILL FORD, GUS HAWKINS, and BALTASAR CORRADA, and I want to pay special tribute to them for their untiring efforts.

I would like to commend also the ranking minority member of the committee, the Honorable AL QUIE, and the ranking minority member of the subcommittee, the Honorable BILL GOODLING, for their contributions to and support for this bill. Legislation of this type has frequently been very controversial through the years. This year, however, H.R. 7577 has bipartisan support and Members on both sides of the aisle of the committee are to be commended.

We have worked together to resolve many difficult issues, and while there may be some disagreements with one or another provision of the bill, I am pleased to say that we have before us legislation which is for the most part widely accepted and strongly supported.

Seven days of hearings were held by our subcommittee on H.R. 7577. This bill reflects in many respects the major recommendations of the administration as well as the views of the many witnesses who appeared before us.

Key provisions of H.R. 7577 include the extension of the Economic Opportunity Act for 3 additional years. However, there are two exceptions.

First, the very successful Follow Through program is provided with a 5-year extension. This productive program, which has been enthusiastically received by schools, parents, children, and educational authorities, has frequently been under attack by those who wish to phase it into other educational programs. However, the Committee on Education and Labor has decided that Follow Through should continue on its own, and it is our desire to provide it with as much continuity and stability as we can. Hence a 5-year extension is proposed.

On the other hand, there is concern with regard to the National Advisory Council on Economic Opportunity. Because of our committee concerns and because we feel that greater congressional review of the Council is needed. H.R. 7577 extends the life of the Council only until the end of 1979, at which time the Council will be evaluated to determine if a further extension should be provided.

An important provision in H.R. 7577 is the return to the 1967 matching ratio of 80-percent Federal funding and 20-percent non-Federal funding for community action programs. This provision corrects action taken in 1974 which amended the formula by requiring yearly reductions in the Federal contribution beginning in 1975. The reinstatement of the 80/20 formula is in response to overwhelming evidence provided to the committee which has indicated that the 1974 reduction has caused extreme and unnecessary hardship in community action agencies.

A very strong concern of the committee has been to continue existing programs and to provide for reasonable cost-of-living increases, and provisions for Head Start in H.R. 7577 address themselves to these important concerns. There has been considerable controversy regarding the formula for the allocation of Head Start moneys. I will not discuss the history of this. I do want to point out, however, that this bill contains a new formula which is a reasonable and equitable resolution of the controversy. The new formula recognizes the history of the program and, unlike the current formula, provides for a distribution which will not seriously damage the programs of one State in order to benefit another. The new formula first provides that up to 13 percent of the funds appropriated for the program may be reserved by the Secretary for the territories and discretionary uses. Second, each State will be provided with the amount they received in the previous fiscal year plus 6 percent for cost of living, except for those States which receive more than 200 percent of the amount to which such State is entitled under the formula for any fiscal year. Third, the balance of the funds appropriated for Head Start programs would be allocated so that equal proportions are distributed on the basis of AFDC recipients in each State as compared to all States and the other half on the basis of children ages 0 to 5 living with low-income families in the States as compared to all States. Under this formula all areas of the country—not just a few—will share in any future increases in appropriations.

Mr. Chairman, H.R. 7577 provides for the continuation and improvement of programs which have proven to be an effective and comprehensive weapon in the continuing battle against poverty in our Nation. It is a practical program which works, and which has touched and enriched the lives of many people of all ages who are disadvantaged and in poverty, enabling them in many instances to begin to extricate themselves from the bondages of substandard existences. I urge my colleagues to support this important legislation.

● Mrs. COLLINS of Illinois. Mr. Chairman, I take this occasion to express my support for the continuation of the Community Services Administration and for the legislation now before us. Unfortunately, a field hearing scheduled some time ago as part of my subcommittee's oversight responsibility for manpower training programs has kept me from attending this session. Because of my concern with this legislation, I have filed this statement.

That concern stems from two major causes. First, as a Representative from my district, I have seen firsthand both the devastating effects of poverty and the improvements in the lot of the poor that the local Community Action Agency can bring about. Perhaps more than most Members, I am aware that a few community action agencies are not as effective as they should be and I am also well aware of the instances of waste in the administration of poverty funds. Even so, the Community Services Administration

remains the only designated advocate for the poor and the major source of support for hundreds of effective local agencies whose efforts have resulted in major gains for those whom they serve.

The second reason that this legislation is particularly important to me has been alluded to by the member from North Carolina, Mr. ANDREWS. My subcommittee has conducted a series of hearings on CSA operations, resulting in three committee reports dealing with this Agency over the past 3 years. These reports have pointed out that major reforms were needed in the Community Service Administration.

I summarized my own views at the Economic Opportunity Subcommittee's hearings as follows:

This national network of local agencies represents fusion of community control, including a voice for the poor, and Federal funding and oversight, which together can help break the cycle of poverty. Realization of the full potential of this economic network for service delivery and resource mobilization, depends, however, upon CSA—the Government's sole antipoverty agency—for guidance, oversight and training.

During the past year, the Community Services Administration, under new leadership, has made significant strides toward becoming an effective and efficient antipoverty agency. Many of the recommendations of our reports have been implemented in varying degrees. The long called for management reorganization of CSA is scheduled for completion by the end of next month. Training of agency staff and grantees, as well as review and evaluation of programs, have taken on new meaning at the Agency. Grantees are gaining a new respect for CSA administrators as no-nonsense leaders, and some, who had so openly abused the system, as well as the taxpayer's dollar, have been removed.

The legislation before us recognizes the need for more effective administration. It permits CSA to delegate more responsibilities and duties to its regional offices and thus reduce unnecessary backlogs in the funding process.

I take this occasion to express my appreciation to the gentleman from North Carolina for inviting me to testify at the hearing and for the close cooperation extended by his staff to my own subcommittee. As a member of the Committee on Government Operations and chairwoman of its Manpower and Housing Subcommittee, I am pleased to see that this legislation took careful consideration of our oversight work and I thank the Economic Opportunity Subcommittee for the cooperation we have received from them in our own work.

I support this legislation and the continuation of the Community Services Administration. Though the agency reorganization appears to be in place, it took much longer than our subcommittee or CSA initially anticipated and the improvements that it promises are thus delayed.

Though there is new respect for the agency, morale is still low and productivity still wanting. Though there has been some bandaging to the damaged credibility of this agency, it has not yet attained the status of an effective advocate for the poor. As long as the Inspector General bill remains a bill and not a law, there still remains a question as to whether the corrective effects of audits and inspections within the agency will be maximized.

Finally, violations of the regulations, fraud, and misuse of Government funds, though reduced, still exist within this agency. Consequently, as long as CSA operates below an acceptable standard of efficiency and effectiveness, there remains the need for ongoing congressional oversight and monitoring.

Therefore, though I support this legislation, it is with cautious enthusiasm. The Community Services Administration needs our support and passage of this legislation will provide that needed vote of confidence to spur it on to greater efficiency and effectiveness of operation. It also needs our guidance, our assistance, and our insight, which can only come from continued and ongoing observation and oversight.

Thank you, Mr. Chairman.●

● Mr. CORRADA. Mr. Chairman, I rise in support of H.R. 7577, the Economic Opportunity and Community Services Amendments of 1978. Although great strides have been made in our battle to eradicate poverty, over 25 million Americans today are deprived of the basic ingredients which constitute a meaningful existence: Health, housing, education, and employment. The rapidly accelerating cost of living, coupled with menacing unemployment, have served to classify an ever increasing number of individuals as poor.

This bill is an effort at providing a more efficient and effective delivery of services to local community agencies that can effectuate change. I am particularly supportive of the committee's decision to return to the 80/20 Federal-State ratio; which was based on repeated testimony from witnesses, recommendations from the National Advisory Council on Economic Opportunity, the fact that 266 waivers were granted in 1976, and evidence that the diminished Federal support was disrupting program services which were curtailed.

H.R. 7577 also extends the Head Start program, which is a proven program aimed at serving the social and development needs of our Nation's preschoolers who come from the disadvantaged backgrounds.

I urge my colleagues to support this piece of legislation, and to renew their commitment to provide a meaningful opportunity for our Nation's underprivileged to extricate themselves from the cycle of poverty.●

● Mr. LEGGETT. Mr. Chairman, I strongly support the Economic Opportunity and Community Services Amendments of 1978, H.R. 7577. This bill contributes to alleviating poverty from our society and encourages greater program efficiency by providing additional funding for research and development programs, increasing the Federal contribution to local programs, consolidating reporting requirements, providing more authority to regional and local offices, and eliminating duplication of social service delivery programs. It also extends the very successful Headstart and Follow Through programs and provides a trial extension for the National Advisory Council on Economic Opportunity.

The war against poverty in 1964 was enthusiastically supported by the enactment of the Economic Opportunity Act. The Office of Economic Opportunity was established to coordinate and administer grants and programs at the local community level. Citizen participation was emphasized as well as involvement by local public officials.

However, in 1969 tackling poverty was not a popular adventure. During the Nixon administration many of the Office of Economic Opportunity programs were fragmented, leaving the responsibility of fighting poverty to the dedicated and committed local community action agencies without adequate Federal support.

The war against poverty began to look brighter in 1975 when Congress established the Community Services Administration (CSA) to administer and coordinate the surviving programs. However, because CSA was hampered by poor management, hostile administration support, and personnel dissatisfaction, poverty continued to increase and today affects 25 million Americans. Certainly, the stagflation the Nation has suffered in recent years has most adversely affected those Americans at the lower rungs of the economic ladder.

To advance the elimination of poverty and the detrimental and stifling effects it has on our economy, I urge my colleagues to support the Economic Opportunity and Community Services amendments as reported by the Committee on Education and Labor without crippling amendments.

This bill reauthorizes and makes numerous changes in Community Services Administration's program. In the past there has been no specific authorization for the appropriation of funds for research and development programs. This bill specifies that Federal funds be used to improve coordination with and prevent duplication of antipoverty research and development programs run by other Federal agencies.

Also, the committee bill would increase the amount of Federal financial assistance to the programs administered by the Community Services Administration from the present ratio of 60-percent Federal–40-percent local to the 1967 ratio of 80-percent Federal–20 percent local. I understand that my colleague, Congressman QUIE, would like to maintain the existing 60–40 ratio. I feel this would be detrimental as several constituent groups in my congressional district deeply involved in antipoverty programs have informed me that presently it is very difficult and sometimes impossible to raise the necessary funds to continue operating viable programs. Also I have received reports that the existing ratio requires devotion of an excessive amount of staff and organizational time to soliciting local funds and inkind contribu-

tions causing them to divert attention from the development and management of programs and the ultimate delivery of services to the poor. For these reasons, I urge my colleagues to support increased Federal financial assistance.

The bill would eliminate duplication of social service delivery programs such as in existing present health programs which duplicate HEW-administered activities.

In addition, it extends the Head Start program which has demonstrated remarkable success by producing positive gains in intelligence and achievement, improvement in health and nutritional practices of participating children, and significant enthusiastic parental involvement in the education and social development of their children.

The new Head Start formula provided in the committee bill would base the amount of funds a State receives on the number of families eligible for aid to families with dependent children and the number of children under age 5 who live with families below the poverty line. No State would receive less than it had received in the previous year, unless it received more than 200 percent of the amount it is eligible for under the new formula. In that case, it would receive the same level of funding it received in the previous year, plus a 6-percent cost-of-living increase.

The bill also extends the Follow Through program for 5 years, with authorization levels of $70 million for fiscal year 1979, $80 million for fiscal year 1980, $90 million for fiscal year 1981, $100 million for fiscal year 1982, and $110 million for fiscal year 1983. Eligibility would be expanded to include children in kindergarten and primary grades, including children enrolled in private nonprofit elementary schools, who were previously enrolled in Head Start programs.

Finally the bill provides a limited continuation of the National Advisory Council on Economic Opportunity. This action is warranted for two major reasons. The first is that there is little justification for the Council's existing operational budget of approximately $301,000. Second, the Council's purpose, value, and function does not support the necessity of the existing five full-time staff personnel at a cost of approximately $115,000 and the services of a professional consultant at a yearly compensation of approximately $5,700. Due to this unsatisfactory performance in the past, this bill provides the Council maximum annual budget of $100,000 to adequately fulfill its responsibilities and provides a trial extension of the Council.

In the past, programs which evolved from the Economic Opportunity Act have had some success in the effort to alleviate poverty. However, poverty continues to be a persistent condition in the United States and recently has been increasing. In fact, the period 1974–75 represented the largest single year increase of poor Americans since 1959, when poverty data was first compiled.

The perpetuation of poverty in the United States can be attributed to factors such as the economic recession of the last several years, as well as several societal elements. These elements include substandard housing, limited educational and vocational training opportunities, the displacement of revenue-generating enterprises from the central cities to the suburbs, and the remaining barriers of racism.

The effects of poverty are widespread, producing human frustration and despair. These effects are obvious in our society with the increasing dependency on drugs and alcohol, the decline of the family structure, and an alarming proliferation of adult crime and juvenile delinquency. The effects of poverty are evident in the home, the school, and the street.

As my colleagues know, the Comprehensive Education and Training Act (CETA), the other manpower training programs under the auspices of the Department of Labor, low-income housing programs administered by HUD, and a variety of social service programs sponsored by HEW are targeted to help that portion of our country's population suffering from the adverse effects of poverty. While it is widely accepted that the Federal Government must continue to play a vital role in supplying the resources needed to combat the continuing problems of poverty, the ultimate effort to reduce poverty must remain at the local level through viable community action, economic development, and innovative educational programs for the children and parents of low-income areas. The problems associated with poverty have not been, or will they in the future be easily cured. However, encouragement of innovation at the local level is an imperative step forward.

