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cilities to conform with comprehensive area land use plans. Whenever possible such facilities and projects are to be of direct and substantial benefit to residents of urban slum and depressed rural areas, or provide other benefits specified by the Bank to carry out the purposes of this Act.

#### LOANS TO COMMERCE AND INDUSTRY

SEC. 116. (a) The Bank may make or guarantee loans for the purchase of real and personal property, for working capital, and for training purposes to assure that existing businesses and industries have adequate funds and skilled manpower resources to compete in the market place for establishment of new businesses and industries. Any such loan shall be made upon such of the following conditions as the Bank may require:

(1) That the borrower agrees to fill a specified number of job openings to be determined by the Bank with people who, prior to such employment, were unemployed and underemployed.

(2) That the borrower agrees to conduct training courses for a specified number of unemployed and underemployed persons to be determined by the Bank with the result that these persons will, within a period of time to be determined by the Bank, be employed full time by the borrower.

(3) That the borrower agrees to any other requirements laid down by the Bank to carry out the purposes of this Act.

#### LOANS FOR SUPPORTING PUBLIC FACILITIES

SEC. 117. (a) To carry out the purposes of this Act, the Bank may make or guarantee loans or purchase obligations to finance the purchase or construction of roads, sewer and water systems, power and similar facilities necessary for the operation of businesses and industries or the operation of public facilities providing social, health, welfare, educational and other services to residents of urban slum and depressed rural areas.

(b) The effective interest rate for such loans shall not exceed the Federal Reserve discount rate.

#### TECHNICAL AND OTHER ASSISTANCE

SEC. 118. (a) The Bank may provide to borrowers whatever assistance, technical or otherwise, it considers necessary to protect its investment and to carry out the purposes of this Act.

(b) To assure fulfilling the purposes of this Act, the Bank shall direct an adequate number of staff members to seek out and confer with representatives of State and local governments, public agencies, nonprofit private organizations, companies, corporations, partnerships and individuals, in order to provide information about the services furnished by the Bank and to provide whatever assistance is necessary for utilization of such services.

#### SECURITY REQUIRED

SEC. 119. The board of directors of the Bank shall when practicable make whatever arrangement it considers adequate to secure loans made by the Bank.

#### MAXIMUM MATURITY

SEC. 120. (a) Each loan made by the Bank to any State or local government may be made for a period not exceeding twenty years, and the Bank may from time to time extend the period of payment.

(b) Each loan made by the Bank to any private corporation, company or individual may be made for a period not exceeding ten years, and the Bank may from time to time extend the period of payment until the loan is retired or until the loan is refinanced through another lending institution and the borrower's obligation to the Bank is extinguished.

#### GUARANTEED LOANS

SEC. 121. The Bank may fully guarantee the entire principal of any loan made by any

bank, savings bank, trust company, building and loan or savings and loan association, insurance company, mortgage loan company or credit union, if

(1) the loan is made to carry out the purposes of this Act; and

(2) the effective interest rate for the loan is not less than the Federal Reserve discount rate, or more than such rate plus 1½ per centum per annum.

#### DIRECT LOANS

SEC. 122. To carry out the purposes of this Act, the Bank may make direct loans to State and local governments, public agencies, nonprofit private organizations, corporations, companies, partnerships and individuals. The effective interest rate for such loans (1) in the case of State and local governments and public agencies, shall not exceed the Federal Reserve discount rate; (2) in the case of other eligible entities and individuals, shall not be less than such discount rate, or more than such discount rate plus 1½ per centum per annum.

#### TAXABLE STATUS

SEC. 123. The Bank, its property, its franchise, capital, reserves, surplus, security holdings, and other funds, and its income shall be exempt from all taxation now or hereafter imposed by the United States or by any State or local taxing authority; except that (1) any real property and any tangible personal property of the Bank shall be subject to Federal, State, and local taxation to the same extent according to its value as other such property is taxed, and (2) any and all obligations issued by the Bank shall be subject both as to principal and interest to Federal, State, and local taxation to the same extent as the obligations of private corporations are taxed.

#### AUDIT BY GENERAL ACCOUNTING OFFICE

SEC. 124. The General Accounting Office shall audit the financial transactions of the Bank, and for this purpose shall have access to all its books, records, and accounts.

#### AUTHORIZATION OF APPROPRIATIONS

SEC. 125. (a) There is hereby authorized to be appropriated, to remain available without fiscal year limitation, the sum of \$500,000,000 for subscription to the capital stock of the Bank.

(b) There are authorized to be appropriated such sums as may be necessary to pay the difference, if any, between the interest paid by the Bank on its obligations and interest received by the Bank on its loans, and to reimburse the capital of the Bank to the extent of any defaults.

