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lieved of other burdens they are carrying through lack of understanding on larger issues and if suspicions of each other's motives are lessened.

The future of the uneasy truce between India and Pakistan likewise depends on Soviet-U.S. cooperation, as may indeed the ultimate survival of India itself. By a series of reciprocal or agreed-upon Soviet-U.S. actions, India and Pakistan were pulled apart from suicidal war, and since then India has been kept alive mainly through American and Russian food shipments. Red China alone would profit if the U.S. and Soviet Russia parted company in their policies toward the subcontinent of Asia.

Viewed pragmatically, the Soviets have more to gain than the U.S. through following a parallel rather than a divergent course of action in each of the critical areas where choices must now be made. In terms of global political effects, the chief gainer from a U.S.-U.S.S.R. cleavage would be Red China, and the principal consequence among the developing nations would be anarchy or chaos. The notion that the Soviets can profit from fishing in troubled waters has not withstood many practical tests. Witness the results of Soviet intervention in Africa and Latin America. Even on its own periphery, Russia has not been notably successful in its efforts to divide and conquer.

But the real crunch for the Soviets, in the event they cannot bring themselves into an accommodation with the U.S. on the critical issues they face together, would be in the effects on the Russian domestic economy. Technologically, that economy lags 20 to 50 years behind that of the U.S., notwithstanding the great progress in industrial development achieved by the Soviets since World War II. In such areas as computer and laser technology, to mention but two examples, there is far more of a gap between the Soviet economy and its American counterpart than that of which the nations in Western Europe are wont to complain. In supporting a military and space budget almost the equivalent of ours with about half of our gross national product, the Soviets have had to forgo advances in many other facets of their society, including, of course, the consumer-goods industry.

Their dilemma can only be aggravated by any scaling-up in military expenditure, or in what we term foreign aid forced upon them by an effort to match or outdo U.S. efforts to change the balance of power. In any spending contest with the U.S., the Russian economy will, for the near term at least, be at a serious disadvantage. The Soviets' current problems with divergent elements among the bloc countries, notably Rumania, are but one manifestation of the price the U.S.S.R. will have to pay if the hard-line view should prevail in the Politburo. In this connection, should the U.S. support the recently advanced candidacy of Rumania's Foreign Minister for the presidency of the United Nations General Assembly, the result might be to strengthen the position of the Soviet doves.

For the U.S. the cost of a failure to find common ground with the Soviet Union on the great world issues confronting them both is less obvious, but still of deep significance. With the second-highest budget deficit since World War II for the fiscal year just ended last June 30, the U.S. will be hard pressed to meet all the calls being placed on its economy without major sacrifices in some of its most cherished objectives. Foremost among those will be the rebuilding of its cities, the re-making of its transportation systems and the advancement of its educational programs. All of these now contend for Federal funds with the antipoverty program.

This contention can only grow fiercer should our military budget, now at a level of over \$75 billion a year, or 60 per cent of the total Federal budget, go even higher as a result of a further escalation in Vietnam,

an intervention in the Middle East or a new round of spending for strategic weapons, defensive or offensive. Of course, one answer would be to put the U.S. economy on a wartime footing, complete with high taxes and stringent price and wage controls. But these measures would only provide temporary relief from the pressure created by the basic imbalance between means and ends.

Another casualty flowing from a return to the cold-war conditions between the Soviet Union and the U.S. during the post-World War II years would be meaningful U.S. support for the Latin-American common market as well as the continuance of even minimal assistance to the emerging but still primitive economies in Africa. Our foreign-aid program is already suffering from attrition that does not stem entirely from lack of Congressional understanding and competition with internal programs.

The benefits to be derived from a common U.S.-U.S.S.R. approach to the current roster of world crises are thus evident. It remains to inquire whether both nations are so positioned politically and psychologically as to be able to reap those benefits.

