souri, 91 US 275 (1875)) seems almost to take the first approach: states may not tax interstate commerce without Congressional permission. Although the Justices have several times urged Congress to step in, Moorman is the first case in which the case-by-case has been abandoned and the entire problem passed to Congress, not by requiring Congressional permission for state taxation but removing virtually all constitutional restraint on such taxes and leaving it to Congress to define the limits, if any.

Undoubtedly in adopting the case-by-case method the Court assumed a burden of unanticipated dimensions which has become more onerous as state taxation, particularly of out-of-state entities, has become more rapacious. We must sympathize with the Court's desire that Congress do its duty. However, it is regrettable that the Court did not simply say: "These state tax cases are too complicated for us and we will adjudicate no more of them—let Congress make the rules". Instead, it went into thirteen pages of rationalization that in effect overrules all precedent.

It repudiates the long-established Constitutional doctrine that "Income is the product of capital or labor or both combined".

It holds that a state may tax income earned in other states.

It holds that the taxpayer must prove that the assumption underlying all division of income formulae, including Iowa's—that the income element in every dollar of receipts is the same as every other dollar—is correct.

It calls for what it calls "separate accounting" to divide income between manufacturing and sales, rather than the detailed cost comparisons in the record.

It accepts anything as "rough approximation", ignoring the near precision figures stipulated in the record.

It holds that the fact that 44 states do it one way does not indicate that a conflicting way by one state is wrong.

The net result is that a state may tax 100% of the income from goods manufactured elsewhere and sold to customers in the state, notwithstanding that the same income is properly taxed in the state of manufacture; and that a state may reach outside to tax values outside its borders (here the capital and labor expended in Illinois to produce the goods sold to Iowa customers).

The temptation is far too strong for states to resist. The Iowa formula puts a subsidy on exports from the state and a tariff on imports. The competitive advantage to local business is obvious: an Iowa manufacturer pays tax on 100% of its income from local sales, whereas his competitor in Illinois must pay that tax and the Illinois tax, too. And the Illinois manufacturer pays tax on 100% of its local income while its Iowa competitor pays on only one-third of its income from Illinois business. Legislatures of course favor that situation, and regrettably so do some short-sighted businesses, as demonstrated by the fact that the Iowa Manufacturers Association filed briefs supporting the Iowa formula.

This decision puts an end to the state trend towards uniformity, which trend the Multistate Tax Commission has been bucking with its overall consolidation and nonbusiness income efforts. Already it appears that Minnesota will upset the standard formula, as Florida, Wisconsin, New York and Massachusetts are doing (by giving sales double weight).

It is now urgent, as it has not been before, for Congress to lay down the rules. The longer the delay the harder it will be to curb extraterritoriality.

It is far more important that Congress take charge in some fashion than what the fashion is. Uniformity is imperative under the conditions of high rates. It is true, of course, that if the Iowa rule (sales-by-destination-only) were universal, there would be no double taxation. Taxes would be paid, however, to the wrong states—wrong because those would not be the states which provided the only rationale for taxes on business: services to the business; and wrong because they would be paid by persons having no political influence in the taxing state. Inevitably severe discrimination against out-of-state competitors would result—as it does in Iowa.

While Moorman would be glad to have S. 2173 enacted in its present form, it may be pertinent to mention a few details to which there could be improving alternatives.

The original ancestor to this bill provided that the tax must be computed according to the prescribed formula. This invoked the opposition not only of tax collectors but also of short-sighted business representatives who wanted the benefit of the subsidy provided by the sales factor. S. 2173 is an improvement in that it merely sets the prescribed formula as a ceiling; the states are free to subsidize exports if they wish.

The bill does a splendid service in eliminating from the tax base dividends from subsidiaries. The subsidiaries pay their own taxes and there is no reason for their earnings to be taxed twice. It would be an improvement to forbid the taxation of any dividends.

The restrictions (in Section 303) on consolidated returns are inadequate. A state should never be permitted to force consolidation. In cases of fraud, IRC 382 adjustment might be permitted.