I urge my colleagues to support this bill to combat the unacceptable poverty that exists today in a country as wealthy as the United States. Passage of this bill will provide important focus for the Economic Opportunity Act and permit its full potential to be realized.●

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

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

Mr. ANDREWS of North Carolina. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. BRADEMAS) having assumed the chair, Mr. OBERSTAR, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7577) to amend the Economic Opportunity Act of 1964, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. ANDREWS of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just under consideration, H.R. 7577.

The SPEAKER pro tempore (Mr. OBERSTAR). Is there objection to the request of the gentleman from North Carolina?

There was no objection.

ALCOHOL AND DRUG ABUSE EDUCATION AMENDMENTS OF 1978

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 10569) to amend the Alcohol and Drug Abuse Education Act to extend the authorizations and appropriations for carrying out the provisions of such Act, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

That this Act may be cited as the "Alcohol and Drug Abuse Education Amendments of 1978".

SEC. 2. Section 2(b) of the Alcohol and Drug Abuse Education Act (20 U.S.C. 1001 (b)) is amended—

(1) by inserting after "encourage" the following: "the prevention of alcohol and drug abuse; to stimulate";

(2) by striking out "curricula on" and inserting in lieu thereof "approaches to";

(3) by striking out "problems of" the first time it appears therein and inserting in lieu thereof "prevention of alcohol and";

(4) by striking out "curricula" the second time it appears therein and inserting in lieu thereof "approaches";

(5) by striking out "curricular materials" and inserting in lieu thereof "successful approaches"; and

(6) by striking out "on drug abuse problems", and inserting in lieu thereof "on alcohol and drug abuse problems".

SEC. 3. (a)(1) Section 3(a) of the Alcohol and Drug Abuse Education Act (20 U.S.C. 1002(a)) is amended—

(A) by inserting after "carry out" a comma and the following: "throughout the Nation in rural areas as well as urban areas,";

(B) by striking out "projects" the first time it appears therein and inserting in lieu thereof "programs, including programs of proven effectiveness";

(C) by striking out "projects throughout the Nation" and inserting in lieu thereof "programs to develop local capability to meet problems of alcohol and drug abuse"; and

(D) by inserting at the end thereof the following new sentence: "The Commissioner shall seek equitable distribution of available resources among the various regions of the country and seek to ensure that the special needs of rural areas are appropriately addressed.".

(2) Section 3(b)(5) of such Act is amended by inserting "prevention" after "abuse".

(b) Section 3(d)(1) of the Alcohol and Drug Abuse Education Act (20 U.S.C. 1002 (d)) is amended—

(1) by striking out "and" at the end of clause (C);

(2) by striking the period at the end of clause (D) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new clauses:

"(E) provides assurance that the applicant will coordinate its efforts with the appropriate State and local alcohol and drug abuse agencies, and educational agencies and organizations; and

"(F) provides a proposed performance standard to measure, or research procedure to determine, the effectiveness of the

program or project for which assistance is sought.".

(c) Section (3)(e)(2) of such Act is amended by striking out "Labor and Public Welfare" and inserting in lieu thereof "Human Resources".

SEC. 4. (a) Section 3 of the Alcohol and Drug Abuse Education Act (21 U.S.C. 1002) is amended by redesignating subsections (d) through (f) as subsections (g) through (i), respectively, and by inserting after subsection (c) the following new subsections:

"(d) In addition to the purposes described in subsections (b) and (c), from funds in an amount not to exceed 10 per centum of the sums appropriated to carry out this Act, the Commissioner is authorized to make grants to State educational agencies, local educational agencies, institutions of postsecondary education, and other nonprofit agencies and organizations to support projects, including projects of proven effectiveness, to demonstrate the most effective methods and techniques in alcohol and drug abuse prevention, and to develop exemplary alcohol and drug abuse prevention programs. To maximum extent practicable, funds expended under this subsection shall be used for grants and programs reflecting various services to individuals proportionate to relative numbers of individuals served within and outside of standard metropolitan statistical areas.

"(e)(1) In order to carry out the provisions of this Act, there is established in the Office of Education an Office of Alcohol and Drug Abuse Education (hereafter in this section referred to as the 'Office'). The Office shall be headed by a Director.

"(2) The Director shall report directly to the Commissioner.

"(3) The Office of Education shall provide the Office of Drug Abuse Education with sufficient staff and resources to carry out its responsibilities under this Act.

"(4) In carrying out the provisions of this Act, the Director of such Office shall consult with the Directors of the National Institute on Alcohol Abuse and Alcoholism and the National Institute on Drug Abuse, and shall coordinate the activities of such Office with the activities of such Institutes to the extent feasible.

"(f) The Secretary shall assure cooperation and coordination between the Office of Education (acting through the Office of Alcohol and Drug Abuse Education) and the Alcohol, Drug Abuse, and Mental Health Administration (acting through the National Institute on Alcohol Abuse and Alcoholism and the National Institute on Drug Abuse) to identify and implement successful prevention programs and strategies, to identify research and development priorities, and to disseminate the results of such activities. The Secretary shall further assure that all such prevention programs and strategies which are school-based (assisted or conducted by the Department of Health, Education, and Welfare) shall, to the extent feasible, be coordinated through the Office of Education (acting through the Office of Alcohol and Drug Abuse Education).".

(b) Section 3(h)(1) of such Act (as redesignated by subsection (a)) is amended—

(1) by striking out "may" and inserting in lieu thereof "shall"; and

(2) by striking out "not exceeding 1 per centum" and inserting in lieu thereof "of 3 per centum".

(c)(1) The first sentence of section 3(i) (as redesignated by subsection (a)) is amended by striking out "and", and by inserting before the period at the end thereof a comma and the following: ", $10,000,000 for the fiscal year 1979; $14,000,000 for the fiscal year 1980; and $18,000,000 for the fiscal year 1981".

(2) Subsection 3(i) of such Act (as redesignated by subsection (a)) is amended by inserting "(1)" after the subsection designation and by adding at the end thereof the following new paragraphs:

"(2) To the maximum extent practicable, of the amount appropriated in any fiscal year under this subsection, sums shall be allotted for alcohol and drug abuse education projects reflecting various services to individuals proportionate to relative numbers of individuals served within and outside of standard metropolitan statistical areas.

"(3) Funds appropriated under this subsection shall remain available for obligation through fiscal year 1981 in order to permit multiple year funding of projects under this Act.".

SEC. 5. Section 8(c) of the Alcohol and Drug Abuse Education Act (20 U.S.C. 1007(c)) is amended by inserting "the Northern Mariana Islands," immediately after "the Virgin Islands,".

SEC. 6. (a) Section 420(a) of the Higher Education Act of 1965 is amended by adding after paragraph (3) the following new paragraph:

"(4) With respect to any academic year beginning on or after July 1, 1978, and ending on or before September 30, 1980, each institution which has qualified for payment under this section for the preceding year shall be entitled during such period, notwithstanding the provisions of paragraph (1)(A), to a payment under this section if—

"(A) the number of persons referred to in paragraph (1) equals at least the number which bears the same ratio to the number of such recipients who were in attendance at such institution during the first academic year in which the institution was entitled to payments under this section as the number of such recipients in all institutions of higher education during the academic year for which the determination is made bears to the number of such recipients in all institutions of higher education for the first such academic year; or

"(B) in the event that clause (A) of this paragraph is not satisfied, the Commissioner determines, on the basis of evidence presented by such institution, that such institution is making reasonable efforts, taking into consideration the extent to which the number of persons referred to in such paragraph (1) falls short of meeting the ratio criterion set forth in such clause (A), to continue to recruit, enroll, and provide necessary services to veterans.".

(b) Clause (1) of section 310(b) of the GI Bill Improvement Act of 1977 (91 Stat. 1446) is amended by inserting at the end of subsection (a) of the new section 246, which was conditionally added to title 38, United States Code, by such clause, a new paragraph as follows:

"(3) With respect to any academic year beginning on or after July 1, 1978, and ending on or before September 30, 1980, each institution which has qualified for payment under this section for the preceding year shall be entitled during such period, notwithstanding the provisions of paragraph (1)(A), to a payment under this section if—

"(A) the number of persons referred to in paragraph (1) equals at least the number which bears the same ratio to the number of such recipients who were in attendance at such institution during the first academic year in which the institution was entitled to payments under this section as the number of such recipients in all institutions of higher learning during the same academic year for which the determination is made bears to the number of such recipients in all institutions of higher learning for the first such academic year; or

"(B) in the event that clause (A) of this paragraph is not satisfied, the Administrator determines, on the basis of evidence presented by such institution, that such institution is making reasonable efforts, taking into consideration the extent to which the number of persons referred to in such paragraph (1) falls short of meeting the ratio criterion set forth in such clause (A), to continue to recruit, enroll, and provide necessary services to veterans.".

(c) The amendments made by this section shall be effective with respect to payments to which institutions are entitled as of June 30, 1978.

Mr. BRADEMAS (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the Senate amendment be dispensed with and that it be printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana.

There was no objection

The SPEAKER pro tempore. Is there objection to the first request of the gentleman from Indiana (Mr. BRADEMAS)?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I will yield to the gentleman from Indiana (Mr. BRADEMAS) for an explanation of the Senate amendment.

Mr. BRADEMAS. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, the two measures passed by the House and Senate which extend the authorizations for the Alcohol and Drug Abuse Education Act are, in many ways, similar.

AUTHORIZATIONS

Briefly, Mr. Speaker, the Senate amendment to the House bill would extend for only 3 years—2 years less than the House bill—the authorizations for the Alcohol and Drug Abuse Education Act under the direction of an Office of Alcohol and Drug Abuse Education which would have responsibility for coordinating all Federal efforts in school-based alcohol and drug abuse education programs.

The authorizations of appropriations would be as follows: $10 million for fiscal year 1979—$4 million more than the House-passed bill, $14 million for fiscal year 1980—$1.6 million above the House-passed bill, and $18 million for fiscal year 1981—an additional $3.6 million over the authorization for that year in the bill as passed by the House. Mr. Speaker, although the Senate version provides authorizations above those in the House-passed bill for these 3 years, that is fiscal years 1979–81, I should point out that both the House and Senate versions authorize levels for these years that are more modest than those currently authorized.

For instance, Mr. Speaker, the authorization for the Alcohol and Drug Abuse Education Act in fiscal year 1978 is $34 million but only $2 million was appropriated. The authorization levels contained in the House and Senate bills simply reflect a more realistic expectation of the levels of appropriation. These lower authorizations in no way reflect a judgment that the need is any less great. Indeed, it is my hope that the administration will join Congress in our concern for more education on the dangers of the abuse of drugs and alcohol and request additional funds in this area.

PROGRAM EMPHASIS

In addition, Mr. Speaker, the Senate amendment recognizes the need to ad-

dress abuse problems in rural areas, and mandates, to the extent possible, proportional funding for rural areas.

PROGRAM COORDINATION

Mr. Speaker, the Senate amendment also requires applicants for assistance under the Alcohol and Drug Abuse Education Act to coordinate their efforts with State and local alcohol and drug abuse agencies and educational agencies and to include an evaluation measure by which to determine the effectiveness of a program.

DEMONSTRATION PROJECTS

The Senate amendment also authorizes a maximum of 10 percent of the appropriations under the act for model projects to develop exemplary programs in alcohol and drug abuse prevention.

In addition, the Senate amendment also increases to 3 percent of appropriations the amount of funds for evaluation by the Federal Government of the effectiveness of the national alcohol and drug abuse education effort.

VETERANS COST-OF-INSTRUCTION PROGRAM

Finally, Mr. Speaker, the Senate amendment includes an extraneous amendment to provide a hold harmless mechanism for the veterans cost-of-instruction program (VCIP). The VCIP provides payments to eligible colleges and universities to support educational and personal services to veterans attending those institutions.

Because of a reduction in the number of undergraduate veterans receiving educational benefits, many institutions participating in the VCIP are now unable to maintain the enrollments required by law.

In response to this problem, the Committee on Education and Labor adopted an amendment to H.R. 11274, the Middle Income Student Assistance Act, which would hold harmless any institution which the Commissioner of Education determines is making a "good faith" effort to enroll veterans in its programs. This was a stopgap measure until the committee would review the program in depth next year during the reauthorization of the Higher Education Act. The Senate, due to an oversight, failed to include a VCIP hold harmless amendment in the College Opportunity Act, a companion bill to H.R. 11274.

Discovering this oversight and realizing that immediate action was necessary to prevent a disruption of the VCIP, the amendment was attached in the Senate to the alcohol and drug abuse education amendments. The amendment is thus not related to the alcohol and drug abuse education amendments.

CONCLUSION

In conclusion, Mr. Speaker, I would like to express my appreciation to the distinguished chairman of our committee, Mr. PERKINS, for his support of our efforts with this measure.

I would also like to thank the distinguished ranking minority member of the Education and Labor Committee, Mr. QUIE, for his contribution to the legislation.

Mr. Speaker, both majority and minority members of the Subcommittee on Select Education, which I have the honor to chair, have worked hard on this legislation. I would like particularly to thank Mr. BIAGGI and Mr. JEFFORDS for their efforts.

I would be remiss if I did not also compliment the work done on this legislation by the distinguished junior Senator from Maine, Mr. HATHAWAY.

