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ited period after the discharge or release from active duty of such member. Referred to the Committee on Veterans' Affairs.

Mr. MONDALE. Mr. President, today the Senator from New Jersey (Mr. WILLIAMS) and I am introducing legislation to provide maternity care for the pregnant wife of a member of the Armed Forces for a limited period after the discharge or release from active duty of such member or for a pregnant member of the Armed Forces for a limited period after her discharge or release from active duty. The need for this measure was brought to my attention by Mr. Ralph Braun, department commander, VFW, State of Minnesota.

A serviceman has complete medical coverage while on active duty, but these benefits—including maternity care—terminate at midnight on the date of his discharge or release from service. When a veteran applies for civilian health insurance on the day following release from active duty, he finds most—if not all—policies specifically exclude maternity benefits for the first 9 months. Consequently, a veteran faces a 10-month void in maternity care that he can circumvent only if he subscribes to a civilian plan 10 months prior to his release from active duty—a plan which is probably unnecessary to him except for the maternity care it provides.

Servicemen should not be expected to extend their enlistment in order to provide for maternity benefits. And for many—in view of the current cost of hospital and medical charges—paying for maternity care from their own funds can be an extreme hardship.

For these reasons, I feel that legislation to alleviate this problem is not only necessary, but overdue.

By Mr. MONDALE (for himself and Mr. INOUYE):

S. 3707. A bill relating to the mortgage insurance premiums applicable to home mortgages insured by the Secretary of Housing and Urban Development, and requiring certain reports to the Congress by the Secretary with respect to the funds used by the Secretary in carrying out the various home mortgage insurance programs, and the premium levels necessary to sustain such funds. Referred to the Committee on Banking, Housing and Urban Affairs.

PROPOSAL TO REDUCE FHA MORTGAGE INSURANCE RATES

Mr. MONDALE. Mr. President, the bill I am introducing today could cut homebuyers' costs for FHA mortgage insurance by 50 percent.

My proposal which is cosponsored by Senator INOUYE, will do this by cutting the FHA insurance premium from ½ of 1 percent to ¼ of 1 percent. This would save a Minnesota family with an average of $19,000 mortgage as much as $943. A family with a $25,000 mortgage could save $1,280.

If my proposal is accepted, it would lower the present inflated cost of buying a house appreciably. Mortgage interest rates for FHA insured mortgages have been above 7 percent for the past 4 years. During 1969 and 1970, when President Nixon was making his disastrous effort to control inflation by depressing the housing industry, mortgage rates soared to 8.26 percent and 9.05 percent respectively. And they have not come down to normal levels yet. In fact, they may be rising again. This is bad news for the homebuyer.

A reduction in mortgage insurance premium levels has the same effect as a reduction in mortgage interest rates. Homebuyers pay a ½ of 1 percent insurance charge on their outstanding mortgage balance every month. This payment usually goes in with the check for the mortgage payment. Cutting the insurance fee in half is exactly like lowering the mortgage interest rate by ¼ of 1 percent.

There is little doubt that a reduction of 50 percent in the premium is actuarially conservative and sound. The current one-half of 1 percent has been charged homebuyers since 1934. It is designed to cover a long-term default rate almost as severe as was experienced during the worst year of the Great Depression.

This overly pessimistic assumption has led to an enormous and unnecessary accumulation of reserves. Since 1934, the FHA has collected over $4 billion in premiums while paying out only $1.1 billion to cover defaults. See Table I.

TABLE I

Cumulative net losses through June 30, 1970 on acquired properties and assigned mortgages:

	Million
Mutual mortgage insurance fund	$716
General insurance fund	375
Cooperative management housing insurance fund [1]	
Special risk insurance fund [2]	1
	$1,092

[1] A profit of less than $0.5 million.

[2] Very few losses on acquired properties had not been realized by June 30, 1970.

FHA insurance fund reserves now total about $1.6 billion, 50 percent or $500 million more than total defaults since 1934. Table II shows the combined reserve situation.

TABLE II

FHA INSURANCE FUND RESEARCH RESERVES—ALL FHA FUNDS COMBINED

End of:	*Million*
Fiscal year 1971	$1,561
Fiscal year 1972	1,596
Fiscal year 1973	1,670

Using FHA's own inflated estimates of reserves necessary to ensure safety, $76 billion of fiscal year 1971 reserves are classified as "excess." These reserves are largely in what is now the Mutual Mortgage Insurance Fund, but they are available to the new fund structure. FHA projections suggest that "excess" reserves will rise to about $175 million at the end of fiscal year 1972, by a further $140 million in fiscal year 1973, and so on. They could reach $4 billion by 1980 if the insurance premium is not reduced.