In seeking such an approach, the U.S. must recognize the dilemma faced by Russia in its relations with Red China. On the one hand, the Soviets will continue to be sensitive to Chinese charges of American-Russian collusion and to be concerned over any resultant challenge by Red China to Soviet leadership of the Communist world. On the other hand, Soviet security vis-à-vis threats posed by the vast land and population mass to the east would be immeasurably strengthened by not having to contend with militancy from the West. For our Government the objective should be to encourage the Russian desire for security without forgoing entirely the search for ways to reintroduce China into the society of civilized nations.

No one time could be ideal for achieving a better U.S. relationship with the Soviet Union, but the obstacles to positive action seem less formidable at this juncture than at any period since World War II. In both countries, as demonstrated by the cease-fire in the Middle East and the talks at Glassboro, the civilian leaders are cautious and practical men, possessed of strong convictions but not given to following adventurous impulses. Neither enjoys such overwhelming political power as would warrant playing for high stakes; both must live with divided home fronts. Each has a fair understanding of the other's problems, and behind the public display of propagandistic statements a sensible channel of communications has been maintained.

Although in each country there will be found strongly articulate centers of militaristic opinion and chauvinism, the older generation of World War II-trained military leaders, now largely retired, is being replaced by a more sophisticated and less emotionally influenced group of active officers who recognize the limitations on the use of military power to achieve political aims. In consequence, the civilian heads of both countries are less subject to pressure for strictly military solutions. Even what President Eisenhower called the "military-industrial complex" in the U.S. business community has become sufficiently diversified in the last decade as no longer to be dependent for prosperity on a high level of defense orders.

Granted the limitations of present-day diplomacy and that sure-fire mechanisms of international statecraft have yet to be devised, there appears to be a large measure of commonality between U.S. and Soviet national interests. Even where those interests diverge, the separation is often no greater than that between two sides of the same street.

It would be vain at this juncture to hope for a series of "open covenants openly arrived at" between Russia and America. Ini-

tially, at least, the dialogue should be a private one, without the publicity that would be grist for the Red Chinese propaganda mill. Such a closed-circuit disclosure would naturally excite suspicions and worries among friends and foes of both the two world superpowers, as would any notion of a condominium between them. The optimum would be a succession of parallel actions taken warily step by step, with occasional steps backward but, one hopes, a preponderance forward.

There may be hiatuses and periods of apparent stalemate during elections and changes in government. But never again in our time may there occur greater opportunities than exist today for the U.S. and Soviet Russia to deal with world problems by accommodation and by understanding rather than at cross purposes and with force.

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

Mr. CLARK. I yield.

Mr. MURPHY. Is that not the same Mr. Roswell Gilpatric who was accused of managing news while he was in service with the Department of Defense?

Mr. CLARK. I thought that was Arthur Sylvester.

Mr. MURPHY. I asked the question because I wanted to make certain.

Mr. CLARK. It was an officer in the Department of Defense. I do not think it was Mr. Gilpatric. I could be wrong.

#### SENATOR MONDALE'S TESTIMONY ON HOUSING LEGISLATION

Mr. KENNEDY of New York. Mr. President, on July 21, the distinguished and able junior Senator from Minnesota [Mr. MONDALE] testified before the Housing and Urban Affairs Subcommittee of the Committee on Banking and Currency. A part of that testimony dealt with the two significant housing bills that he has introduced in Congress this session. The first bill offers an approach to the problem of providing moderate-income families with the opportunity to purchase decent housing. The second proposal establishes a revolving Federal fund to aid nonprofit sponsors obtain the necessary expertise if they are to become involved in the effort to meet the housing needs of our urban poor.

Of the greatest interest, however, is Senator MONDALE's testimony concerning the priorities which this Nation must establish in treating the problems of the urban ghetto. He indicates—quite correctly—that we must concentrate first on providing all of our citizens with equal opportunity in the field of housing as well as in employment and education. Second, he points out most succinctly that we must intensify our efforts to improve the economic possibilities open to the poor. This Nation must be prepared to expend sufficient funds to train and then locate meaningful employment opportunities for all our disadvantaged citizens. Finally, Senator MONDALE states that we must supply more and better housing for low- and moderate-income families, and that for those who want and can afford it, this Nation should offer the possibility of homeownership. Nevertheless, he demonstrates only too clearly that supplying new housing units and offering homeownership are not panaceas. Families on welfare and men without income cannot

afford decent living facilities whether they cost \$100 or \$75 or even \$50 a month.