Mr. Speaker, I urge Members of the House to give their support to the alcohol and drug abuse education amendments as amended by the Senate. This bill would continue and strengthen an effective program of alcohol and drug abuse prevention.

Mr. BAUMAN. Further reserving the right to object, Mr. Speaker, I thank the gentleman from Indiana for his detailed explanation of the Senate amendments. I wonder if the gentleman could tell me, does not this change also create a new Office of Drug Education in the Department of Health, Education, and Welfare?

Mr. BRADEMAS. If the gentleman will yield further, yes, it does.

Mr. BAUMAN. I am just wondering whether the members of the White House staff could avail themselves, at some point of that educational expertise on the subject of drug abuse, if the President saw fit to direct them to do so.

Mr. BRADEMAS. I would hope, I may say to my friend, the gentleman from Maryland, that the programs made possible by this act would be available to all Americans.

Mr. BAUMAN. I think the gentleman has, then, by his definition included the White House staff in the coverage of this bill, and perhaps they will avail themselves of this service which they seem to need badly.

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

Mr. BAUMAN. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I thank the gentleman for yielding.

I would just like to point out that the placing upon this bill of the amendment with respect to veterans and assistance to college veterans' programs makes it essential that this bill be brought up at this time. If this does not occur, serious disruption will occur in many of our schools as I will explain below. That is the reason for the urgency of this bill here today and the reason for not requesting a conference to deal with such things as attaching the drug abuse program to the Office of Education.

As further explanation of the veteran's problem I will add this:

An amendment was adopted by the Senate on May 23, 1978 which provides a hold harmless mechanism for the Veterans Cost-of-Instruction Program (VCIP). The VCIP provides payments to eligible institutions to support educational and personal services to veterans attending these institutions. Between 1966 and 1976, there was a continuing increase in the number of veterans receiving educational benefits in successive enrollment periods, thus the institutions could meet the maintenance-of-effort requirement established in the 1972 amendments.

With the arrival of the 10-year delimiting date on May 31, 1976, the number of veterans eligible for benefits began to decrease. This reduction in the number of undergraduate veterans receiving educational benefits now makes it impossible for many institutions participating in the VCIP to maintain the veteran enrollments required by law.

In response to this problem, the Committee on Education and Labor adopted an amendment to H.R. 11274, the Middle Income Student Assistance Act, which would hold harmless any institution which the Commissioner of Education determines is making a "good faith" effort to enroll veterans in its programs. This was a stop-gap measure until the committee could review the program in depth next year during the reauthorization of the Higher Education Act. The Senate, due to an oversight, failed to include a VCIP hold harmless amendment in the College Opportunity Act, a companion bill to H.R. 11274.

Discovering this oversight and realizing that the student aid bill would not become law in time to prevent a major disruption of the program, Senator CRANSTON offered the amendment to a noncontroversial bill that could be quickly enacted into law. The bill of course was S. 2539.

Immediate action on the bill is necessary because the cutoff date to qualify for this forward-funded program is June 30, 1978. The Office of Education received applications not later than June 19 which listed the number of veterans at the applying institution. Next week O.E. will determine which institutions are eligible based on these data. If Congress does not act in the next week to soften the impact of the maintenance-of-effort provision in the current law, according to a June 16 opinion by HEW legal counsel, O.E. could only distribute funds to those institutions meeting the more restrictive requirements.

Although the amount of money to be distributed would remain the same under the current law, approximately 53 percent of the currently participating institutions would not be eligible to receive these funds. The result would be to give the maximum $135,000 grant to many small colleges who should not receive that much money. Prior to the Senate consideration of S. 2539, HEW was asked what they would do with the VCIP money should the law not be amended. The bill passed before the Senate got a reply—in fact they still do not have a reply. Margaret Dunkle could not give me any more specific information either. She did say that the administration would not oppose the amendment, but stopped short of saying they would actively endorse the amendment.

The Senate amendment differs from the House amendment to H.R. 11274 in that it provides two methods for an institution to remain eligible for VCIP funds. They are:

First, if the institution has a ratio of decline in veteran enrollment equal to no less than the national decline in veteran enrollment from the period of time since it first became eligible to the present; or

Second, if the Commissioner of Edu-

cation determines that the institution is making "reasonable efforts" to recruit, enroll, and provide necessary services to veterans. (Similar to House amendment.)

The effect of this additional method for determining eligibility would be to simplify OE's job; they could automatically certify many colleges, although I do not know how many, without using the more subjective alternate method.

Thus it is important, in fact necessary, that we thus accept the Senate bill today.

Mr. BAUMAN. I would say to the gentleman I have no doubt that this is the most propitious time to bring up legislation of this character, and I am sure the President will sign it into law expeditiously.

Mr. JEFFORDS. If the gentleman would yield further, also I would like to point out that this is one program where the administration came in and stated vigorously that this was a great program; it ought to be expanded; it was one of the finest programs that we had going; and then asked to reduce the funding—which was the kind of contradictory testimony we are getting used to today.

Mr. BAUMAN. I can assume we can say that is a new high in legislative activity.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

DOES SOMALIA HAVE A FUTURE IN THE WESTERN WORLD?

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

● Mr. SIKES. Mr. Speaker, a question which undoubtedly is troubling the Somalis is whether they have a future in the Western World. They have sought to be a part of the Western World. They have repudiated their ties with Russia, even ordered the Russians out of their major naval base at Barbera and broke diplomatic relations with that country. Russia had expended considerable funds on Somali armed forces. The Somalis gave up that source of support. They did these things on the assumption that the United States and other Western-oriented nations would provide them with essential assistance, particularly weapons for protection against Ethiopia. Ethiopia holds a part of the historic Somali territory, the Ogaden, on which the Somalis have never relinquished their claim. Ethiopia is 10 times as large in population as Somalia. Naturally, the Somalis are uneasy about the intention of their neighbor, particularly after recent incidents in which Cuban forces, Russian leadership and unlimited weapons defeated the Somalis in the Ogaden.

The United States promise to help Somalia has not been kept. The Somalis lived up to their part of the bargain. They got rid of the Russians. We have not lived up to our commitment. There still exists a promise of $15 million in defense weapons to help update the Somali forces and to replace losses incurred in the Ogaden war. The media report that the United States is now considering reneging on even that minor show of assistance. Apparently Ethiopia is threatening the United States. They say they will break diplomatic relations with us if we help the Somalis. So what? Ethiopa's course will be exactly what Russian and Cuba dictate. They will not be friendly to the United States while there is an overwhelming Russian and Cuban presence in that country, whether or not there are diplomatic relations.

Why we should be concerned at maintaining diplomatic relations at the cost of Somalia's friendship and the risk of losing the very important tip of the Horn of Africa is incomprehensible.

If ever there were a time the United States should show plain, simple guts in dealing with other countries, this is one of them. First, we have not kept our word. Next, we appear timid to the extent that we are willing to risk the loss of one of the most strategic countries in the world to accommodate a country which is formally in enemy hands.

The Russians would welcome an opportunity to return to Somalia and Barbera. Undoubtedly, they will be available at any time the Somalis despair of assistance from us. It must be presumed that only pressure by the Saudis is preventing progress toward a resolution with Russia from Somali at this time. The Saudis are very unhappy with U.S. dawdling, but they are urging the Somalis to continue to bear with us.

Sometimes I wonder whether the courage in dealing with foreign countries is becoming a lost art in the U.S. Department and the administration.●

REMARKS MADE BY U.N. AMBASSADOR YOUNG CLARIFIED

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

Mr. ALEXANDER. Mr. Speaker, Andrew Young is my personal friend and I know him to be an honest, decent, deeply sensitive man who espouses strong beliefs and has the courage of those convictions. Most foreign affairs observers agree that he has made a profound contribution in service to his country as U.S. Ambassador to the United Nations. This is especially true on the continent of Africa.

Like most other Americans I was confused when my friend reportedly said that there were hundreds of political prisoners in the U.S. jails.

I was so concerned by this report that I picked up the telephone and called Andy. During the discussion he advised that the report was from a lengthy interview which he gave to a leftwing French newspaper; and, that his use of "political prisoners" may have been a poor choice of words, but that his reference originated from a personal experience when he was jailed as a civil rights worker only a few years ago.

I asked for and have received a full transcript of the interview with Le Matin, a Paris-based newspaper. After reading the full text of his interview during which he discussed a variety of contemporary issues, any one of which is subject to debate, it is now clear to me what my friend intended when he used the words that caused such a row.

I enclose the full text of that interview between Ambassador Young and Nina Sutton of Le Matin following these remarks and commend it to my colleagues in the Congress:

Following is transcript of Ambassador Young's interview July 10 with Nina Sutton of Le Matin:

S: How do you feel about the situation now about 18 months after you came into (office)?

Y: Well, I think that when I look at the fact the last nine permanent representatives all together didn't last for ten years, I think that 18 months in this job means that at least now I am beginning to know what it is and I look forward to another 18 months or more. I think that multilateral diplomacy is so complicated it not only depends on countries and events, it depends on knowing the United Nations system and it depends really on knowing the people within the system that make it work. I think in these 18 months, we have gotten to know the people, and I'm beginning to understand the system and how it works.

S: Optimistic, OK. One of your more striking features (as seen from here?) is that you want to be (???) more of the international projects. Now do you feel the situation today is more open, I mean the world situation, I don't mean just the U.N., I mean more especially the East-West relationship and the African situation?

Well, let me say that I wanted my country's foreign policy to reflect the morality and idealism that we think the American people stand for. I think President Carter campaigned on that: A foreign policy as honest and as decent as the American people. And so far, we have worked to make our foreign policy reflective of the wishes and ideals of the American public. I don't know that you ever get foreign policy in general totally subject to morals. The best I think you can hope for is a kind of enlightened self-interest. And maybe that's what we have too. On our Africa policy, on the Panama Canal, and our policies in the Middle East and in Vietnam, these are places in the past where we were under some cloud, not any more wrong than anyone else with their problems in the world, but the nations of the world expect more of America. The Russians can do almost anything, nobody criticizes and yet everybody wants America to be the moral leader of the world. The French can get away with almost anything but I think the world tends to hold us by a higher standard and we don't quite live up to it all the time, but it is the intention of this administration to try.

S: Would you resign if the U.S. Government got involved in something you considered immoral?

Y: I think I would. Well, let me say that I don't know that I'd resign. I think I'd raise so much hell about it, I'd be fired because I don't think I would just jump up and quit quietly.

S: You'd make a fuss about it?

Y: I'd make so much fuss about it that they would ask for my resignation.

S: That hasn't happened so far?

Y: No, it hasn't. But there have been some things that I made a fuss about. One of the things I have learned in the last few months is that it is sometimes necessary to make a public fuss just to get the people of a nation talking about an idea. Other times, it is much better to make a private fuss within the State Department and within the National Security Council.

S: This is new isn't it?

Y: Well, I always did that. But that never gets any publicity. But I frankly have had such a good working relationship with the Secretary of State and with the President and even with the National Security Council Adviser, that almost every time I have gone to them to sit down and say look there is something we need to talk over, we've worked it out.

S: Why did you say "even" with Mr. Brzezinski?

Y: Because everybody puts us in opposite camps, and yet we have a very good friendship. We don't always agree on everything, but we disagree as friends. I think it would be dangerous to have a foreign policy team that everybody was in agreement all the time. I also think that sometimes just for the sake of talking out all the problems, it's necessary to have disagreements, and those disagreements have always been friendly disagreements, but when they come out in the press, they are not.

Y: I think of all relationships that way. I've been married 24 years, but if you'd listen to me and my wife as we argue about something, you'd think that we were very unhappy, because she is a very strong-minded, independent woman, and I am a strong, independent man. The only way we could live together is talking out our differences frankly.

S: It's OK for a married couple to do that, but it's not OK for the U.S. Government.

Y: The U.S. Government has been in most trouble when it has not had a public discussion of ideas, when there was not enough discussion about the Bay of Pigs, or not enough discussion of the Gulf of Tonkin. And I am just determined that rather than have another mistake like that, where you realized it is wrong after 50,000 American men have died and $150 billion have been spent that I'll make a fuss in advance and let the chips fall where they may.

S: OK, let's take one instance of this. Who went to Senator Clifford and said the President would like to resume his aid, or would like the CIA to resume aid to the MPLA?

Y: Senator Clark. Dick Clark. I was in a meeting where everybody agreed that this was not good and where the people who were least enthusiastic and most critical of the idea were the representatives of the CIA. But, at the same time, there were twenty or thirty minor amendments that had been tacked on by Congress that limit the President in his conduct in some aspects of foreign policy. There was a study under review of these aspects including the Clark amendment even before Shaba. I really think that we had two things happening in sequence that were not necessarily related to each other.

S: That can explain what the President said to the Congressional Leaders at the White House, but it doesn't account for what Admiral Turner discussed with Senator Clark.

Y: Admiral Turner and David Aaron, I don't know what they discussed. As I understand it, they went to get a clarification of what Senator Clark thought were the limits of the amendment, what he thought was the continued effect and importance of the amendment. He could not have simply said: Well, I'm willing to drop the amendment. He could not have changed the amendment by himself; it had to be changed by a vote of the Congress. The other thing is Dick Clark is very much a member of the President's team. If you ask which Senators have the best voting record in relationship to the Administration, Senator Kennedy and Senator Clark would be right up at the top of the list.

S: Why did he go and talk to the press and say. . . .