Instead of accumulating another $140 million of "excess" reserves in fiscal year 1973, my proposal would lead to some reduction in already excessive reserves in the short run. This is as it should be. Reserves should be brought down in the next few years, and the FHA forced to seek more economy in its operations.

By lowering the rate to one-fourth of 1 percent, my proposal would cut the fat out of the FHA's insurance programs. It will force the FHA to take a careful look at its administrative costs so that it can get by on the lower premium.

Over the years, 38 percent of the insurance premium has been going to pay FHA's expenses. More of the homeowners' premium payments are going to cover FHA expenses than to meet mortgage defaults. FHA administrative costs should be reduced, and I believe that my bill will help accomplish this goal.

Mr. President, the Senate has recently passed new housing legislation superseding the National Housing Act. The House Banking and Currency Committee is now working on its version of this legislation. The House Subcommittee on Housing has reported a bill to the full Banking Committee for consideration.

Both the Senate bill and the House bill, as passed by the subcommittee, consolidate FHA insurance funds into two main funds, one for general insurance, and the other for special risk mortgages. Both bills retain a third fund, which is much smaller, for cooperative housing as well.

My bill would lower the premium for all these funds. For the subsidized mortgages under the special risk program, this makes sense because the high premium for subsidized mortgages simply adds to the Federal housing subsidy payment. Charging the occupant a premium raises the cost of the subsidy. This is so because the occupant's payment is limited to a given percentage of his income. The difference has to be made up by the subsidy voted by the Congress.

My bill, therefore, also requires the Secretary of HUD to consider the cost saving which could be achieved by eliminating the premium altogether for subsidized housing.

To summarize, my bill stipulates that within 30 days of the effective date of the legislation, mortgage insurance premium rates on all new FHA-insured mortgage loans would be reduced to no higher than one-fourth of 1 percent per annum on outstanding balances. Rates on older mortgages would drop to this level also within a few months.

Within 90 days after the effective date of the legislation, the Secretary of HUD would be required to provide Congress with recommendations with respect to the transfer of as large a part as possible of FHA insurance reserves accumulated in the past to new insurance funds set up under new housing legislation.

The Secretary will also be required to make recommendations concerning further premium reductions or to justify a higher premium level if this seems to be required after the Congress has determined that all possible economies have been made. The Secretary must also evaluate the administrative savings which might be achieved by eliminating the premiums on subsidized housing.

My bill requires that in the future, the Secretary of HUD make an annual report on the level of the insurance premium so that Congress may be certain that the homebuyer is getting the lowest possible premium rate.

Mr. President, the American homebuyer has paid a very high price for ill-conceived economic policies in the past few years. He has paid and continues to pay outrageously high mortgage rates. The Congress needs to attack this problem, and accepting my proposal on insurance premiums is one important way to do so.

I ask unanimous consent that my bill be printed in the RECORD at this point.

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

S. 3707

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the insurance premium for any mortgage insured by the Secretary of Housing and Urban Development under the National Housing Act, or any Act supplementary thereto, shall not exceed one-fourth of 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time. With respect to any such mortgage which is outstanding on the effective date of this section, the Secretary shall adjust the insurance premium applicable to such mortgage in conformity with this section at such time (not later than 12 months after such effective date) as the next annual premium amount for such mortgage is determined.

(b) This section takes effect upon the expiration of 30 days after the date of enactment of this Act.

SEC. 2. (a)(1) The Secretary of Housing and Urban Development shall, not later than 90 days after the date of enactment of this Act, report to the Congress his recommendations with respect to transferring as large a part as practicable of the reserves of the Mutual Mortgage Insurance Fund, created by section 202 of the National Housing Act, to the General Insurance Fund and the Special Risk Insurance Fund, created respectively by sections 519 and 238(b) of such Act. In making such recommendations the Secretary shall have regard to (A) the fact that the General Insurance Fund and the Special Risk Insurance Fund are now the principal funds for carrying out the home mortgage insurance programs administered by the Secretary, (B) the fact that the reserves of the Mutual Mortgage Insurance Fund were accumulated in significant part through premium payments by mortgagors whose interests in the properties covered by insured mortgages have been transferred, and (C) the paramount interest of the Government in view of the ultimate underwriting of risk by the United States and the importance of spreading the risk over an extended period of time.

(2) The report required under paragraph (1) shall also include the recommendation of the Secretary with respect to a reduction of the premium for the insurance of any mortgage by the Secretary to a level lower than one-fourth of 1 per centum per annum of the amount of the outstanding principal obligation of the mortgage. If the Secretary determines that it is not practicable to recommmend a reduction of the premiums below one-fourth of 1 per centum per annum or if he determines that a premium greater than one-fourth of 1 per centum per annum is necessary then he shall recommend that minimum per centum which he deems to be feasible not to exceed four-tenths of 1 per centum per annum. In making any such recommendation the Secretary shall have regard to the recommendations made under paragraph (1) and shall indicate the actuarial factors assumed.