In the explanation accompanying introduction of the bill, in the Congressional Record of October 4, 1977, it is said that the sales factor is included in the apportionment formula because "it is recognized that part of the income is attributable to the selling activity in the market State". That attribution is, of course, entirely correct, and it is fully measured by the property and payroll factors. The sales factor, as the Willis Committee recognized, is illegitimate in an apportionment formula because it does not apportion and distorts the true apportionment achieved by the property and payroll factors.

Thus, while we disapprove the sales factor because it cannot be justified on economic or fiscal grounds, we recognize its political expediency and do not suggest it as a reason for not proceeding with this bill, passage of which is very important not only to business but also to those states which have been trying to bring their procedures into line with the Commerce Clause. It would be a shame, however, to force the one state has has a completely sound apportionment formula, West Virginia, to abandon that policy and replace it with a formula including the unsound sales factor. If it is politically inexpedient to delete the sales factor entirely, some amendment should be made to protect West Virginia.

Complaints by state officials that the bill would reduce their income are completely unjustified. There is no such thing as a "market state" as distinguished from a "producer state". Every state is both market and producer in equal amounts. My state of Florida is a "market" for automobiles. How does it pay for them? Not in money, because Florida doesn't print any money. It pays with oranges and resort hotels. Thus if Florida taxes all the income of the orange groves and the hotel proprietors it gets all it has coming to it without taxing the out-of-state activities of the automobile factories. There is no more reason for Florida to collect a tax (as the sales factor does) on Michigan factories than for Michigan to collect a tax on Florida hotel rooms occupied by Michigan residents (who are the "market").

While this statement is directed exclusively to Title III, we believe the entire bill is needed and urge its adoption.

Moorman Manufacturing Company and I thank you for this opportunity to present its views. I request permission to file for your consideration and the record a longer statement which will discuss other parts of the bill.

ANNIVERSARY OF FRENCH FLEET ENTERING NEWPORT HARBOR

Mr. PELL. Mr. President, our Nation in 1976 celebrated the 200th anniversary of the signing of the Declaration of Independence, but it is too often forgotten that the issuance of the declaration was but one of the many significant events that culminated in the formation of the United States of America.

Saturday, July 28, was the 200th anniversary of another significant event in the struggle of the American Colonies for their independence. On that date, in 1778, a French fleet, under the command of Count D'Estaing, entered the harbor at Newport, R.I., directly challenging the British forces who had occupied Newport for 18 months. The French forces destroyed several British ships, giving great encouragement to the Newport population.

Count d'Estaing then sailed from the harbor to give battle to a larger British fleet commanded by Lord Howe, but a severe storm dispersed both fleets, and the French fleet regrouped and sailed to Boston for refitting.

Even though the French incursion was a brief one, it gave heart to the Newport residents and foreshadowed the later arrival in 1780 of General Rochambeau with a force of 5,000 men, a force that played a significant role in the ultimate victory of Gen. George Washington and the Continental Army.

Mr. President, on Saturday, the French naval sortie into Newport Harbor was observed by a ceremony at the statue of General Rochambeau overlooking Newport Harbor. The ceremony was sponsored by the Love-Day Foundation of Newport and directed by Dr. Brian Sullivan. I commend Dr. Sullivan and the foundation for their sponsorship of this observance which serves to remind us all of the historical basis of the long and close friendship between our Nation and the people of France.

SUPPRESSION OF MEDICAL TECHNOLOGY BY HEW

Mr. DOLE. Mr. President, during the past year, the delivery to the public of potentially lifesaving drugs and medical devices developed under the auspices of the Department of Health, Education, and Welfare has been dealt a crippling blow. In clear violation of Federal regulations governing disposition of inventions, HEW has reversed its longstanding policy of permitting universities and medical research institutes to collaborate with the private sector for purposes of developing medical advances for diagnosing and treating such diseases as cancer, arthritis, hepatitis, and muscular dystrophy. HEW's decision to effectively suppress these medical breakthroughs is

without precedent and is so unconscionable that I feel they are properly designated "horror stories."