Y: Because in the meantime it leaked out. At the same time, as I tried to track it down, the President, in talking about assistance to Angola, Mozambique, and others, I think that Angola and Mozambique generally want to be non-aligned. There generally are food shortages in Mozambique as a result of the flood. In Angola, because of their inability to get the agriculture sector reestablished and we have never been picayune about food supplies. Almost throughout the entire struggle with Ethiopia and Somalia, we supplied supplies under Public Law 480 to the Ethiopians and Somalians. We don't make food that political, but with some of the criteria, it was difficult to give food even to some of those places, and I think it was in that context in discussing possible ramifications of any kind of assistance to places in Africa that the phrase became public "The President feels his hands are tied". Now that did not come from the President, it came from Congressman John Rhodes, the Minority Leader. He came out of the meeting and said to the press, the President feels his hands are tied, and then a series of press reports emerged. Right in the middle of this, Kolwezi broke, and there was an emotional intensity which we had not had in our foreign policy for a long time. So, how we got that all straightened out was a matter of straightening out in the press. I was in the policy meetings around that period, and there was never any discussion of resuming covert aid to the opponents of MPLA.

S: Nobody asked for it?

Y: No.

S: Not even Brzezinski?

Y: Not even Brzezinski. And during that same period, during the Special Session On Disarmament, we were talking directly with Angola about settling Namibia. And I was instructed by the Secretary of State and the President to meet with the Angolan Prime Minister who was visiting. It was a period where news coverage were speculating as to what we could do and what we should do.

S: You mean it eame more from the press?

Y: I think so, there was also an immediate assumption which we made that the Cubans were to blame. The President said that he thought the Cubans had to share responsibility for the invasion of Shaba. And I agreed with that because they had been involved in that region, they have assumed obligation of military advisers to the govt. of Angola and as such must share some responsibility.

S: Did Castro call Mr. Lane?

Y: But I am saying that before that Castro could have gone to some of the people that were involved in the raid and said "Don't do it" and he didn't do that. One of the reasons is that while I'm not sure the Cubans actually planned and conducted this raid; I think probably the East Germans did.

S: You think so?

Y: Yes, always have.

S: On what sort of information do you say that?

Y: More and more the East German role in Africa while smaller, you don't have any large numbers of East German troops, you do have quite a few East German technical advisers. East Germans are training and equipping people in situations like that. The Germans had a reason. East Germans were worried about missile development project that was going on in Shaba. There is a private West German corporation that leased almost half the land in Shaba to develop low cost and the East Germans are very disturbed about West Germans' capability to have a low cost missile system. And it seems to me they had a vested interest in upsetting things in Shaba in a way that I'm not sure anybody else had.

S: And you mean the Cubans kept quiet because of the East Germans?

Y: Yes.

S: Even though they were not interested in . . .

Y: Yes, they could not betray the East Germans but they tried to make clear to us that they were not the ones.

S: The strongest part of what you say is we don't have to compete with the Russians, we're better, have more to offer so let's not worry about what they do. What if you're right? Aren't you afraid that could lead to a very dramatic confrontation?

Y: No, I think we have been able to successfully avoid the confrontation because our restraint and our reasonable approaches to things have prevailed everywhere so far.

S: But precisely, isn't that dangerous?

Wars have always started by people who are with their back at the wall.

Y: But their backs are not at the wall, except insofar as their own failures. For instance, they were in Somalia and they couldn't handle Siad Barre so they moved out of Somalia and into Ethiopia. Two years ago, they were in Sudan and because of tensions between Sudan and Libya, which they didn't understand, they got thrown out of Sudan.

S: Well exactly.

Y: But it is kind of hard for them to blame that on anybody but themselves.

S: Within the eastern camp, East Germans are doing them in commercial markets. With their traditional allies, they are losing ground. That's obvious with Algeria for instance, since Kissinger signed those contracts, Algeria asked to be paid in dollars by the Russians. In Asia, they had to do what happened recently to make sure their influences remain in control.

Y: I think what they are learning is that they cannot control. And they have also learned that they can compete fairly. I think right now the largest trading partner with Russia in North Africa may be Morocco.

S: Really?

Y: Yes, and it's strictly on the basis of mutual needs. Morocco has large phosphate deposits, the Russians need for fertilizer and it's not as though we are limiting them in any way. What I hope we are doing is limiting the results of their military encounters any time the Russians want to participate in peaceful trade and development assistance. I don't think we have any problem with that. We would encourage that, in fact.

S: But the U.S. has more to offer.

Y: Not necessarily. The truth of it is in terms of natural resources yet to be developed, Russia has a tremendous amount. I think Russia's problems that we don't have are weather, and I think they haven't learned to master their bureaucracy as yet. And I am no authority on Russia, but I think for all the things that are wrong with the free

enterprise system, one of the things that is right about it is it provides for rapid changes in producing things more efficiently.

Our system maximizes efficiency and their system, I guess, gets encumbered with bureaucracy.

S: OK, what you are telling me is the Russians will be OK once they understand our way of doing things and they can catch up with us peacefully, but that in other words, they have to destroy their own society in order to be competitive.

Y: No, they don't have to destroy it because I think that there is a kind of bureaucracy in the Japanese too and the Germans have been very rigid and bureaucratic in the past. They've got to find a healthier mixture just like I think we've got to find a healthier mixture to provide more government response to the problems of unemployment and inflation and more particularly, I think there has got to be more government involvement in our economy as we become more and more export-oriented.

Y: Our free market system was perfectly adapted for the continental United States. But as we start having to compete with the Japanese and the Germans and everybody else, we are going to have to do a little more for our businesses to help them function abroad. We're going to have to do a little more for American citizens working abroad. I resist this competition between systems. The United States as it was prior to Franklin Roosevelt just doesn't exist any more. The trade union movement in the 1930s and 1940s made a radical revolution in American lifestyle. And without the trade union revolution, we wouldn't be able to produce approximately nine million cars. In the 1950s and 1962s, we had a civil rights revolution and that has produced another whole qualitative difference in the American life and politics. In the 1970s, you had women becoming much more aggressive and involved in our economy. We have not yet been able to see the changes that that is going to produce. So, our system is constantly evolving just as their system is constantly evolving. I think the present Soviet dissidents may turn out to be the salvation of Russia.

S: But listen, they are all going on trial, they are being dismantled.

Y: It was just ten years ago that I was on trial. I was on trial in Atlanta, Georgia, for organizing garbage workers and ended up spending fortunately not long in jail. And three years after that, I was the Congressman from the district. Now, in Russia things don't move that fast. In Russia, the dissidents are an intellectual and cultural elite who just happen to be Jewish.

S: What about the trade unions?

Y: They haven't emerged yet as far as the dissident movement. Down South in the 1950s, they used to try to say that we were Communists and that everything the civil rights movement did was communist inspiration. And the Russians are saying it's the influence of the Capitalists and the CIA. That's ridiculous. It's a natural progression in development of Russian society that they don't have sense enough to understand.

S: So, in other words, the present Russian policy is one being pushed against the wall and possibly leading to some very, very big conflict.

Y: I don't think so. Our relations are too good.

S: On what level?

Y: On almost every level except publicly. Vance and Gromyko meet every month.

S: Yes, but what about? Decide to judge Scharansky the day before they meet?

Y: Yes, but judging Scharansky is one thing that is probably an act of defiance and independence on their part but they will continue to negotiate arms limitations and there's no telling what's liable to happen. We still have hundreds of people that I would categorize as political prisoners in our prisons. Maybe even thousands, depending on how you categorize them. During the war in Vietnam, whenever there was domestic pressure, most of these young people who went to jail for conscience were political prisoners. Where they had good legal assistance most of the time they got free. Our political system, especially our court system, does have a great deal more flexibility in it, but you still have to fight for it.

S: OK, but let's say that the American system is much better equipped to deal with changes and to integrate changes. So far, no Marxist regime has proved that it could do that.

Y: Well, I'm not sure. To do that, you have to keep alive the strain of humanism in the revolution and I would say that the Cubans tried to do that.

S: But you would disassociate Cuba from Russia?

Y: Yes, I think even in Poland they try to do that and Romania too. Now and then those things begin to work.

S: But don't you think that's dangerous? When President Carter goes to Warsaw, speaking on human rights and underlines the possibility of Poland leaning more to the West.

Y: I think you shouldn't call it more to the West. I think Poland is going to become more free. But it will probably still remain within the orbit of Soviet influence, but people will be happier.

S: But you think Moscow is going to see its own satellites take their independence?

Y: It depends, I think. It really does.

S: You are not afraid of a World War III?

Y: No.

S: Why did it take so long to make an official gesture toward the Angolan government?

Y: In February of 1977, I met with Neto.

S: But in the US.

Y: Well, I was in the US. I was in Nigeria and I was officially a representative of the US Government. Don McHenry has met with Neto on two occasions prior to this publicly announced one. This is the first time it has been publicly announced. Our Ambassador to Nigeria has been to Angola (Garble) and I think it has taken a long time to get to the point where we thought we could do something, has been as much their problem as it has been ours. I think they would have welcomed normalization of relations but they didn't want to talk about any kind of political settlement of their differences with Savimbi.

And what we have talked about essentially is something we have in common—a need that we have in common—and that is the independence of Namibia. Independence of Namibia would help us in our relationship with South Africa and in our relationships with liberation movements generally. It would help Angola in relationship to its future. And so, by talking about the things that are our common interests, maybe we can evolve toward other things.

S: Is a normal diplomatic relationship feasible in the near future?

Y: I don't know what you call the near future, but I would say that it is certainly something that has to be considered. If you don't have stability in Angola, you don't have stability in Zaire. It doesn't matter whether we want it that way or not. It's just going to be that way.

Y: Tribal groups overlap so much that either those countries will work together to solve their internal problems or their internal problems will spill over into the other country and we have more to lose as a result of that than we do as a result of some working relationship with them.

Y: I would say that Mobutu was just on the verge of beginning to put together some kind of reforms, economic meetings which were scheduled for the 13th of June. They had been scheduled for about six months and Shaba came in between that. That put everything back to where it was.

S: In other words, you are saying that Mobutu could possibly evolve into a decent leader of Zaire?

Y: All I am saying is that he is the leader of Zaire and that the United States Government does not involve itself in replacing or undermining any existing leader.

S: Even propping them up?

Y: Even propping them up. We've been able to give assistance to people. If there is some question as to whether that props up a leader or not when its people are well fed . . .

S: OK, let's be more precise about it. Don't you think that Shaba is a direct consequence of the Franco-Morocco intervention of last year?

Y: No, I don't.

S: You don't?

Y: I think Shaba this year is a direct result of continued attacks on Angola from Zaire territory along with the concern of East Germans and Katangan hostilities. I think that the Luanda tribesmen in Angola are probably as close to being African mercenaries as anything we've had. They fought with the Belgians first, they fought with the Portuguese, then they switched, they fought with the MPLA. They have been on every side.

S: In defense of their own territory?

Y: I don't know what it's in defense of? It might be in response to whomever paid them. Their move into Shaba the way they did wasn't necessarily a sustained guerrilla attack to overthrow the government. Other guerrilla movements that are fighting to claim the land fight all the time. The Katangans seem to fight and then go sleep for a year. And then they rise up again in 18 months and they do one incident again.

S: So what do you put down?

Y: I don't know. I am saying that it could be they fight when somebody else pays them and make it worth their while.

S: You mean in this case, the East Germans?

Y: Possibly.

S: But it's a known fact that the people of Shaba support them, or at least a great majority.

Y: You don't even know that. They do speak the language, they are from that area, they would normally be welcome, but the people of Shaba haven't been conducting any kind of undercurrent against the government. Nothing has happened.

S: They cant' afford to.

Y: Sure, you can always afford to. There's nothing like the repression in Shaba that there is in South Africa and yet there is a constant reaction on the part of even school children. So, I'm saying it's hard to make—hard to know what really is going on in Shaba. Or to blame it all on Mobutu. And say this is just a liberation movement that's trying to overthrow Mobutu. It may be, I don't know. But their patterns don't act like the Patriotic Front, or SWAPO, or any other liberation movement I know. I don't know of any liberation movement that's taken 18 months off and then fought another campaign.

S: Do you really distrust them?

Y: I do. I don't know them and I don't know anything about them. My inclination is to be suspicious of anything I don't know.

S: Six months ago when I spoke to Anne Holloway, she seemed to say that whatever the French had done in Africa since you came into office was with total approval from Washington.

Y: Oh, I don't think she said that.

S: Well totally complimentary she said.

Y: It depends on what you are talking about. If you are talking on our airlifting troops in to preserve order, to give humanitarian relief to the missionaries and the business people that were there, I would say that's true. I don't know what else the French are doing though.

S: Would you say our goals in Africa are the same as the French?

Y: No, I can't.

S: Why not?

Y: Because I think the French are pursuing French economic interests and I think we're not pursuing US economic interest to the same degree. I think the tension between the French and the Belgians in Zaire indicates that I would say we are much closer to the Belgians. The Belgians had a humanitarian concern for what was going on in Zaire; they were concerned about life and the future of their own people, they were of the mining infrastructure.

S: What were the French concerned with?

Y: I don't know. I think the French were concerned with their balance of payments deficit and are having difficulty competing with the Germans and the Japanese, the Swedes and everybody else. The way they have done it traditionally is by developing very successful neocolonial relations. I think some of the most successful countries in Africa are from French-speaking countries.

I would say the classic example would be Ivory Coast and I like Ivory Coast and I think that when you have a leader like Houphcuet—Boigny who consciously decides that the future of his people and the advancement of his country is best accomplished with a close relationship with the French, then I welcome that and I would do anything I could to support it. I think the same thing is true to some extent of Senghor.