Mr. President, I think that Senator MONDALE's testimony should be read by all of us, so that we will be in a better position to evaluate the proposals presently under consideration in the 90th Congress. Our urban problems are pressing ones, and we must begin to find appropriate answers right now. Therefore, I ask unanimous consent that the testimony be printed in the RECORD.

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

STATEMENT OF WALTER F. MONDALE BEFORE THE HOUSING AND URBAN AFFAIRS SUBCOMMITTEE, BANKING AND CURRENCY COMMITTEE, JULY 21, 1967

Mr. Chairman, I appreciate this opportunity to appear before the Committee in the role of a witness to testify on the two bills I have introduced.

Talk of the urban crisis has become so common we are apt to forget what is at the heart of it. Poverty and discrimination, yes. But there is another important ingredient—a loss of confidence in the capacity of the governmental system to meet dire domestic needs. It is not enough to set up programs. We have to appropriate funds for them.

New programs are needed, but we add to the crisis of confidence when we do not fund the old ones. How can we expect anything but disillusionment and despair when programs like rent supplements and Model Cities are underfunded and even unfunded. I have two bills to talk about, but I want to make it absolutely clear that they are not alternatives to or substitutes for existing programs. They are supplementary and complimentary.

We have to clarify the situation. Many of the witnesses who have already testified have talked about the need to set priorities in our programs. I cannot agree with them more. The riots in Newark were not caused because this city had the second lowest percentage of home ownership in the country. Rather the riots were caused because of the frustration, the alienation, and the hostility of one segment of the community resulting from years of despair and disillusionment. We must deal with this attitude on the part of the Negro population and other poor people in our ghettos. We must meet the problems of the ghetto head on. And to do this, we have to accomplish much more than home ownership. This cannot be viewed as a panacea to the problems.

We must set up priorities. Fair housing legislation must be first. We must have the means available to break up the ghettos; we must provide all citizens with the freedom to live where they choose.

The second priority is the improvement of the economic opportunities of the poor. We must expand the anti-poverty effort, increase our expenditures for education in deprived areas, and invest more to attract business to the ghetto and to attract the Negro and low income person to the jobs. Increased job training, and programs like the Job Corps will assist here.

Our third priority is providing the poor with decent housing, and creating the environment necessary for viable neighborhoods. Model cities, rent supplements and FHA programs for the low and moderate income, public housing and urban renewal must be continued. We have pending at this time the appropriations bill for the Department of Housing and Urban Development. We have to make sure that these programs are restored to at least the level of the initial budget request.

A word about our rehabilitation program

is needed. Congressman Widnall, when he appeared the other day, praised the efforts of the rehabilitation program. The apparent successes of this program are a bit misleading. Rehabilitation and programs emphasizing old dwellings have better results initially because they utilize existing housing. However we must recognize that with an expanding population—our housing supply must increase. This means new buildings have to be constructed and this means that we must subsidize the cost and rents of these units, programs such as 221(d)(3), and rent supplements do this. Our housing market varies from one city to another, some have housing shortages, other excess housing that can be rehabilitated. Programs to fit the needs of all cities must be available.

As part of this housing priority we need some program of home ownership for the low to moderate income families. But we must keep it in perspective. Again, I repeat it is not a panacea, it is not the final answer. We must create a society where people can live where they want to, and have the education and skills necessary to have an income sufficient to buy a home even at a subsidized rate. I have two bills that deal with the housing opportunities for the families of modest means.