HOW HEW CONTROLS MEDICAL TECHNOLOGY

HEW's present position of denying to inventors and their universities ownership rights to inventions they have made under HEW grant and contract support precludes the possibility of these inventions ever reaching the public. Inventions derived from Government-supported research almost always exist as a prototype and, therefore, must undergo very expensive development and clinical evaluations. The Government research represents only a small fraction of the total cost of bringing a new drug or medical device to the public. Product development and evaluation of medical devices, which often take years to accomplish and require investments of millions of dollars, can only be carried out by the private sector. The Government has neither the financial resources nor the expertise to bring a medical innovation to completion. Industry just cannot be expected to underwrite a very risky development process unless it is provided a modicum of protection through granting of patent rights for a limited period of time.

AN ILLUSTRATIVE CASE: A NEW DIAGNOSTIC TEST FOR CANCER

To understand how lifesaving medical technology is made available to the public and how its development is dependent on the whim of HEW bureaucracy, consider the following scenario.

At a prominent medical research institute, a professor was awarded a grant by the National Cancer Institute of the National Institutes of Health (NIH) to investigate carcino-embryonic antigens (CEA) as a diagnostic marker for cancer. Initial evaluation of the new assay has revealed it is superior to existing procedures for detecting cancer of the digestive tract. These cancers are extremely difficult to treat and, therefore, early detection is absolutely crucial.

The advantages of diagnosing and evaluating cancer with blood samples were felt to be so significant that the professor promptly brought his research findings to the attention of the administration of the medical school as well as to his project manager at NIH. The NIH as well as the university informed the professor that funds for clinical evaluation, running into the millions of dollars, were unavailable and suggested that he seek support from a private firm interested in marketing the device. Several companies were contacted in an effort to establish a collaboration with the university. At least one firm expressed a willingness to commit the necessary capital for development, but pointed out that even if the assay turns out to be as effective as the present evidence indicates, the company has no protection against its competitors copying the technique. Were this to take place, not only would the competitor have saved itself millions of dollars of risk capital, but in light of the limited market the firm could never recoup its investment. It, therefore, insisted on patent rights for a reasonable period of time as a shield against unscrupulous practices of other firms.

Believing this to be a reasonable request, the professor petitioned HEW for rights to the invention so that patent protection could be extended to the private firm. After going many months without receiving word from HEW, the university requested a status report. It was informed the petition was under study.

Several more months have gone by and it is a year and a half since the initial petition was submitted. The university was recently informed by the private company that it no longer can commit its funds and must rescind its agreement. The professor has essentially given up on HEW and is back in his laboratory working on other projects. Interest in this once promising cancer diagnosis breakthrough has almost totally dissipated, and the assay is little more than an idle curiosity in the professor's laboratory notebook.

There is little more to add to the story except to state that the scenario is not fiction. The professor's name is Dr. Sela, who is president of the world-renowned Weizmann Institute in Israel.

HEW SEEKS TO RESTRAIN NEW INVENTIONS

Recognizing the importance of developing its medical inventions, HEW, for the past 10 years, has been willing to relinquish ownership of inventions to grantees in order to foster commercialization. HEW's decision to actively encourage private-public collaborations was made following an investigation in 1968 by the GAO of the pharmaceutical research programs in NIH. The GAO could not find evidence of a single pharmaceutical developed with NIH support ever having reached the public, and concluded that HEW's retention of all rights to inventions was the primary reason for its pitiful record.

In 1968, in response to the GAO's accusation that hundreds of millions of dollars had been expended on drug research with no measurable return, HEW altered its policy and began awarding patent rights to grantees in nonprofit institutions. In the next 10 years, the introduction of more than 70 inventions attracted hundreds of millions of dollars for capital formation. The benefits to the public measured in terms of jobs and business enterprises created, trade spawned, and human lives saved are difficult to calculate. All this at no additional cost to the taxpayers.

How short the institutional memory of HEW. For some inexplicable reason, HEW has now decided to pull the plug on development of Government-supported biomedical research and thereby deprive us of the medical innovations we have come to expect in return for the billions of dollars in annual Federal expenditures for biomedical research.

HEW HORROR STORIES

My office has documented 29 cases where a university has been joined by the sponsoring institute of NIH—that is, NCI—in its petition to HEW's General Counsel for Ownership Rights on an Invention. The petitioners have not received so much as an acknowledgement.