S: Don't you think he is going a bit far now though?

Y: I don't know.

S: With the Pan-African Force?

S: What do you think of the Pan-African Force?

Y: I don't think it will ever happen so I never worry about it. There was a lot of talk and what does he come up with—300 Senegalese and 300 from Gabon and maybe 1000 Moroccans. There is too much English-speaking opposition to that. They don't see it as a Pan-African Force at all; they see it as a French-African Force.

S. Right.

Y: So, There is no question in my mind that that will be a big topic of discussion at the Organization of African Unity. I think though that there ought to be some way for countries in Africa to come to each other's assistance.

S: But through the Organization of African Unity?

Y: Well either the Organization of African Unity with some recourse to the UN through the Security Council.

S: But that would involve other countries.

Y: Yes, but it would put a freeze on the military situation and give you a possibility—the Security Council is not going to fight any wars—it's going to freeze the situation in place and push political solution, and where the African states would have the most to say about the politics, about the kind of solution that comes about.

S. What do you think of the French operations in Chad?

Y: I tend to approve the French operations in Chad. The other way to turn that around is what do I think of the Libyan operation in Chad. When somebody else is being an outside aggressor, I don't think you can blame the country for coming to or getting somebody to come to its aid to help them. I think it is very clear what is happening in Chad.

S: Is being stirred by the Libyans? They only came in afterwards. They are using the situation.

Y: In the first place nobody knows where that border is up there. Nobody knows what it is. I would say that all those wars are tragedies in that there is a whole lot of killing and destruction and nobody is winning anything, because there's nothing up there to win.

S: But the French are decimating all those Chadians. I mean that there is no Chadian army, we know that.

Y: We don't get reports on that.

S: Well, I can tell you, we do.

Y: But the thing that has got to happen in Africa and places like that or in places like the Ogaden or in places like Angola and Zaire is people have got to come to their senses and realize that military solutions make matters worse for all sides.

S: But today there are more conflicts, more armed conflicts in Africa than there were two years ago.

Y: Yes, but the conflicts have always been there. People have decided to put in sophisticated weapons, and I think what we have got to try to do at the UN is see if we can't find political solutions to those problems. Now the OAU wants to settle its own problems itself. But there is not the machinery in the Secretariat, the travel problems are too great, and Africa after all is not apart from the rest of the world. That's like saying, for the OAU saying they settle their problems alone, is like the Middle East saying we'll settle our problems alone. Nobody would let the Middle East do that, nobody is going to let Africa do that, but by bringing Middle East problems into the context of the UN, the Arabs and the Israelis, East and West argue them out and I think we've contained somewhat the violence in the Middle East, say in the last few years as a result of pushing for political solutions. And that is what we are going to have to have and one of the things I hope to do when I leave here is spend some time in Algeria, Morocco, Mauritania, the North African areas where you've got problems. I don't know enough about what's going on in Chad and Libya or what the French are doing really.

S: So you are going to see it?

Y: I'm going to try and find out because I think that the Russians should have learned. And the Cubans, I don't know what they lost or how much it cost them to drive the Somalis out of Ogaden but the Somalis aren't gone. And the geography is another factor. I think the big problem that Europeans and Americans have with war in Africa is they tend to conceptualize it in a European sense where in a European sense if you advance a hundred yards from French territory into German territory, you've done something. You can go a hundred miles in the Ogaden and not hit anything worth fighting for. And it's almost not worth the gasoline that you've used up to go the distance. And the Sudan will tell you, somebody can come into our country and they can come 250–300 miles and they can stay 2 or 3 days and we don't worry about it. That gives us time to see what they are up to. And then when we decide what they are up to, we can either cut their supply lines and strand them or we can drive them out. I mean war in Africa is quite different than anything Europeans have thought of before. And one of the reasons we have over-reacted to 20,000 Cubans in Angola is we think that that's a lot but Angola is twice the size of France, and 20,000 anything can't run a country that size.

S: You still think they have a good influence in Angola?

Y: Some, yes. I think in Southern Angola all that group, about 7,000 or so, are given technical assistance. They are providing educational opportunity, they are running the hospitals, they are keeping the plumbing working and the water supplies operating, and they are the only ones who can repair any motors. They keep the fishing fleet going to some extent. All of that is healthy. I think when they go out on search and destroy missions to try and destroy other Angolans who also have a right to be part of the government, I think that has to be condemned.

S: What do you think of the very privileged relationship that France entertains with Savimbi?

Y: Well, I happen to like Savimbi.

S: Yes. So does John Stockwell, but——

Y: But I don't know if it is in anybody's interest to make war on behalf of Savimbi against a government that is involved. I think that insofar as there could be some kind of political rapprochement, I would certainly encourage that.

S: But that's not what the French are doing.

Y: No, and I think their left hand may be destroying in Angola what their right hand is trying to do in Zaire.

S: You mean their left hand is the clandestine hand? Are you trying to do anything, are you trying to put any pressure on the French government against it?

Y: No, because I think that our position is that Savimbi is an authentic Angolan leader and that somehow in the context of Angolan politics there ought to be a place for those forces. Our position about Angolan leadership is pretty much like our position about Rhodesian leadership. We think that Mugabe, Muzorewa, Sithole, all of them have a right.

S: Since we are on Rhodesia, how much chance do you give them for a peaceful settlement?

Y: It depends if we can have a settlement in Namibia in the next month, which is likely. The Western members of the Security Council are in Luanda today. If they are successful in their negotiations and if South Africa withdraws troops and UN troops go in there, I'd say the chances for a similar thing happening in Rhodesia in a few weeks is——

S: In a few weeks?

Y: Yes, it's just going to go one way or the other before the end of the summer, both of those places.

S: Really?

Y: Yes, either we'll make the settlement in Nambia in which case violence will stop in Nambia and the UN troops will move in. When the white Rhodesians and South Africans see how it is working (garble). UN troops have survived and maintained some order in Lebanon where they are located and UN troops have an outstanding reputation.

S: But look what's happening in Lebanon now.

Y: Not where the UN troops are. The UN troops are down along the border; that's happening up around Beirut. There was never a mandate for the UN to occupy all of Lebanon.

S: So you think peaceful solution in Namibia may incline Ian Smith to . . .

Y: Very definitely.

S: But Nkomo and Mugabe will never sit with Ian Smith.

Y: They have been sitting with Ian Smith all the time.

S: What do you mean? Not physically at least.

Y: There is one thing I learned about the Rhodesian situation which is everybody talks to everybody else.

S: Really?

Y: Muzcorewa and Mugabe, Sitole, Nkomo. Smith is always sending messages to every-

body. It's a family feud, much more than anybody realizes and it has been for the last five years.

S: But what about the recent massacres?

Y: I don't know that anybody knows who is responsible for those massacres. It raises questions with me because I know the missionaries. For instance, one of the places that was attacked was the Salvation Army Training School. Almost everybody on Nkomo's Central Committee went to school there.

S: So it couldn't be them?

Y: No. It just doesn't make sense. The other thing is, I know that the missionaries have been of great humanitarian assistance to the guerillas. They have given them food, they have operated on them when they have been wounded. When somebody saves your life you don't come back and kill them. I am awful suspicious of the charges that the guerillas are attacking the missionaries. Mugabe is a devout Jesuit school teacher. When the talks were here in Geneva, Mugabe used to go off on weekends to a monastary. There's nobody at the top of his organization—many of whom are products of Catholic missionary schools. Mugabe taught in the Jesuit schools. At one point you could say that their rebel bands of . . .

S: Of provocateurs from the other side?

Y: I didn't want to charge them with that yet, but the rebel bands that might have gotten out of hand and attacked one missionary operation was pretty soon rounded up by the guerillas. And so I would think that if it's a planned operation to attack missionaries, which it seems to have been in the last few weeks, then it has to be coming from Smith's side.

S: But that shows that even though it may be a family feud it could turn into a massacre.

Y: Oh, it is very definitely. Except there is still a great deal of restraint. Tongogarro who is Mugabe's military commander told me that his mother worked on Ian Smith's plantation.

S: Really?

Y: And that his mother would never forgive him if something happended to Ian Smith's parents because Ian Smith's parents had sent for a doctor when his brothers were sick. He is very careful not to say Ian Smith but it's sort of like the Old South in the United States. There are hostilities along a racial class level but there are some very strong individual ties. And he was saying that Ian Smith's parents put his brother in a wagon in those days and got his mother and his little brother to a hospital. And his mother wouldn't let anybody . . . and those kinds of family ties are still very strong.

S: What do you feel is the change of atmosphere in the U.S.? It seems like a new conservatism.

Y: On the basis of what?

S: Bussing, Bakke.

Y: No, the Bakke case came out perfect considering it was brought by a young man who I think was discriminated against because of his age, frankly. He was 33. But nothing the court did overthrew the affirmative action programs. In fact it probably contributed to further clarifying affirmative action. A couple of days later in a case in relationship to jobs and trade unions, it affirmed everything except quotas. For a Nixon court that was a tremendous victory. Now the Proposition 13 is a California halucination. They think California is heaven. They repeal taxes this year and next year they are going to try to have a referendum repealing death.

S: You are not afraid it could spread?

Y: I think that it's going to spread, but the consequences are going to be felt so quickly that it won't go far.

S: So generally you don't think there is a new mood of (conservatism)?

Y: Not anything that's lasting.

S: What do you feel of Carter's loss of popularity and what do you feel when people say you are Carter's token Liberal or token black?

Y: I don't worry about Carter's loss of popularity because I think he took over when lots of things had been left undone. We had four Presidents trying to get a Panama Canal Treaty for the last fourteen years. He could have put it off another four years until it got more popular. But in the meantime he would have run the risk of a complete breakdown in Panama. So what he's done is do what has to be done regardless of the political consequences. I started in Congress under Nixon trying to pass an energy bill and three years in a row in Congress we couldn't get one passed. He's not doing too much better but at least he is fighting it out and we will get an energy bill. He's taken on all the unpopular causes and by doing it the first two years of his administration he has a chance to succeed. And by the time he comes up for re-election people will be very appreciative of the fact that he did these hard things back when he did. We had a governor in New Jersey, Brendan Byrne, ran on a platform that he would not increase taxes. When he got in the school system was about to close so he introduced an income tax and everybody started calling him one-term Byrne. But he was just re-elected by almost 60 percent of the vote a couple of months ago because by the time people got around to it and they realized had he not done what he did the whole educational system of the state would have fallen apart. So people don't like courageous leadership in the beginning but they appreciate it after a little while.

S: So it's better to get it all over with at the first?

Y: Yes. And in terms of my being the token Liberal and the token black it just isn't true. Just before I left, I asked the White House if they could pull together a list of the black political appointees. There were over a hundred that were in pretty high-level jobs—Assistant Secretary of Labor, in fact two Assistant Secretaries of Labor, the Under Secretary of the Interior, Under Secretary of the Treasury top level assistants in the Office of Management and Budget, Secretary of the Army, the Assistant Secretary of the Civil Rights in the Justice Department. There were so many, I didn't know them. I get maybe too much publicity, but what I was saying to them was that they ought to speak up more and not let me take all the flak by myself.

S: What about the token Liberal, the ideological, LIJE the speech of the administration?

Y: I don't think I'm that much more Liberal than Vance.

S: Why didn't you say Brzezinski?

Y: Brzezinski, on the economic issues, the North/South issues, I would say we agree on that. Brzezinski and I might disagree on Cuba, but even with that it's a healthy one. We would have a tactical disagreement on what to do about Cuba.

S: But not a fundamental one?

Y: No, not really. When I am in a meeting, I am never the only Liberal voice, I don't care what meeting it is. And usually I'm not the most liberal voice on any given issue. I just talk out loud sometimes.

H.R. 12052—TURNING DREAMS INTO REALITIES

The SPEAKER pro tempore (Mr. OBERSTAR). Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, a critical problem facing our economy is homeownership. The cost of home financing has risen so rapidly that ownership is beyond the reach of many Americans. This is especially true of young families trying to buy their first home.

Another equally serious problem of homeownership concerns our Nation's older Americans. How can senior citizens, the majority living on fixed incomes, afford to continue living in their homes? Due to increasing costs in real estate taxes, utilities and other maintainance costs, and no rise in their income, millions of senior citizens are being forced to sell their homes. And the most ironic aspect of this is that, in many cases, the mortgage on the home is paid in full.

It has always been the American dream to own your own home. And the culmination of that dream is a comfortable and secure retirement, relatively free of financial concerns. But, for many Americans, that dream is moving farther from rather than closer to a reality.

Mr. Speaker, in January of this year I introduced a bill which addresses the problems of these two groups, a bill I call the American Dream Act. The legislation would allow federally chartered savings and loans to offer two new mortgage plans, the graduated payment mortgage (GMP) and the reverse annuity mortgage (RAM).

The graduated payment mortgage allows monthly payments to begin at a low level and to gradually increase over the life of the loan. Both the rate of increase and the interest rate are fixed throughout the life of the loan. This type of mortgage would be especially beneficial to young couples whose income is not high enough in their early years of marriage to enable them to afford large monthly payments. But, with reduced payments in the earlier years of the mortgage, and subsequently increased payments as the homeowner's income level increases, homeownership would be possible.

The reverse annuity mortgage is designed to allow senior citizens to draw equity from their homes in the form of cash, without being forced to sell their homes. The homeowner retains ownership and draws a monthly check based on the value of their home. When the homeowner dies or decides to sell, the amount, of those monthly checks, is merely deducted from the proceeds of the sale and returned to the lender.