Even with the impressive array of programs enacted in the 89th Congress, problems still exist. First, millions of modest income people in this country can no longer afford or obtain mortgage credit. "Redlined" residential areas, credit barriers for minority groups, and the constant threat of tight money are reducing home-buying opportunities even while our over-all economy is expanding. Secondly, we have called upon non-profit organizations to play an important part in housing low and moderate income families, but we have not given these organizations the aid and assistance needed in complicated and expensive undertakings.

The housing market resembles the job market. Just as the lower income and discriminated against are the last hired and the first fired, they are the last to get mortgage credit when money loosens and the first to be cut off when money tightens.

Housing finance also resembles consumer finance—the poor pay more. When an area is "redlined" by respectable lending institutions, the exploiters come in. The search for quick profits takes over. High rents and high interest loans encourage overcrowding, improper conversion, and rapid turnover. In their book on the costs of segregation, *Equality and Beyond*, George and Eunice Grier describe the housing situation for minority groups:

"... some Negro families are forced to pay prices so exorbitant that they have little money for which to keep up their properties. Moreover, monthly housing costs often are increased by extortionate financing arrangements—such as 'lease-purchase' plans or high interest rate second and third mortgages—which Negroes must accept because 'reputable' mortgage lending institutions either refuse their business outright or are unwilling to lend money on properties priced at the inflated levels many Negroes must pay. In all too many cases, usurious costs are incurred because the properties are in the hands of speculators who insist on profiting outrageously not merely from the sale itself but from the financing as well."

Frustration is not restricted to the very poor. Frequently the family who experiences success enough to achieve a steady though modest income cannot obtain mortgage credit on reasonable terms. Moderate income families in the ghetto may have the economic capacity to meet monthly mortgage payments, and move to a neighborhood of older but sound and comfortable single-family dwellings. But the chances are great that such a family will be denied credit. The family will probably believe that racial

discrimination is the reason. Lending institutions may say it is because older areas are high risk areas.

Whatever the response, the effect is the same. The family is denied adequate housing at a reasonable cost. The neighborhood goes down. Decline is inevitable when there is no money to fix-up and to preserve the single-family character of a neighborhood.

In her much praised books, *The Decline and Life of Great Cities*, Jane Jacobs points out that "droughts of mortgage money" are the cause of much urban decay. Over-cautious lending policies and the unavailability of reasonable credit account in part for the nearly two billion dollars spent on urban renewal.

Urban economists and others concerned with city problems agree that an orderly "turnover" process in older housing is necessary to prevent slum formation. In our recent hearings on mortgage credit, business groups urged the use of the so-called "filtering" process for low and moderate income families. But we have to be realistic; private lenders are reluctant to take risks on older dwellings. And the cost of mortgage credit is too great for low and moderate income families.

On a \$15,000 house, the difference in cost between financing a 30 year mortgage at 7% and at 4% is more than \$10,000. As mortgage credit costs increase, this limits those who can obtain it. An increase of only one percent in the interest rate raises by \$500 to \$600, the annual income required to purchase even an inexpensive house.

To meet the dual problem of the high cost of credit and the scarcity of mortgage money for lower-priced housing, I have proposed a Home Purchase Assistance amendment to the National Housing Act. The purpose of the bill is to broaden the government's housing program for families of modest means. The chart at the end contrasts my bill with existing legislation. The 221(d)(3) program mainly provides rental housing. The 221(h) program covers housing to be substantially rehabilitated for resale of low-income families. But the family of modest means who wishes to purchase a home has no program to turn to.

Not every low and moderate income family wants to purchase a house. And not every family who wants to purchase can do so. Supporting services and organizations may make some difference, but we do not know how much and at what cost.

What we do know is that credit is scarce for certain groups and areas, and that it is expensive for everyone. A subsidy in the form of an interest write-down and a freely acknowledged high risk program will put some people back in the housing market and help to conserve some neighborhoods.

I think these are worthwhile objectives. Like so many other worthwhile objectives they cost money. The \$30 million I am asking for in the first year could enable 100,000 families to start purchasing an older but sound and adequate home.

Additional money would be necessary to cover losses. My request is for a \$10 million reserve fund. This fund would not replenish itself because no premiums are charged.