In the past 10 years, following standard operating procedures of HEW, a petition for invention rights was thoroughly reviewed by the sponsoring institute of NIH. The institute's recommendation for invention rights was then forwarded to the Assistant Secretary for Health, who made the final decision. Thus, prior to August 1977, the HEW General Counsel did not undertake a separate review, and therefore additional delays were nonexistent. As can be seen from the enclosed list of petitions, delays caused by the General Counsel are, in some cases, now running almost a year.

In response to inquiries from my office, I have been informed that all patent matters are being deferred pending completion of the General Counsel's study and that HEW does not have a good estimate as to when the review will be completed.

The decision to "stonewall" esteemed scientists from some of our most prestigious universities is in clear violation of the Federal procurement regulations that state that—

> The agency (HEW) is obligated to consider, record and notify the party requesting patent rights—and that if the agency does not wish to grant greater rights, the basis for the final action must be communicated.

Of the 29 cases requesting patent rights, 13 cases have identified a private firm that has offered to commit millions of dollars for development. Included in this list of horror stories are potential cures and diagnostic methods for cancer, arthritis, tuberculosis, hepatitis and muscular dystrophy. The magnitude of the problem is made graphic from a consideration of the individual cases. For example:

"Bioassay for Cancer Treatment," University of Arizona (Drs. Salmon and Hamburger). An article in the June 26 edition of Time magazine describes a new means of testing the effectiveness of drugs in a specific case of cancer, without having to administer them to the patient. In cancer chemotherapy, patients often suffer needlessly from the drug's toxic side effects even though therapy may not retard the cancer. With this procedure, physicians will be able to plan an individual course of treatment. It can also be used to evaluate new anticancer drugs without endangering the patient.

"Treatment for Several Auto-Immune Diseases," University of Texas (Dr. Goldstein). Thymosin is a hormone treatment which is expected to prove effective in treating patients with malfunctioning immune systems, which include several types of cancer, rheumatoid arthritis, muscular dystrophy and possibly schizophrenia. By providing immunities the body cannot produce, it is effective in treating immunodeficiencies in children who suffer from raging infections because of a breakdown in natural immune systems. Immunodeficient patients will be treated with thymosin in the way diabetics are supplied with insulin. In cancer studies, thymosin has been found to be very effective against lung cancer of the dreaded oat cell-lung cell type.

"Blood Test for Detecting Cancer," Columbia University (Dr. Spiegelman). This invention is a method for detecting the presence and evaluating the status of cancer by assaying blood plasma for

tumor-related viral proteins. The blood test would be ideal for initial mass screening programs for early detection of the disease. The procedure would also be useful in evaluating the outcome of surgical, chemotherapeutic and radiation therapies and for determining whether there has been a recurrence of the disease.

"Treatment of Hypertension," University of Vermont (Dr. Kuehne). A naturally occuring alkaloid, Vincadifformine, has been widely used in several countries in Europe to treat cerebral vascular diseases and hypertension. For the elderly, who are high-risk candidates for stroke, this drug is believed to be of special importance. Because of unstable political conditions in the country where the substance is found, it is anticipated that sufficient quantities of the drug will not be available for FDA clearance in the United States. Thus the total synthesis of the drug is a major breakthrough for all patients suffering from arterial disease.

SACRIFICE OF LIVES TO GOVERNMENT OVERMANAGEMENT

The above cases and the 25 other inventions represent the cream of the NIH biomedical research program. Yet they are being held back from development. Why? Who is served by HEW's policy? Certainly not the taxpayers who have paid for this research. Certainly not the scientists and physicians who have devoted so much of their energies to conquer these dreaded diseases. And certainly not those of us unfortunate enough to need these technologies to sustain life.

Rarely have we witnessed a more hideous example of overmanagement by the bureaucracy. In the anticipation of a presently nonexistent abuse, HEW is apparently willing to intervene in the development of lifesaving technology.

The extent to which HEW is willing to go in its control of biomedical research findings obtained by NIH-supported university scientists is illustrated in the following passage from an internal memorandum of the HEW General Counsel:

Historically the objectives of our patent policies have been to make inventions developed with government funding available to the public as rapidly and as cheaply as possible, goals which are sometimes incompatible.