Since I originally introduced this legislation in January, the positive response to the loan plans has been overwhelming. Sixteen members of the House Banking, Finance and Urban Affairs Committee have cosponsored the bill. Hearings began last week in the Financial Institutions Subcommittee and will continue throughout this week.

I have received letters from all parts of the country urging passage of the Dream Act. The majority of this mail has come from senior citizens. Many older Americans see this legislation as

their only hope of keeping their homes. Many have said they will be forced to sell in the upcoming year, if this legislation is not passed.

The letters are heartbreaking in their simplicity. A man from Lewistown, Pennsylvania sums up the frustration of these citizens. He writes: "Why save all your life for your property and do without, and then die and give it all away? I am behind your bill 100 percent."

A couple from Indiana sum up another reoccurring theme in the letters I have received—the senior citizens' desire for independence. They write:

This is the first piece of legislation that is favorable for the financial plight of the older citizens and will be reward for their years of saving and investment in property. Further, it can make us all less dependent on the government for handouts or the fraud of social security.

Consider the plight of these citizens. Years ago, they bought a home as an investment for the future. The theory was—get the house paid for while you are working and when retirement comes, sit back and relax. Of course, there will be taxes, but these can be handled out of social security or pension plans.

But, inflation and property taxes have played a cruel joke on these citizens. It may be nice to know that your home has tripled in value if you plan to sell your home. But, for the retiree, all this increased value means is more taxes. Combine real estate taxes with increased utility costs, and quite often payments exceed the monthly mortgage payments these citizens struggled to make for so many years.

A man from Pipersville, Pa., illustrates how desperately this legislation is needed:

If this bill passed, you will have earned the undying gratitude of thousands, if not tens of thousands, of old people and should deserve a monument as one of the truly great benefactors of the elderly. Only by selling can we keep from eventual disaster and that would be the final blow, since most of us have been living in our houses the best part of our lives.

Another senior citizen writes:

My husband and I are living on Social Security with a paid up home. We do not want to sell, yet we need more income to maintain living in it. Your bill sounds like the answer to all our problems. We do not intend to leave an estate, but would like to be able to afford a few necessities. Please work on it.

Mr. Speaker, the potential for the reverse mortgage is tremendous. It is estimated that homeowners 65 years and older have a net equity of $90 billion in their homes. Why should they have to wait until death to realize the economic fruits of 30 years of mortgage payments.

And, as for the young family trying to buy a first home, the graduated mortgage loan would enable up to 11 percent of current renters under the age of 35 to own their own homes. It is estimated that 2½ million families could afford homes under the GMP loan.

Because this legislation grants permissive rather than mandatory authority to make these loans, I see no reason why we cannot deal with this legislation in a speedy manner. The sooner we get these mortgages on the books, the sooner we can help both the young families and the retired citizens of our country.●

LEGISLATION AUTHORIZING POSTHUMOUS AWARD OF THE CONGRESSIONAL MEDAL OF HONOR TO WILLIAM JAMES TSAKANIKAS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. OTTINGER) is recognized for 5 minutes.

● Mr. OTTINGER. Mr. Speaker, today I have introduced a bill authorizing the President to award the Medal of Honor posthumously to William James Tsakanikas in recognition of heroism displayed in World War II.

Mr. James, as he was called after the war, was instrumental in stalling a crucial advance by the Germans. Nineteen years old at the time, he warned his platoons of an imminent attack by German paratroopers. Although his selfless deeds saved his platoon, he was captured and nearly killed, spending 5 months in German prison camps before returning to his home in Westchester County, N.Y. By the time of his death last year, he had undergone 36 operations, but the pain of his severe facial wounds never left him.

James' heroism is described in two books by John S. D. Eisenhower, son of former President Dwight Eisenhower. Eisenhower describes James as "one of the most aggressive soldiers in the platoon * * * always anxious to do more than his part in every kind of action, the kind one could count on for any job * * * he was proud of the platoon and even more proud of the confidence Bouck (his lieutenant) had in him. He had resolved to do more than his best to serve his country.

This is the type of courage he continually showed, unwilling to sacrifice the safety of his service buddies for his own. In his last battle he was wounded: "The right side of his face had been shot away, and his right eyeball was hanging limply in the cavern where his cheek had been."

The pain of his wounds never ceased. He was in constant agony yet, upon returning to civilian life, he continued to display the same spirit of self-sacrifice he showed in the war. After earning a bachelor's degree in economics from the Wharton School of the University of Pennsylvania and an engineering degree from Tarleton State University in Texas, he went to law school, worked for the State unemployment office, and was an Oldsmobile salesman. He became active in civil affairs in the Town of Rye, N.Y., and was a deacon in the Presbyterian church and a volunteer in the Port Chester school system. He died, still suffering from his wounds, July 27, 1977.

It is proper that this courageous individual receive the Medal of Honor so many years after his service, for this man indeed performed above and beyond the call of duty.

The text of the bill follows:

H.R. 13580

A bill authorizing the President to award a medal of honor posthumously to William James Tsakanikas

Be it enacted by the Senate and House of Representatives of the United States of Amercia in Congress assembled, That, notwithstanding sections 3744(b) and 3752(a) of title 10, United States Code, the President is authorized to award in the name of the Congress a medal of honor posthumously to William James Tsakanikas for valorous acts performed at the risk of his life above and beyond the call of duty while serving as a private first class in the United States Army during World War II, and to present such medal to his family.

A PLEA FOR ACTION

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. PRICE. Mr. Speaker, I invite the attention of my colleagues to an important and interesting article by Hon. Paul H. Nitze which appeared in the New York Times Magazine of May 7, 1978.

A PLEA FOR ACTION

(By Paul H. Nitze)

It is characteristic of the American political system that candidates for public office deal with ends rather than means—and, to some extent, continue to do so after being elected. One can always be warmer, more human and more sympathetic when discussing ends than when dealing with the allocation of the scarce means necessary to achieve those ends.

But there is an additional problem if the ends are inherently contradictory. One can't simultaneously favor the young, the old and the middle-aged of both sexes; the blacks, the whites, the Indians, the Mexicans and all other racial minority groups, the Jews, the Catholics, the Protestants and the nonbelievers; the workers, the farmers, the white-collar workers and the business managers. One can't both achieve a rising standard of living and take environmental measures that deny one the means to achieve that standard. By the same token, unless one makes wholly unrealistic assumptions about the nature of Soviet policies, one cannot simultaneously favor abolition of all nuclear weapons, a substantial cut in the defense budget and a national defense second to none.

It was therefore a foregone conclusion that President Carter would not be able to achieve some of the contradictory ends he set for himself during the campaign. But that has been true of many Presidential candidates. The more serious question is whether, since his inauguration, he has adapted his position to a more realistic approach to an imperfect world—whether he has plotted courses of action designed to get some specific and necessary things done for the country as a whole. I will not attempt to deal with the choices he faces on inflation, energy, the environment or the unemployed young; my subject is President Carter and the Russians.

It was Mr. Carter's original intention, in comparison with the preceding Administration, to be firmer with the Soviet leadership, more understanding toward our allies and more successful in negotiating equitable agreements with the Soviet Union. These agreements were to cover a wide range of subjects, including a new strategic-arms

treaty (SALT II), an agreement on mutual, balanced force reductions in Europe, a comprehensive nuclear test-ban treaty, a new codification of the Law of the Sea and an agreement concerning the Indian Ocean. At the same time, he proposed to put less emphasis on East-West relations and more emphasis on North-South relations and the global issues of food, population, energy, economic development and the environment. All this was to be carried out against the background of a vigorous campaign to foster respect for human rights throughout the world, including the Soviet Union.

Today, this agenda looks far less practicable than it did on Jan. 20, 1977. What have been the causes for disappointment?

In my opinion, the principal cause is the President's misreading of the Russians. He shared the view of his chief arms-control negotiator, Paul Warnke, that the Soviet drive for greater military power was a reaction to our programs—limited to catching up—and that it would be reversed if we did not take steps to challenge it. He thought it possible to find solutions that the Russians would find "fair" to themselves and that would also be "fair" to us. His March 1977 SALT proposal went so far to be "fair" to the Russians as actually to be unfair to the United States. As his advisers now concede, the proposal would have guaranteed that, under no circumstances, could we gain from initiating an attack on the Soviet Union's fixed land-based missile silos, while leaving us without any guarantee that the Russians could not gain from such an attack on our silos.

However, the proposal would have also placed restraints on modernization and technological developments that the Russians were not prepared to accept. They were confident that they could improve their position vis-a-vis the United States without such restraints, and subsequent developments have proved them right.

President Carter was shocked by the force of the Soviet rejection. He is still in search of a "fair" solution. But the concept of "fairness" to a potential opponent is simply not seen by Soviet negotiators as a serious approach; they believe that opponents should strive to gain as much as possible from the other side, and give as little as possible.

Mr. Carter had hoped to be able to concentrate on the defense of the NATO front in Europe and the security of Japan, and to downgrade areas of lesser danger such as the Middle East, Africa and Korea. He had also hoped to separate the North-South issues from the East-West issues and give them greater priority. On both counts, he ran up against a reality that did not conform to his hopes.

He found that an important line of Soviet strategy was to outflank the NATO center by putting pressure on Norway and Turkey—particularly Turkey, which is now the largest single recipient of Soviet aid. He also found that the Soviet Union was working toward a position of hegemony in the Middle East designed to outflank Europe and Japan, and a position in Africa designed to outflank the Middle East.

The President thus found that it was not possible to separate North-South issues from East-West issues. It was the North-South issues that were being exploited by the Russians to upset the East-West balance in their favor—and this exploitation was fostered by the Soviet Union's growing strategic nuclear capabilities and its increasing power to project military force, either directly or through client states, to positions distant from Soviet borders. Although Mr. Carter announced that we would "compete" with the Soviets for influence in the third world, he found that the tools of American influence needed for that competition were not strong. Our ability to grant economic assistance is not what it once was. Military aid has been limited both by the Carter Administration's policies and by Congressional restraints. And there is a limit to what words and diplomacy, not backed by the more substantive aspects of power, can accomplish.

With respect to the human-rights part of his program, he has found the world more responsive to this initiative than might have been expected. Those who have suffered under Soviet domination, and who, therefore, know the Soviet regime well, received the White House appeals on behalf of human rights with renewed hope. This audience includes the people of Hungary, Poland and East Germany, among many others. In the Soviet Union itself, the regime has found it necessary to tighten the measures of repression. The regimes in Egypt, Somalia and China have also known the Russians well, but have other reasons for being opposed to the Soviet Union, and emotionally so. But those emotionally opposed to the Kremlin's policies do not, separately or together, command organized power adequate to make their opposition effective. They tend to look to us for more support than we are in a position to give.

In short, I believe President Carter misjudged the current state of the world and the Soviet Union's role in it. It seems evident that he is now having to reassess his policy, and that the issues sketched out above are causing divisions among his advisers.

Clues to the opposing viewpoints may be found in statements being made available to the press. In the New York Times of April 17, for instance, a high-ranking State Department official is quoted as saying that Zbigniew Brzezinski, the Presidents national-security adviser, "believes that only by displaying backbone can the Administration achieve its goals with Moscow," whereas "most people around here [the State Department] think that tough talk and a threatening posture could ruin the chances for working out a more stable relationship."

That comment seems to me to miss the point. It is undeniable that tough talk and a threatening verbal posture not backed by the tools to make it stick are not going to accomplish much; they may, in fact, expose us to the humiliation of a rude rebuff (as the Russians say) or force us into dangerous actions for which we are psychologically or materially unprepared. But neither, in dealing with Moscow, can we achieve our goals without displaying backbone. Accommodation without backbone leads to appeasement. We should talk not "tough" but with constructive reason and with an eye to correcting the continual stream of erroneous and deliberately deceptive propaganda issuing from Moscow. And while speaking quietly, we should urgently be doing those things that need to be done to reverse unfavorable trends in the underlying practical factors of power and influence.

The New York Times news story also reports the suggestion of a close aide to Secretary of State Cyrus Vance that Mr. Brzezinski's unhappiness with second-level State Department officials resulted from "a lack of clear policy direction from the top down." "We don't have a consistent policy toward Moscow," the official is quoted as saying, "and when this is the case, people get into trouble. It's not that the State Department is trying to undercut policy: we are only trying to carry out what we think the policy is."

Normally, a President would replace a Secretary of State whose close aide tells the press that Presidential guidance is so unclear as to lead to serious confusion. Perhaps Mr. Carter does not do so because he himself finds the fundamental issue in Soviet-American relations confusing and difficult to resolve.

What is the fundamental issue? George Kennan, the author of the "containment" doctrine, has in recent years asserted with increasing conviction that our policy must be one of "accommodation" to the Soviet Union's growing new imperial position in the world. Others, including myself, believe that the United States, with backing throughout the world from the host of potential supporters of independence from Soviet direction—if not of national and personal freedom as we understand these concepts—can maintain an effective base for continued widespread autonomy from Soviet pressures. These pressures take the form of propaganda, political action, psychological warfare, K.G.B. operations and moves and threats of a military nature. Despite the rhetoric of détente and accommodation, I believe these pressures will continue to grow if we continue on our present course.

However one interprets it, there can be no doubt about the continuing and mammoth buildup of Soviet military capabilities. Every recent Administration, including the present one, has testified to the magnitude of this buildup, and most Government agencies with competence in the field have stated that it exceeds any imaginable defensive need. Some people, mostly those who were national-security advisers to Senator George McGovern during the 1972 Presidential campaign, assert that this buildup springs from Soviet anxiety, in response to American initiatives, and is basically defensive in character. My own view is that the situation is not that simple, and that one should give weight to what the Soviet leaders themselves say on this subject to their own people.