(c) There are authorized to be appropriated such sums as may be necessary for payments of \$125 a day to members of the board of directors for each day they are engaged in the performance of their duties to the Bank together with such sums required for travel expenses by members of the board of directors when the performance of their duties requires them to be away from home.

#### COSPONSOR

Mr. JAVITS subsequently said: Mr. President, a very interesting and important bill was introduced today by the chairman of the Committee on Banking and Currency (Mr. SPARKMAN), together with the chairman of the Committee on Banking and Currency in the other body. The bill is S. 4142. The bill endeavors to deal with the question of a present-day RFC and the problem of dealing with the present and long-term liquidity crisis in the American corporate field.

This is also the subject of a bill I introduced on Monday seeking an extensive program of loan guarantees to deal

with the very same crisis. I think it is urgently desirable that action take place on such legislation.

This proposal seeks a National Development Bank. I have discussed this matter with the Senator from Alabama and he is agreeable to my name being added as a cosponsor of his bill. Inasmuch as I think action in this field is urgently required in the economic interests of our country, I ask unanimous consent, with the consent of the sponsor of the bill, which I have already obtained, that my name may be added as a cosponsor of S. 4142.

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

#### S. 4145—INTRODUCTION OF A BILL PROVIDING FOR THE FEDERAL GUARANTY OF BONDS TO BE ISSUED BY THE UNITED NATIONS DEVELOPMENT CORP.

Mr. MONDALE. Mr. President, I am pleased to introduce legislation which serves a vital national interest—the continued ability of the United Nations to pursue its role of promoting progress and maintaining peace throughout the world. Specifically, this legislation would provide for a guaranty by the Federal Government of taxable bonds sold to private investors for the purpose of financing the much needed construction of United Nations related facilities opposite the U.N. site in New York City.

In 1945 the U.S. Government invited the United Nations to make its headquarters in New York City. When it did this, the United States assumed both a legal and moral obligation to assure that adequate facilities are provided for the world organization. A contemporary report of the House Foreign Affairs Committee which considered the headquarters agreement recognized this obligation:

The United States is under special responsibilities to assure that the arrangements made suffice for the efficient functioning of the United Nations. . . .

The House report went on to underscore that the United States has a peculiar relationship in that it is more deeply involved—than other member nations—domestically in the nature of the arrangements and the manner of their working.

Recognition of this obligation was expressed in the June 26, 1947, agreement between the United States and the United Nations which established U.N. headquarters in New York City. That agreement also provides that the United States will "take all reasonable steps to insure that the amenities of the headquarters district are not prejudiced and that the purposes for which the district is required are not obstructed by any use made of the land in the vicinity of the district."

The present situation at the U.N. is as follows: The member nations have more than doubled from the original 51. There are now 126. Annual visitors to the U.N. have quadrupled since 1946. Last year there were 2 million. This same scale of

growth applies to the number of U.N. personnel.

The practical consequences of this growth are severe crowding and congestion which adversely affect the city, U.N. personnel, and visitors to the U.N., 90 percent of whom are Americans.

More specifically, there is a severe shortage of office space for missions and related U.N. organizations. Housing for international personnel, always a sensitive issue, presents greater problems than ever. Pedestrian and vehicular traffic is heavy, mixed, and dangerous. There is still no convenient hotel space for visiting dignitaries and other visitors, official and private. This creates unusual security problems whenever visiting heads of state come to the U.N.

The current inconvenience, expense, and congestion irritate diplomats, staff and visitors, and interfere with the effective operations of the U.N. One example is the crush of visitors who can hamper the normal business workings of the U.N. There are no adequate cafeterias and auditoriums, no bus terminals for the visitors or educational facilities. Unlike the excellent visitor facilities provided at national parks, the United States ironically provides nothing for the U.N. which is one of the Nation's top tourist attractions. This makes it difficult for visitors to understand the work of the United Nations, and the vital U.S. role in maintaining world peace.

The importance of having the U.N. in this country, the obligations of being host nation, the responsibilities explicit in the original headquarters agreement, the inadequacy of current U.N. visitor facilities and its effect on our citizens, and the obvious impact of U.N. overcrowding on our foreign relations all serve to make a program offering relief a matter of prime national interest.

In order to provide these vitally needed facilities, a United Nations Development Center has been planned to develop a two-block area adjacent to the U.N. Building. The United Nations Development Center will be constructed by the United Nations Development Corp., a nonprofit public benefit corporation created by special act of the New York State Legislature. Its income and its obligations are exempt from New York State and city income taxes, and it is exempt from Federal income tax. Its purpose is to assist the United Nations with its related space needs through a comprehensive and coordinated development project next to the present United Nations Headquarters.