While these objectives are basically sound, recent experience with the high cost of proliferating health care technology suggests that there may be circumstances in which the department would wish to restrain or regulate the availability and cost of inventions made with HEW support, sometimes encouraging rapid, low cost availability, at other times restraining or regulating availability.

What I believe we are witnessing in HEW is an ill-considered "lashing out" at medical science out of a sense of frustration about the cost of health care. It seems clear to me that HEW's change in policy is in fundamental conflict with its mandated mission of bringing beneficial medical technology to the taxpayer. I am shocked to learn that HEW has in effect destroyed the process by which the inventions I have identified are transferred to the public, presumably on the basis that the new technology may increase the cost of medical care.

As the ranking member of the Health Subcommittee of the Senate Finance Committee, and having devoted so much of my time this session to a consideration of the rising costs of health care, I have more than a passing interest in this problem. The Senator from Kansas, however, fails to understand how HEW's policy of cutting off the scientific process at its very inception can ever result in lower health care costs, not to mention the disastrous consequences of such a policy for maintaining the health of our citizens.

It is my position that the technology must be developed sufficiently before judgments about benefits to the public can judiciously be made. Let me illustrate this point. I am advised that HEW is now aiding in development of a drug that will, at the cost of less than a dollar a day, dissolve gallstones. This treatment would be obviate the need for costly surgical treatment and the $200-a-day charge for hospitalization. Can anyone maintain that NIH should not develop this drug to the point where its cost to the user can be evaluated? But, as I have demonstrated, this is precisely the position that HEW has adopted.

HEW'S DISTRUST OF THE SECTOR

The unfortunate state of HEW's technology delivery system, I feel, is symptomatic of Government reluctance to involve the private sector in efforts to solve the problems besetting this country. We must face the reality that the creative energies in the private sector must be utilized in tackling the societal challenges of health, energy, and urban decay. President Carter stated in his 1978 state of the Union address that—

Government cannot solve our problems. Government cannot eliminate poverty, or provide a bountiful economy, or reduce inflation, or save our cities, or cure illiteracy, or provide energy.

It is time we stop paying lip service to the contributions of the private sector and demonstrate good faith with decisive action. Although patents may be but a small factor in establishing meaningful private-public collaborations, it does provide an opportunity for the Government and private sectors to display mutual trust and a willingness to work together on common problems.

ACTION TAKEN BY SENATOR DOLE

Today, I am calling on the Secretary of HEW to justify his Department's policy, and tell the American public why it is in the public interest to be deprived of the benefits of the world's finest biomedical research program. I am also requesting that the GAO immediately undertake for the Congress a full-scale investigation of the medical technology transfer program in HEW and its relationship to Federal patent policy. Finally, together with Senator BIRCH BAYH of Indiana, I shall be introducing a bill establishing a Federal patent policy that will give universities and small businesses the opportunity to develop inventions funded with Government support.

Mr. President, I ask unanimous consent to have printed in the RECORD a table entitled "Petitions for Invention Rights."