Their doctrine, which they take most seriously, is that "scientific socialism," as they call their system, will inevitably triumph throughout the world; that they are dutybound to assist this historically determined process by every available prudent means; and that, before succumbing to this inevitable outcome, others will defend themselves and strike back. From that vantage point, everything the Soviet leaders do is basically defensive. As Clausewitz puts it, the aggressor never wants war; he would prefer to enter your country unopposed; those who could defend their independence appear to the aggressor to be the warmongers.

To one who is doctrinally dedicated to achieving world hegemony, anyone else who has or may have the capability to resist that hegemony is a cause for anxiety. In that sense, the United States is a cause for Soviet anxiety. And the shift in the military balance, particularly in the strategic nuclear balance, over the last 15 years, gives the Soviet leaders increased confidence in the validity of their doctrine—confidence that 10 or 15 years ago was badly eroding.

The Soviet leaders do not want a nuclear war with the United States. They do, however, want strategic nuclear superiority (they call it "preponderance"). If at all possible, they would like to have the capability to fight a nuclear war—and to win such a war, in the military sense of ending up in undisputed command of the battlefield and being in a position to dictate the peace. They also propose to survive such a war, whatever the personnel and property losses they suffer, and to emerge as the predominant state in a world of Communist states. I don't think they have, as yet,, the capability of achieving those objectives, but it is my view that unless we take urgent measures at once—not next year or the year after—to reverse current trends, the Russians will have such a capability in a few years' time. At a minimum, the disparity between our force and theirs will be such that we will have no grounds for confidence that the capability is not theirs.

In the Soviet view, preponderance of capability at the highest level of potential violence is the best way to prevent a confrontation at a lower level from escalating to the strategic nuclear level. However, it is also their view that preponderance at the strate-

gic nuclear level can be exploited at lower levels in many forms of political pressure and violence. Strategic nuclear preponderance, they believe, is the fulcrum on which all other levels of pressure and influence depend.

One of their underlying concepts is the "correlation of forces." By that they mean the balance of political, economic, ideological, propaganda and organizational forces, as well as the military balance, at any given time. When that correlation is favorable, their doctrine calls on them to exploit their advantage. When it is unfavorable, it calls on them to be cautions, to retreat if necessary, to buy time in order to regroup and improve the balance so that it again moves in their favor. Associated with this doctrine is the idea that all the forces they control—political, psychological, diplomatic and economic—should be coordinated against the background of the relevant military balance, so as to optimize their gains and minimize their risks and potential losses.

Regarding themselves as being on the historical offensive, the Soviet leaders believe they should use the minimum amount of pressure or violence necessary to achieve their immediate aims. In their view, tactical caution is necessary to assure that, over time, grand strategic aims can be achieved. They follow strategies and tactics aimed at achieving a world controlled by regimes fashioned on the "scientific socialist" model—a world in which they, because of their longer experience, their years of effort and sacrifice on behalf of the Communist movement, and their preponderant power, will be the unchallenged hegemonic leaders.

Their attitude toward the United States has not been one of hatred. They have viewed the United States as being the central power among those nations and peoples who have a different view of the future; who believe that cooperative international arrangements can be made to work, that one country's gains are not necessarily another country's losses, that the actions of government should be responsive to the public will, and that the elemental rights of individuals should be fostered and not suppressed.

They believe the United States must of necessity oppose their basic aims. Therefore, the power and influence of the United States must be diminished by whatever prudent means come to hand. All measures taken must be aimed, directly or indirectly, at assuring that the United States, as the strongest of the Soviet Union's potential opponents, is denied any realistic possiblity of frustrating their ultimate goals.

The Soviet view of the United States has, therefore, been one of cold and respectful opposition. In recent years the component of respect appears to have diminished. Why should this have been so? In part, the reason may be found in President Carter's very virtues.

President Carter has a way with words. His special talent tends toward simple formulations expressed in brief sentences. The results are akin to homilies. His press conferences, for which his skills are superb, abound with sayings fit to be embroidered for a bedroom wall. A companion trait is self-assurance. He is warmed by inner confidence. A third and closely related quality is determination. His amazingly successful thrust for the Presidency two years ago was an object lesson in perseverance, a quality that grows by being used.

Each of those characteristics, favorable as they are to success in politics, has its obverse side. Words, for example, can become addictive. At Notre Dame University a year ago, the President revealingly offered the thought that, "in the spiritual realm, words are deeds." If that were all there is to it, we could all attain salvation on the basis of our New Year's resolutions. A capacity to deal with practical matters, not merely with words, is vital—a point no policy maker should ever forget.

Even self-assurance can become a bad habit. In an extreme form, it may induce political leaders to attribute transformative powers to their own personalities—as if some mysterious radiation of their presence could resolve human differences in the way kings in ancient times were said to be able to alleviate physical infirmities by touch of hand. Many a political project has been undone by this delusion.

One must take pains to be precise. The faith that moves mountains is indispensable; I question only the attitude that classifies all mountains as movable objects, the perseverance that only redoubles its efforts when finding itself on the wrong course, the aspiration that indulges itself by defining every impediment out of existence.

To those of us who entertain more and more doubts about President Carter on these grounds, his shortcomings appear as virtues carried to excess. Has his way with words led him to confuse strength with occasional strong utterances on the necessity of being strong? Has he unconsciously translated equations of power in world affairs into terms more applicable to personal relationships—relationships susceptible of being improved, redeemed, and resolved by his setting an example of patience and grace? Is he too devoted to an array of moral equivalents? Does the President find the ideal ends of policy too congenial to his spirit—to the prejudice of the obdurate factors of means? Has he imaginatively reconstructed the Soviet Union with hypotheses that fit his own hopes?

The Russians appear to believe that they face a confused man; a man who, on the one hand, would like to see a world wholly without nuclear weapons, but who, on the other hand, knows that the Russians are not going to give them up. The Russians are determined that so long as anyone in the world has nuclear weapons, or even the possibility of acquiring them, they are going to have them, too, and more and better ones than anyone else. The President, on the other hand, does not seem to be clear in his own mind whether we can or should fully hold up our end of the nuclear deterrent. I regard that attitude as dangerous, and believe it is high time the United States got on with reversing current trends and assuring that we maintain a strategic posture that can give us confidence in our ability to deter the Soviet Union and avoid nuclear war.

It is my view that the position of that part of the world not dominated by Moscow is more precarious today than it has been for some time. We must move forward with great caution and prudence, but to make "accommodation" the touchstone of our policy is, as Peking never ceases to remind us, the road to appeasement.

This issue—whether our policy toward the Soviet Union is to proceed from accommodation leading to appeasement, or from a rallying of our forces for prudent resistance to any Soviet purpose of world hegemony—must be resolved by the President, and resolved correctly. It must be resolved in that direction of prudent resistance, and without delay.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. MARRIOTT (at the request of Mr. ROUSSELOT), for today, on account of official business.

Mr. PEPPER (at the request of Mr. WRIGHT), for today, on account of official business.

Mr. RODINO (at the request of Mr. WRIGHT), for today, on account of illness in the family.

Mr. YOUNG of Alaska (at the request of Mr. BAUMAN), on July 21 and July 24, 1978, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. ANDREWS of North Carolina) and to revise and extend their remarks and include extraneous matter:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. OTTINGER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. PRICE, and to include extraneous material.

Mr. SIKES, and to include extraneous matter.

Mr. ALEXANDER, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,149.75.

(The following Members (at the request of Mr. JEFFORDS) and to include extraneous matter:)

Mr. MARRIOTT.

Mr. CORCORAN of Illinois in two instances.

Mr. GILMAN.

Mr. FRENZEL in three instances.

Mr. DERWINSKI in two instances.

Mr. LEACH.

Mr. LAGOMARSINO.

Mr. COLLINS of Texas.

Mrs. HOLT.

Mr. MCKINNEY.

(The following Members (at the request of Mr. ANDREWS of North Carolina) and to include extraneous matter:)

Mr. DE LUGO.

Mrs. MEYNER.

Mr. ANNUNZIO in six instances.

Mr. ANDERSON of California in three instances.

Mr. GONZALEZ in three instances.

Mr. BROWN of California in 10 instances.

Mr. LAFALCE in two instances.

Mr. MCHUGH in two instances.

Mr. DENT.

Mr. D'AMOURS.

Mr. SANTINI.

Mr. AUCOIN in three instances.

Mr. MOAKLEY.

Mr. BRECKINRIDGE.

Mr. NOLAN.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 85. An act for the relief of Raul Arriaza, his wife, Maria Marquart Schubert Arriaza, and their children, Andres Arriaza

and Daniel Aivouich Arriaza; to the Committee on the Judiciary;

S. 140. An act for the relief of Dr. Kok Liong Tan, and his wife, Gloria Siao Tan; to the Committee on the Judiciary;

S. 340. An act for the relief of Dr. Belinda A. Aquino; to the Committee on the Judiciary;

S. 613. An act for the relief of Kwok Hung Poon and his wife, Sandra Shau Man Lai Poon; to the Committee on the Judiciary;

S. 1564. An act for the relief of Tomiko Fukuda Eure; to the Committee on the Judiciary;

S. 2061. An act for the relief of Dr. Angelito Dela Cruz; to the Committee on the Judiciary;

S. 2067. An act for the relief of César B. Ibañez II, doctor of medicine; to the Committee on the Judiciary;

S. 2209. An act for the relief of Munnie Surface; to the Committee on the Judiciary;

S. 2243. An act for the relief of Rohini; to the Committee on the Judiciary;

S. 2326. An act for the relief of Anupama Alis Chandrakala; to the Committee on the Judiciary;

S. 2377. An act for the relief of Muradali P. Gillani; to the Committee on the Judiciary;

S. 2509. An act for the relief of Rodolfo N. Arriola; to the Committee on the Judiciary; and

S. 2639. An act for the relief of Mrs. Kerry Ann Wilson and Jason John Barba; to the Committee on the Judiciary.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 1751. An act for the relief of Lucy Davao Jara Graham;

H.R. 2555. An act for the relief of Michelle Lagrosa Sese;

H.R. 2945. An act for the relief of Mrs. Amelia Doria Nicholson;

H.R. 3995. An act for the relief of Habib Haddad;

H.R. 4607. An act for the relief of William Mok;

H.R. 5928. An act for the relief of Miss Coralia Raposo;

H.R. 11504. An act to amend the Consolidated Farm and Rural Development Act, provide an economic emergency loan program for farmers and ranchers, extend the Emergency Livestock Credit Act of 1974, and for other purposes;

H.R. 12933. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1979, and for other purposes; and

H.J. Res. 945. Joint Resolution making an urgent appropriation for the black lung program of the Department of Labor, and for other purposes, for the fiscal year ending September 30, 1978.

ADJOURNMENT

Mr. ANDREWS of North Carolina. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 10 minutes p.m.), the House adjourned until tomorrow, Tuesday, July 25, 1978, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4625. A leter from the Deputy Secretary of Defense, transmitting notice of his authorization of deficiencies to be incurred for this fiscal year in the appropriations for "Operations and Maintenance" for the Army, the Navy, the Marine Corps, and the Air Force, pursuant to section 3732(b) of the Revised Statutes, as amended (80 Stat. 993); to the Committee on Appropriations.

4626. A letter from the Chairman, Federal Election Commission, transmitting notice of various proposed new or changed records systems, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

4627. A letter from the Chairman, Advisory Commission on Intergovernmental Relations, transmitting a report on a study of the relationship between Federal fiscal policy and State and local governments, pursuant to section 215(b) of Public Law 94–369 and section 145(a) of the State and Local Fiscal Assistance Act of 1972, as amended (90 Stat. 2356); to the Committee on Government Operations.

4628. A letter from the Acting Assistant Secretary of the Interior, transmitting a copy of a proposed contract with Russell and Sons Construction Co., Inc., Eureka, Kans., for a research project entitled "Demonstrate Capabilities of Specialized Reclamation Tools by Conducting Field Demonstrations," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

4629. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Australia for permission to transfer certain U.S.-origin defense articles to the Government of New Zealand, pursuant to section 3(a) of the Arms Export Control Act: to the Committee on International Relations.

4630. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

4631. A letter from the Secretary of the Army, transmitting a draft of proposed legislation to modify the cost-sharing provisions of the Barbers Point Harbor Project, Oahu, Hawaii; to the Committee on Public Works and Transportation.

4632. A letter from the Acting Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend title II of the Social Security Act to simplify and improve benefit computation, coverage, and program administration, and for other purposes; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and references to the proper calendar, as follows:

Mr. BENNETT: Committee on Armed Services. H.R. 13255. A bill to approve the sale of certain naval vessels, and for other purposes; with amendment (Rept. No. 95–1385). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 12533. A bill to establish standards for the placement of Indian children in foster or adoptive homes, to prevent the breakup of Indian families, and for other purposes; with amendment (Rept. No. 95–1386). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAUMAN:

H.R. 13572. A bill to require foreign persons who own interests in agricultural land in the United States to file with the Secretary of Agriculture a report describing the nature of those interests; to the Committee on Agriculture.

By Mr. BROOKS:

H.R. 13573. A bill to amend the Clayton Act and the Internal Revenue Code of 1954 with respect to punitive damages received by private litigants under the Clayton Act, and for other purposes; jointly, to the Committees on the Judiciary and Ways and Means.