Essentially my proposal calls for full FHA mortgage guarantees on previously occupied homes. The government subsidy would consist of the "risk" fund and a write-down on interest rates to 3%. The government-provided assistance would run for the life of the mortgage and be provided at a constant level. The monthly assistance would be a modest \$30 or less.

Private lenders would make and service the mortgages. FHA would insure them. FNMA special assistance would be available in tight money periods. Thus the proposal relies mainly on existing institutions and on experts in the field now. For this reason I hope to see immediate benefits.

Housing problems are not restricted to the low income. My bill calls for the 221(d)(3) limits of eligibility. In Minneapolis-St. Paul for a family of four, this limit is \$8050; for a family of seven \$10,450. In a small, low-cost community such as Corinth, Mississippi, the limits go to \$5100 for a family of four and \$6650 for a family of seven. The chart below gives other examples of maximum eligibility.

221(d)(3) INCOME LIMITS FOR SELECTED CITIES

City	4-person family	7-person family
Corinth, Miss.	\$5,100	\$6,650
Gainesville, Fla.	6,300	8,200
Los Angeles, Calif.	8,400	10,900
Minneapolis-St. Paul	8,050	10,450
Newark, N.J.	8,500	11,550
Peoria, Ill.	7,600	9,900
Providence, R.I.	7,400	9,600
Shreveport, La.	6,550	8,500
St. Louis, Mo.	8,500	11,050

The lower limit would be determined by acquisition costs and other expenses such as taxes, hazard insurance, and repairs. Mortgage limits are set at \$12,500 and at \$15,000 for high cost areas. In addition, large families would be entitled to an extra \$2500 increase.

A significant number of existing homes do fall within the cost limits of the proposal. In a recent period, more than a quarter of the buyers of new homes sold their old homes for under \$10,000. Nearly that many sold for between \$10,000 and \$15,000. About one in nine FHA mortgages on existing homes last year was less than \$10,000. Over half fell in the \$10,000 to \$16,000 range.

This is in the range of the moderate income family. A \$10,000 house at 3% for 35 years requires a monthly debt service payment of less than \$40. But other housing expenses average more than \$40 per month. An income of close to \$4000 would thus be necessary. On a \$15,000 mortgage, a minimum income of about \$5400 would be required.

With the scarcity and high cost of credit, there is no difficulty in finding eligible people. The problem, which would have to be faced administratively, if not legislatively, is how to define and select those of greatest need.

One way to handle the problem is to work through non-profit organizations and let them make the choices. But I am reluctant to tie every new housing program directly to non-profit sponsors. They can play a part; my second bill, Operation HELP, is intended to strengthen them. But I do not think we can count on such organizations to service every community in the nation.

Non-profit organizations may be necessary to promote neighborhood revival, as aimed for under Mrs. Sullivan's 221(h) program. But I do not think every modest income family needs an intermediary or supporting services to purchase a home. Some may even look on these organizations as patronizing.

My proposal aims for flexibility—non-profit sponsors may be involved but are not required. Reviving a neighborhood that has gone down may be attempted, or an objective might be to prevent a neighborhood from beginning to deteriorate. Or, the need served might simply be adequate housing for a family otherwise excluded from the housing market.

I want to add a few comments about Op-

eration HELP. Several existing programs depend on non-profit sponsors. In addition to 221(h) enacted last year, 221(d)(3), rent supplements, elderly housing and rural housing programs all enable non-profit sponsors such as church groups to become active in the housing field.

These groups often do not have the technical expertise necessary to deal with the maze of problems associated with planning, developing, financing and even managing projects. In somewhat the same pattern as Title IX of last year's legislation, the Urban Information and Technical Assistance Services title, grants would be made to the states to promote and assist non-profit sponsors.

At the federal level a revolving fund would be established as a second way of helping non-profit sponsors. No interest loans could be made to cover pre-construction costs such as architectural and other fees, market surveys, and site options. Some non-profit organizations do not have capital that can be freed to cover expenses preliminary to the actual construction of a project. The need has already been recognized this year in the Appalachia bill.