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

PETITIONS FOR INVENTION RIGHTS

Sponsoring institute (NIH)	Date sent to general counsel	Inventor and university	Invention
Employee—Bureau of Standards	Sept. 28, 1977	Cetas—University of Arizona	Birefringement crystal thermometer for measuring heat of cancerous tissue during electromagnetic-wave treatment.
National Institute of Allergy and Infectious Diseases (NIAID).	Oct. 6, 1977	Romers/Kumar—University of Arizona	New mitomycin anticancer agents.
National Institute of General Medical Sciences (NIGMS).	Oct. 14, 1977	Powers—Georgia Institute of Technology	Compounds to treat emphysema and arthritis.
National Heart, Lung, and Blood Institute (NHLBI):			
NIGMS	do	Fox—Columbia University	Aqueous hypertonic solution for treatment of burns.
NIGMS	Nov. 1, 1977	Everett—University of Houston	Apparatus and synthesis of film transfer characteristics.
National Cancer Institute (NCI)	Nov. 4, 1977	Sela/Arnon—Weizmann Institute	Test for diagnosing cancer.
NHLBI	Dec. 8, 1977	Normann—Baylor University	Remote monitoring of blood pumps.
NCI	Dec. 20, 1977	Goldstein—University of Texas	Hormone (thymosin) treatment of immune system diseases (cancer, arthritis, muscular distrophy).
NCI	Dec. 29, 1977	Salmon/Hamburger—University of Arizona	Bioassay for the treatment of cancer.
NCI	Jan. 26, 1978	Townsend/Earl—University of Utah	Synthesis of anti-cancer compounds.
National Cancer Institute	Jan. 27, 1978	Pogell/McCann—Saint Louis University	Pamamycin—a new broad spectrum antibiotic.
National Institute of Dental Research (NIDR), Division of Research Resources (DRR).	Jan. 31, 1978	Latham/Georgiade—University of North Carolina.	Appliance to be placed in the mouth of infants to correct bilateral cleft of the lip and palate.
NIAID, NHLBI	do	Goetzel/Austin—Harvard University	Synthetic therapeutic agents for anaphylaxis, asthma, etc.
NHLBI	Feb. 10, 1978	Mahoney—University of Colorado	Device to examine hemoglobins to detect abnormalities.

PETITIONS FOR INVENTION RIGHTS—Continued

Sponsoring institute (NIH)	Date sent to general counsel	Inventor and university	Invention
National Institute of Arthritis, Metabolism, and Digestive Diseases (NIAMDD).	Feb. 13, 1978	Walser—Johns Hopkins University	Salts of Keto acids for purpose of alleviating hyperammonemia due to liver damage caused by such disorders as cirrhosis, hepatitis or genetic liver damage.
Employee	Feb. 28, 1978	Vurek—NIH employee	Measurement of carbon dioxide in blood plasama for diagnostic purposes.
Do	Apr. 5, 1978	Walker—Employee NIH	Needle valve detent attachment for controlling cuff deflation during the taking of blood pressure.
NCI	Apr. 7, 1978	Apple/Formica—University of California	Anticancer drug—Azetomicins.
NCI	Apr. 11, 1978	Spegelman—Columbia University	Method for detecting cancer.
NIGMS	Apr. 20, 1978	Marshall/Rabinowitz—University of Miami	Synthetic carbohydrate—Protein conjugates for extending conditions under which enzyme can be used in biochemical processes.
NCI	do	Farnsworth—University of Illinois	Anticancer drug—Jacaranone.
NCI	May 1, 1978	Turcotte—University of Rhode Island	Anticancer drug.
National Institute of Neurological and Communicative Disorders and Stroke.	May 8, 1978	Jobsis—Duke University	Method for noninvasive monitoring of oxygen sufficiency in human tissues and organs by infra-red radiation.
NIGMS	May 24, 1978	Montalvo—Gulf South Research Institute	An invention to selectively measure substances in the blood to diagnose blood disorders.
NCI	May 26, 1978	Pettit/Ode—Arizona State University	Anticancer drug.
Employee	June 21, 1978	Leighton—Employee	Intracranial pressure gauge.
NCI	June 29, 1978	Kuehne—University of Vermont	A method for synthetically preparing a useful naturally occuring substance. The natural substance is used in making a drug for treatment of high blood pressure.
NICHD	July 17, 1978	Gray—Illinois Institute of Technology	Prolong release of antifertility drugs.
NCI	do	Gosalvez—University of Madrid	Novel anti-cancer compounds—Analogs of adriamycin.

HOUSING ASSISTANCE PROGRAMS: SUCCESS WITH SECTION 312

● Mr. MARK O. HATFIELD. Mr. President, as appropriations for HUD programs come before the Senate for approval, I wish to make mention of the section 312 rehabilitation housing program and commend my colleagues on the Banking, Housing, and Urban Affairs Committee for recognizing the success of this program as shown by the substantial funding increase proposed for fiscal year 1979.

Section 312 has proven itself to be one of the best housing assistance programs to be developed by the Federal Government in years. Successful urban renewal projects, assisted by the 312 program, have gained notice in a number of major cities across the Nation; keeping alive the hope that one day our rundown neighborhoods will be renewed and revitalized.