(3) The report required under paragraph (1) shall also include the Secretary's recommendation with respect to the feasibility of reducing administrative costs by eliminating mortgage insurance premiums in the case of that class of mortgages for the insurance of which premiums are now collected and deposited in the Special Risk Insurance Fund, and his recommendations for reducing mortgage insurance operating expenses in other areas.

(b) In addition to the report specified in subsection (a), the Secretary shall report annually to the Congress (1) his analysis of the financial condition of each of the mortgage insurance funds administered by him in the light of the then current risk experience and actuarial assumptions, and (2) his recommendations on the basis of such analysis, of the appropriate mortgage insurance premium levels. The first such report shall be made not later than one year after the date on which the report required under subsection (a) is submitted, and subsequent reports shall be made at annual intervals thereafter.

By Mr. RIBICOFF (for himself, Mr. JAVITS, Mr. KENNEDY, and Mr. GURNEY):

Senate Joint Resolution 244. A joint resolution calling for new efforts to protect international travelers from acts of violence and aerial piracy. Referred to the Committee on Foreign Relations.

Mr. RIBICOFF. Mr. President, new and formidable challenges have been posed to international travel by increasing numbers of skyjackings and by the Lod Airport massacre. Expressions of sorrow and shock, however, will not be enough. If future tragedies are to be averted, strong, coordinated actions by airlines and governments are needed.

If safety and sanity are to be restored to international air traffic, our own country must take the lead in accomplishing this goal. While I welcome the creation of a government task force to spur international action, it should be noted that this was done only after the Airline Pilots Association threatened a 24-hour strike for June 19.

Clearly more stringent security standards are required at all airports. The added costs, and inconvenience to passengers, must be weighed against the grave risks to life and limb and the disruption of vital communications between nations.

All nations must adhere to stricter and more thorough searching of passengers and baggage, the policing of aircraft and airports and tighter screening of suspects. Hijacked aircraft, all passengers and crew must be promptly returned. The hijackers must be brought to justice in appropriate courts.

Any nation which in any way assists or harbors hijackers or terrorists who interfere with international travel should be treated as an international outlaw. International air travel to such countries should be stopped, and their landing rights in other countries should be rescinded. All nations which desire to benefit from international aviation must make it clear that they will comply with the 1970 Hague Convention on hijacking and the 1971 Montreal Convention on air attacks and sabotage.

The recent Lod tragedy has brought this growing menace into a bloody focus. It has revealed not only the murderous plans of political fanatics, but the shocking irresponsibility of two governments—Egypt and Lebanon.

For years Egypt has given its official blessings to indiscriminate assaults on civilians by terrorist groups as an instrument of its policies against Israel. Cairo and Beirut have openly hosted the terror organizations which plan and train for the aerial piracy and sabotage abroad. The headquarters of the main terrorist organizations, including the Popular Front for the Liberation of Palestine, are in Beirut. It was there that the training of the three Japanese terrorists was carried out, and there that official spokesmen of the PFLP boasted of their great victory in massacring 26 innocent civilians. Both of these governments, along with the other governments which have in the past harbored hijackers, must be made to understand that their support of terrorist acts against civilian aviation constitutes complicity in grave crimes against the world community. The only way to do this is to mobilize international action against these countries by denying them the benefits of international aviation.

I am joined in the resolution I am introducing today by the distinguished senior Senators from New York, Massachusetts, and Florida. We invite our colleagues to cosponsor this measure. I note that similar legislation in the form of two separate resolutions was introduced in the other body last Thursday by Congressman BADILLO with more than 30 cosponsors.

Our resolution is a call for new coordinated international efforts to be spearheaded by the United States acting through international agencies. Certainly with our stake in expanded international aviation and travel it is a most appropriate role for the United States.

The world has lived with this growing menace for too long. The senseless slaughter of 26 civilians should have convinced even the most apathetic and indifferent nations that the time for effective action is now. The American public and decent men everywhere expect an end to this new barbarism which threatens important links between nations.

I ask unanimous consent that the text of the resolution be printed in the RECORD.

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

S. J. RES. 244

Whereas acts of terrorism and violence against international civilian carriers and passengers now constitute a growing menance to travel and threaten communications between nations and the transportation of people and goods, and

Whereas many governments and airlines have failed to take the necessary security precautions to prevent aerial piracy and ensure the safety and well-being of persons of international travel: Now, therefore be it

Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled, That the President is directed to seek at the earliest possible date, through the United Nations, the International Civil Aviation Organization or other suitable international body, a world conference for the purpose of estab-