Both of my bills try to facilitate the workings of existing institutions. Both draw upon previous experience. Their aim is to supplement current programs. They, in turn, will stand in need of modification, and I am open to any suggestions.

Mr. Chairman, thank you for this chance to speak before the committee. I request that a section-by-section analysis of my bill, and a report on non-profit housing sponsors be placed in the record.

## LOW AND MODERATE HOUSING PROGRAMS EXCLUSIVE OF RENT SUPPLEMENTS AND PUBLIC HOUSING

Program	Type of housing	Interest rate charged mortgagor	Maximum amount insurable	Subsidy mechanism	Intermediary	Eligibility requirements	Downpayment and maximum repayment time
221(d)(2)	1- to 4-family, new or existing, owner-occupied.	6 percent plus ½ percent premium.	\$12,500 on 1-family unit, \$15,000 in high-cost areas.	None (housing specifications more lenient than under 203).	None	None specified	\$200 and 40 years for displacees.
221(d)(3) BMIR	Multifamily, new or rehabilitated, rental or cooperative.	3 percent	\$13,500 per 2-bedroom unit and \$17,000 per 3-bedroom unit for walkups, higher for elevator type.	FNMA special assistance.	Nonprofit sponsor.	Moderate income, set administratively.	No down and 40 years.
221(h)	Single-family, owner-occupied, minimum of 5 units per project, substantially rehabilitated.	do	Not specified	do	do	Low income, rent supplement eligibility.	\$200 down and 25 years (time is set administratively).
Home purchase assistance, proposed 235.	Single-family, existing, owner-occupied.	do	Same as (d)(2) with an additional \$2,500 for large families.	Appropriated fund	None required	Moderate income, same as 221(d)(3).	\$200 or 3 percent and 35 years.

## THE BOY SCOUT WORLD JAMBOREE

Mr. JORDAN of Idaho. Mr. President, yesterday an event of international interest and importance commenced in Idaho. The Boy Scout World Jamboree, the first to be held in the United States went into full swing at Farragut State Park. More than 14,000 Scouts and leaders representing 100 nations and territories traveled over our country's varied landscape yisting many points of interest en route and now they are all gathered at the selected site in northern Idaho.

With the preparations complete and the event now in progress, I wish to commend all the people who have made it a reality. Nearly 100 national corporations have cooperated by donating both financial aid and special services; many Idaho businesses and individuals have given generously of their time, energy, and materials. Special preparations have been made offering the boys everything from

a complete aquatics and fishing program to a full scale western rodeo.

The theme of the Jamboree, "For Friendship," is being accomplished in a realistic example of fellowship and brotherhood on an individual level that transcends national boundaries. We could all take a lesson from these youths in their eagerness to understand and learn from each other. The Jamboree is providing an open atmosphere for the exchange of culture and philosophy within the common context of outdoor living.

No one could have enunciated the purpose of such gatherings better than the founder of Scouting, Lord Baden-Powell, speaking at the First World Jamboree in 1920. He said:

Let us go forth from here fully determined that we will develop among ourselves and our boys that comradeship through the worldwide spirit of the Scout brotherhood, so that we may help to develop peace and happiness in the world and goodwill among men.

The current World Jamboree is a tribute to traditional American hospitality and I am confident that, conducted in the spirit of Lord Baden-Powell's words, it will prove for those attending an experience in fellowship which will make a lasting and positive impression.

## DEATH OF DESMOND FITZ GERALD

Mr. KENNEDY of New York. Mr. President, the death of Desmond Fitz Gerald is a great loss to the Nation and a tragic personal loss to his family and those of us who worked with him.

Dez Fitz Gerald was a man of extraordinary dedication who applied all of his mental and physical resources to the tasks in which he was involved. I worked with him on many occasions, and his ideas were uniformly challenging and his judgment invariably informed by knowledge and wisdom. Because his work involved the Central Intelligence Agency, it is difficult to detail all the major and