The planned development includes office space for U.N. missions and related nongovernmental organizations; housing units for members and staff of missions to the U.N.; a hotel for visitors and dignitaries attending the U.N.; and a visitors center for assembly, orientation and education of groups touring the U.N. The U.N. center is designed to meet the need for facilities of this type in connection with U.N.-related activities for the next 25 years. The total projected cost, including land acquisition, is currently estimated at \$308 million.

This plan has been developed with the aid and consultation of the Secretary General to the United Nations, the United Nations Secretariat and the U.S. mission to the United Nations. It has also had the benefit of advice and support from New York City and State officials, and from congressional and administrative figures. Secretary of State Rogers, for example, found the purpose and program of the corporation to be "in the national interest" and important "to the effective functioning of the U.S. mission to the U.N. and to the successful pursuit of the U.S. interests in the U.N." The Secretary has given "strong and wholehearted endorsement" to the legislation I am introducing today which is so crucial to the realization of this program.

The corporation consists of nine members who also constitute its board of directors. Two directors serve by virtue of their offices as heads of the New York City Housing and Development Administration and the New York City Planning Commission. Two of the others are appointed by the Governor of New York and five by the mayor of the city of New York after consultation with the Secretary General of the United Nations and the U.S. Ambassador to the United Nations. The chairman of the board of directors is John J. McCloy. The remaining directors are key local citizens and officials. The corporation was organized in January of 1969. Since that time, it has undertaken studies of the needs of the United Nations and related organizations, and has prepared a development plan to meet them.

The activities of the corporation will be comparable to those of a local public agency operating in an urban renewal area with assistance under the 1949 Housing Act. The corporation is a special-purpose public agency and will conduct specific activities of a public nature. Its plan for a U.N. center has been approved by three local public authorities: namely, the New York City Housing and Development Administration, the New York City Planning Commission, and the New York City Board of Estimate after the required public hearings. The activities and the expenditures of the corporation are subject to annual fiscal review by the city and State of New York.

The proposed legislation would add a new section 119 to the Housing Act of 1949 authorizing the Secretary of Housing and Urban Development to make commitments for loans to the corporation to finance the acquisition and clearance of real property, and the development and construction of buildings and other facilities within the United Nations Development District in New York in accordance with the approved development plan.

Commitments for loans under section 119 would be the same as those which the Secretary is authorized to make for urban renewal projects assisted under the 1949 Housing Act. It is not anticipated, however, that any loans would in fact be made because the Corporation, using the security of the commitment,

will be able to obtain such funds from private investors. The effect of this arrangement is a federal guaranty of the payment of interest and principal of the corporation's obligations.

Before the Secretary can make any commitment under section 119, he will be required to receive assurances that the corporation will provide an adequate relocation program and assistance for those displaced by its activities, as is required in connection with any urban renewal project assisted under the 1949 Housing Act, and he is authorized to impose any additional conditions he may deem advisable.

No advances for planning are authorized under section 119 and the corporation will bear all such costs which, subject to the approval of the Secretary, may be included in the cost of the project. In addition, no project grants or capital grants would be made by the Secretary to assist the corporation. In contrast the Federal Government makes project capital grants to finance the Federal share of urban renewal projects and pays the full cost of relocating persons and business concerns displaced from these projects. Under section 119, these costs would be borne by the corporation and not the Federal Government.

Section 119 expressly provides that section 102(g) of the Housing Act which exempts interest on obligations issued under title I from Federal taxation, as well as section 103 of the Internal Revenue Code will not apply to bonds sold to finance the development—although the corporation will have exemption from New York City and State income tax. Under existing law, interest on all or a portion of the corporation's bonds—depending on the use of the proceeds—would be exempt from Federal income tax. The proposed amendment would make all interest on the corporation's bond fully taxable for Federal income tax purposes.

It is rare a project of this kind can be constructed without the use of public funds for direct grants or loans. All the proposed legislation involves is a Federal guarantee of the U.N. Development Corp.'s obligations which imposes only a contingent liability on the Federal Government in the event of a default. The likelihood of such a default occurring is extremely remote since the projected net revenues are more than adequate to meet annual debt service requirements.

I respectfully submit the proposed legislation serves a fundamental national interest—the maintenance of international peace—and I urge its prompt enactment by the Congress.

The PRESIDING OFFICER (Mr. BENNETT). The bill will be received and appropriately referred.

The bill (S. 4145) to authorize loans under title I of the Housing Act of 1949 to aid in the development of the United Nations Development District, introduced by Mr. MONDALE (for himself and Mr. JAVITS), was received, read twice by its title, and referred to the Committee on Banking and Currency.