By Mr. CONABLE (for himself and Mr. HARKIN):

H.R. 13574. A bill to amend title II of the Social Security Act to make it clear that every beneficiary is entitled to apply the monthly earnings test (under the amendment made by section 303 of the Social Security Amendments of 1977) in at least 1 year after 1977; to the Committee on Ways and Means.

By Mr. CONABLE (for himself and Mr. MOTTL):

H.R. 13575. A bill to amend the Internal Revenue Code of 1954 to allow a retirement savings deduction for persons covered by certain pension plans; to the Committee on Ways and Means.

By Mr. CORMAN (for himself, Mr. JONES of Oklahoma, Ms. KEYS, and Mr. BAFALIS):

H.R. 13576. A bill to amend the Internal Revenue Code of 1954 to allow certain individuals whose employers make contributions to pension plans a deduction for their contributions to certain individual retirement savings plans; to the Committee on Ways and Means.

By Mr. FOWLER (for himself, Mr. BENJAMIN, Mr. MURPHY of Pennsylvania, Mr. FORD of Tennessee, Mr. CHARLES WILSON of Texas, Mr. CAVANAUGH, Mr. STARK, Mr. MINETA, Mr. NOLAN, Mrs. SPELLMAN, Mr. WAXMAN, Mr. FAUNTROY, Mr. BEILENSON, Mr. MCHUGH, Mrs. SCHROEDER, Mr. MIKVA, and Mr. NOWAK):

H.R. 13577. A bill to amend title 23 of the United States Code to provide additional exemptions to States from requirements to make refunds to the highway trust fund by reason of a withdrawal of approval of a route or portion thereof on the Interstate System; to the Committee on Public Works and Transportation.

By Mrs. HOLT (for herself, Mr. ARMSTRONG, Mr. BADHAM, Mr. BAUMAN, Mr. BEARD of Tennessee, Mr. BROYHILL, Mr. BURGENER, Mr. CONABLE, Mr. CORCORAN of Illinois, Mr. CRANE, Mr. CUNNINGHAM, Mr. ROBERT W. DANIEL, JR., Mr. DUNCAN of Tennessee, Mr. EDWARDS of Alabama, Mr. EDWARDS OF Oklahoma, Mr. FRENZEL, Mr. GOODLING, Mr. GRASSLEY, Mr. GUYER, Mr. HYDE, Mr. JOHNSON of Colorado, Mr. KINDNESS, Mr. LATTA, Mr. MCDONALD, and Mr. MICHEL):

H.R. 13578. A bill to limit the growth rate of Federal spending and provide for permanent tax rate reductions for individuals and businesses; jointly, to the Committees on Rules and Ways and Means.

By Mr. MINETA (for himself and Mr. JOHNSON of California):

H.R. 13579. A bill to amend the John F. Kennedy Center Act relating to certain administrative functions, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. OTTINGER:

H.R. 13580. A bill authorizing the President to award a medal of honor posthumously to William James Tsakanikas; to the Committee on Armed Services.

By Mr. PICKLE (for himself, Mr. ARCHER, Mr. DEVINE, Mrs. LLOYD of Tennessee, Mr. KINDNESS, Mr. MADIGAN, Mr. HYDE, Mr. CHARLES WILSON of Texas, Mr. BUCHANAN, Mr. SATTERFIELD, Mr. HUGHES, and Mr. WHITEHURST):

H.R. 13581. A bill relating to tax treatment of qualified dividend reinvestment plans; to the Committee on Ways and Means.

By Mr. YATRON:

H.R. 13582. A bill to amend the Internal Revenue Code of 1954 to provide tax relief to small businesses by establishing a graduated income tax rate for corporations; to the Committee on Ways and Means.

By Mr. BROWN of Ohio (for himself, Mr. ABDNOR, Mr. AKAKA, Mr. ALEXANDER, Mr. ANDERSON of California, Mr. ANDREWS of North Dakota, Mr. ANNUNZIO, Mr. APPLEGATE, Mr. ARCHER, Mr. ARMSTRONG, Mr. ASHBROOK, Mr. ASHLEY, Mr. AUCOIN, Mr. BAFALIS, Mr. BALDUS, Mr. BAUMAN, Mr. BEARD of Rhode Island, Mr. BEARD of Tennessee, Mr. BEDELL, Mr. BEVILL, Mr. BIAGGI, Mr. BOWEN, Mr. BRADEMAS, Mr. BRECKINRIDGE, and Mr. BRINKLEY):

H.J. Res. 1073. Joint resolution to designate October 7, 1978, as "National Guard Day"; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Ohio (for himself, Mr. BROOMFIELD, Mr. BROYHILL, Mr. BUCHANAN, Mr. BURGENER, Mr. BURKE of Massachusetts, Mr. BUTLER, Mr. BYRON, Mr. CARR, Mr. CARTER, Mr. CEDERBERG, Mr. CHAPPELL, Mr. COCHRAN of Mississippi, Mr. COHEN, Mr. COLEMAN, Mr. COLLINS of Texas, Mr. CONTE, Mr. CORCORAN of Illinois, Mr. CORNELL, Mr. CORNWELL, Mr. CORRADA, Mr. COTTER, Mr. COUGHLIN, Mr. CRANE, and Mr. DAN DANIEL):

H.J. Res. 1074. Joint resolution to designate October 7, 1978, as "National Guard Day"; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Ohio (for himself, Mr. DAVIS, Mr. ROBERT W. DANIEL, Jr., Mr. DE LA GARZA, Mr. DE LUGO, Mr. DENT, Mr. DERRICK, Mr. DERWINSKI, Mr. DEVINE, Mr. DICKINSON, Mr. DICKS, Mr. DINGELL, Mr. DODD, Mr. DORNAN, Mr. DOWNEY, Mr. DUNCAN of Tennessee, Mr. DUNCAN of Oregon, Mr. EDWARDS of Alabama, Mr. EILBERG, Mr. EMERY, Mr. ENGLISH, Mr. ERTEL, Mr. EVANS of Georgia, Mr. EVANS of Delaware, and Mr. FAUNTROY):

H.J. Res. 1075. Joint resolution to designate October 7, 1978, as "National Guard Day"; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Ohio (for himself, Mr. FISH, Mr. FLOOD, Mr. FLORIO, Mr. FLOWERS, Mr. FLYNT, Mr. FORSYTHE, Mr. FOUNTAIN, Mr. FRASER, Mr. FRENZEL, Mr. FUQUA, Mr. GAMMAGE, Mr. GAYDOS, Mr. GEPHARDT, Mr. GIAIMO, Mr. GIBBONS, Mr. GILMAN, Mr. GOODLING, Mr. GORE, Mr. GRADISON, Mr. GRASSLEY, Mr. GUYER, Mr. HAGEDORN, Mr. HALL, and Mr. HAMILTON):

H.J. Res. 1076. Joint resolution to designate October 7, 1978, as "National Guard Day"; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Ohio (for himself, Mr. HAMMERSCHMIDT, Mr. HANLEY, Mr. HANSEN, Mr. HARKIN, Mr. HARRIS, Mr. HARSHA, Mrs. HECKLER, Mr. HEFTEL, Mr. HILLIS, Mr. HOLLAND, Mrs. HOLT, Mr. HORTON, Mr. HUBBARD, Mr. HUCKABY, Mr. HUGHES, Mr. HYDE, Mr. JACOBS, Mr. JEFFORDS, Mr. JENRETTE, Mr. JOHNSON of California, Mr. JONES of Tennessee, Mr. JONES of North Carolina, Mr. KASTENMEIER, and Mr. KAZEN):

H.J. Res. 1077. Joint resolution to designate October 7, 1978, as "National Guard Day"; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Ohio (for himself, Mr. KEMP, Ms. KEYS, Mr. KILDEE, Mr. KINDNESS, Mr. KOSTMAYER, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. LATTA, Mr. LEACH, Mr. LEDERER, Mr. LE FANTE, Mr. LLOYD of California, Mrs. LLOYD of Tennessee, Mr. LONG of Maryland, Mr. LOTT, Mr. LUKEN, Mr. MCCORMACK, Mr. MCDADE, Mr. Mr. MCDONALD, Mr. MCFALL, Mr. MAGUIRE, Mr. MARRIOTT, Mr. MATHIS, and Ms. MIKULSKI):

H.J. Res. 1078. Joint resolution to designate October 7, 1978, as "National Guard Day"; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Ohio (for himself, Mr. MILLER of Ohio, Mr. MOAKLEY, Mr. MOFFETT, Mr. MONTGOMERY, Mr. MOORHEAD of Pennsylvania, Mr. MURPHY of Pennsylvania, Mr. MURTHA, Mr. JOHN T. MYERS, Mr. NATCHER, Mr. NEDZI, Mr. NICHOLS, Mr. NOLAN, Mr. PANETTA, Mr. PATTEN, Mr. PEPPER, Mr. PERKINS, Mr. PICKLE, Mr. PREYER, Mr. PRICE, Mr. PRITCHARD, Mr. QUIE, Mr. QUILLEN, Mr. RHODES, and Mr. RINALDO):

H.J. Res. 1079. Joint resolution to designate October 7, 1978, as "National Guard Day"; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Ohio (for himself, Mr. RISENHOOVER, Mr. ROBINSON, Mr. RODINO, Mr. ROE, Mr. RONCALIO, Mr. ROONEY, Mr. ROSE, Mr. ST GERMAIN, Mr. SANTINI, Mr. SARASIN, Mr. SAWYER, Mr. SEBELIUS, Mr. SHARP, Mr. SHUSTER, Mr. SIKES, Mr. SIMON, Mr. SKELTON, Mr. SLACK, Mrs. SMITH of Nebraska, Mr. SNYDER, Mr. SPENCE, Mr. STAGGERS, Mr. STANGELAND, and Mr. STEED):

H.J. Res. 1080. Joint resolution to designate October 7, 1978, as "National Guard Day"; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Ohio (for himself, Mr. STEIGER, Mr. STOCKMAN, Mr. STRATTON, Mr. STUMP, Mr. SYMMS, Mr. THOMPSON, Mr. THONE, Mr. TREEN, Mr. TRIBLE, Mr. TUCKER, Mr. VAN DEERLIN, Mr. VENTO, Mr. VOLKMER, Mr. WAGGONNER, Mr. WALGREN, Mr. WALKER, Mr. WALSH, Mr. WAMPLER, Mr. WATKINS, Mr. WHITE, Mr. WHITEHURST, Mr. WHITLEY, Mr. WHITTEN, and Mr. BOB WILSON):

H.J. Res. 1081. Joint resolution to designate October 7, 1978, as "National Guard Day"; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Ohio (for himself, Mr. CHARLES H. WILSON of California, Mr. WINN, Mr. WOLFF, Mr. WON PAT, Mr. WYDLER, Mr. WYLIE, Mr. YATRON, Mr. STEERS, Mr. YOUNG of Alaska, Mr. YOUNG of Florida, Mr. YOUNG of Missouri, Mr. YOUNG of Texas, Mr. ZABLOCKI, and Mr. ZEFERETTI):

H.J. Res. 1082. Joint resolution to designate October 7, 1978, as "National Guard Day"; to the Committee on Post Office and Civil Service.

By Mr. DODD (for himself, and Mr. FORD of Michigan):

H.J. Res. 1083. Joint resolution authorizing the President to proclaim the third week in June 1979 as National Veterans' Hospital week; to the Committee on Post Office and Civil Service.

By Mr. LAFALCE:

H.J. Res. 1084. Joint resolution to establish National Volunteer Firefighters' Day on the second Saturday of August of each year; to the Committee on Post Office and Civil Service.

By Mr. MOORHEAD of Pennsylvania (for himself, Mr. WALKER, Mr. LUKEN, and Mr. DORNAN):

H.J. Res. 1085. Joint resolution designating July 18, 1979, as "National P.O.W.-M.I.A. Recognition Day"; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII,

461. The SPEAKER presented a memorial of the Legislature of the State of California, relative to the funding of a national earthquake hazards reduction program; jointly, to the Committees on Interior and Insular Affairs, and Science and Technology.

PETITIONS, ETC.

Under clause 1 of rule XXII,

520. The SPEAKER presented a petition of the council of the city of New York, N.Y., relative to grants to fund local programs to improve housing and prevent neighborhood deterioration, which was referred to the Committee on Banking, Finance and Urban Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 10285

By Mr. AUCOIN:

Page 12, after line 10, insert the following new section:

PROCESS FOR APPROVAL OF BYLAWS, RULES, REGULATIONS, AND RESOLUTIONS OF CONTRACT MARKETS

SEC. 10. Section 5a(12) of the Commodity Exchange Act (7 U.S.C. 7a(12)) is amended by—

(1) inserting after the first sentence the following: "Along with such bylaws, rules, regulations, and resolutions, such contract market shall submit to the Commission projected economic and statistical analyses of any effects such proposed bylaws, rules, regulations, and resolutions would have, including effects on persons who would be subject to such proposed bylaws, rules, regulations, and resolutions and on accounts, agreements, and transactions subject to regulation under this Act. Upon receipt of such bylaws, rules, regulations, and resolutions, the Commission shall publish in the Federal Register a copy of such bylaws, rules, regulations, and resolutions and the accompanying economic and statistical analyses. For a period of 62 days after such publication, the Commission shall give interested persons an opportunity to participate in the approval process through submission of written data, views, or arguments with opportunity for oral presentation at public hearings to be held by the Commission." and

(2) striking out "The Commission shall approve, within thirty days" and inserting in lieu thereof "After consideration of the relevent matter presented, the Commission shall approve, at a public hearing within ninety days".

Redesignate the subsequent sections accordingly.