I would like to illustrate my comments by referring to one of the most successful projects in the Nation, in Portland, Oreg. The city of Portland and the Portland Development Commission operate one of the largest single-family home rehabilitation programs in the country. It involves some 22 neighborhoods and 1,300 units per year with a total expenditure of $9 million, with benefits being provided both to low- and moderate-income homeowners.

Portland has pioneered not only the making of large multifamily rehabilitation loans but also cooperative housing and community development financing of section 8 rehabilitation projects. Each year an additional 200 to 300 units in subsidized multifamily units are being completed.

Portland's success in housing conservation and rehabilitation is due primarily to the fact that programs are not limited to Federal dollars. To leverage and supplement Federal funds, the city has developed the public interest lender (PIL) and local home improvement loan (LHIL) programs in cooperation with local financial institutions. Under the PIL program, 11 private lending institutions participate in extending a line of credit to the city for the financing of rehabilitation loans. By lending at below market interest rates to the city, lenders receive tax-free interest and borrowers receive lower interest rates. Since 1973, the city has loaned in excess of $7 million under the PIL program.

The section 312 program has been, and continues to be, the cornerstone of Portland's housing conservation program. Since 1965, the 312 loans have enjoyed outstanding success in assisting people to rehabilitate their homes. Specifically over the last 2 years, an average of approximately 350 loans per year, involving $3½ million annually of 312 funds have been made to the bloc grant neighborhoods.

Unfortunately, Portland's successful project, along with the projects in three other Oregon cities, have been unnecessarily deterred by a history of sporadic funding patterns. Greater foresight should be expected on the part of administrators when dealing with a program which has already proven itself as a key element in the present attempt to renew our central urban areas. The momentum established by the success of section 312 should not be lost.

I strongly urge the acceptance of the increased funding levels as reported out of committee and admonish my colleagues to join in my commitment to see that this progressive program receives an even and adequate flow of funds over the years ahead.●

SECURITY FOR INTELLIGENCE AGENTS

● Mr. BENTSEN. Mr. President, yesterday I was shocked to read that Mr. Philip Agee, a former CIA employee who now drifts from country to country peddling Agency secrets, is renewing his efforts to divulge and publicize the identity of American intelligence agents.

Mr. Agee's crusade against his former colleagues clearly jeopardizes the lives of agents in the field and threatens to do real harm to our national security.

I find it inconceivable, Mr. President, that Mr. Agee and his cohorts—who deliberately menace the lives and effectiveness of CIA personnel—are not in clear violation of the criminal law. In 1976 I first introduced legislation, now S. 15785 to fill this inexcusable gap and insure that there are criminal penalties for current or former intelligence employees who reveal the identity of active agents.

Mr. President, it is hard to express the sense of outrage I felt when I read yesterday's news and discovered this latest attack on our intelligence agencies. Prodded on by their friends at the recent Communist youth festival in Havana, Mr. Agee and his small band of disgruntled radicals have declared war on the Central Intelligence Agency, the Federal Bureau of Investigation, and military intelligence.

In his incredible fanaticism he threatens to do deadly harm to our national security by naming and picketing and protesting against U.S. intelligence agents overseas. If he succeeds he should go to jail, and my legislation will declare in clear and decisive terms that his acts are criminal and punishable by a long term in prison.

Mr. President, I stand second to none in my interest to find and punish wrongdoing committed by Government employees or anyone else. We have had a difficult ordeal in recent years. We have discovered abuses and we have moved to correct them. But the time has come to look to the future. We now have strong and effective oversight of our intelligence agencies. We must continue to provide a strong and effective intelligence service.

We need a strong intelligence capacity in order to face up to our responsibilities around the world, to insure the security of this Nation and our allies, to effectively continue our advocacy of human rights. A strong America must have a strong intelligence capability.

I believe that anyone who so recklessly threatens the safety of our agents, as Mr. Agee does, should go to jail. This kind of senseless and stupid act cannot be justified or condoned. There can be no tolerance of the warped mentality of those who so dangerously prejudice our security. Those who engage in this kind