egate to the U.N. stated recent that his country might envision some form of recognition of Israel, he was firmly and publicly repudiated by his home government.

Why?

One reason is the position of the PLO, whose spokesman said recently that a PLO decision to recognize Israel would have to be taken by a Palestinian government on Palestinian land. Israel, in other words, should acquiesce in the establishment of a PLO state and then, maybe, that state will make peace.

That is an absurd position. No Israeli Government could ever accept anything remotely like it, just as no Israeli Government could accept anything remotely like the Saudi plan itself.

Saudi Arabia knows that.

The PLO knows it.

And I hope that our own Government recognizes the difference between wish and reality in the Middle East.

Now that the AWACS debate is behind us, I believe that it is incumbent upon the Reagan administration to reexamine its own extravagant expectations about Saudi Arabia. It is time clearly to define this Nation's political and military interests in the Middle East. And let us now insist, firmly and without equivocation, that expressions of friendship are not enough.

Friendship, Mr. President, is a two-way street. And I submit that Saudi Arabia is not acting the part of a friend of this country.

I say to the Reagan administration that fond hopes, ivory tower concepts, and visions of commercial and strategic sugar plums are no substitute for a tough, hard-headed, and aggressive defense of this Nation's fundamental interests.

We are in danger of forgetting that, Mr. President. And I am profoundly concerned that our policy in the Middle East is on the road to catastrophe.●

THE ADMINISTRATION'S HOUSING POLICY

● Mr. MITCHELL. Mr. President, the housing industry is one of the biggest victims of the current recession. I am growing increasingly alarmed at the downturn in new home construction and in the sales of existing housing—and at the failure of the administration to respond.

Housing comprises fully 23 percent of the national economy. Yet it is in the biggest slump in the post-war era. The production of new housing is the lowest since 1946. Total housing starts for 1981 are forecast at only 1.06 million units. Despite interest rates that are beginning to fall, economic projections show that 1982 will be another low year, with housing starts not estimated to go beyond 1.2 million to 1.3 million units.

Sales of new single family homes dropped 13 percent from August to September, to an annual rate of 312,000—the lowest rate since the Commerce Department started keeping records in 1963. And that September rate was 45 percent below the sales rate in September 1980.

Moreover, sales of existing homes are at an annual rate of 2 million, a record low. In many cases, sales have only been possible by the assumption of existing mortgages with low interest rates or by seller financing. As a result, real estate agents and brokers are struggling just to stay alive.

Finally, the timber industry is being devastated. Half of it is either shut down or on reduced working hours.

While this administration professes to support business, the private credit markets have only been open to the largest American corporations who want financing for mergers with other companies. Prospective home buyers and small businessmen and women are simply unable to obtain affordable credit.

What has been the administration's response? The Federal Reserve Board intends to continue its course of tight monetary policy, keeping interest rates at high levels. The administration itself is cutting back further and further on Federal housing programs. And the free-market approach is to solve the problems of the industry.

Statements by administration officials confirm that their intent is to get out of housing production altogether. The President's Commission on Housing recently issued its interim report in which a recommendation was made to replace housing production under the section 8, section 202, and public housing programs with a voucher program for low-income families. Recently, the Secretary of Housing and Urban Development, Samuel R. Pierce, Jr., said:

> We hope by 1984 or 85, that we will have interest rates down enough so that we won't have to use the voucher system. We hope that maybe we'll even get out of that.

An article appearing in Saturday's Washington Post quoted Secretary Pierce, in an address before the annual convention of the National Association of Realtors, as saying that it was a great time for the realtors to start investing in housing, to buy unsold houses. And he made it clear that real estate firms should not look for any new Federal programs to help them out. The response from the realtors, predictably, was that they cannot afford to buy houses at a time when they are struggling just to maintain their offices.

Mr. President, we cannot simply let the housing industry die on the vine while the economy is in a deep recession and the prospects of relief do not appear promising before spring or summer of next year, at best. Small businesses do not have the means to survive indefinitely. They are doing their best to hang on under difficult circumstances.

Obviously, the great pressure on interest rates stems from the contradictory economics of the administration's program: a tight monetary policy, which shows no signs of relaxation soon, and an expansionary fiscal policy, comprised of tax reductions for some of the Nation's wealthiest businesses and speeded up defense spending for programs whose costs are a matter of great controversy. The administration's most recent economic projections indicate that the 1981 deficit will be nearer $80 billion than the $43 billion the President first promised. And the 1984 balanced budget goal has been abandoned in the face of economic projections which will give us deficits of over $100 billion.

In the face of these facts, it is essential to take action to ease the tight money policy which is devastating the small business community. It is essential to cast as critical an eye on defense spending as we have at every domestic program. And it is essential that the unwarranted and unwise tax giveaway in the major tax bill be repeated—the $18 billion break for oil companies would be a good place to start.

One important step which Congress can take to reduce the pressures on interest rates is to bring down the Federal deficit. The administration's policy favoring dramatically increased defense spending coupled with the large tax cut enacted this year may now result in deficits topping $100 billion in this fiscal year and in 1983 and 1984. Clearly, deficit spending of that magnitude will only keep the pressures on interest rates. Congress can make a positive contribution by bringing down the deficit, by spreading reductions in the Defense Department's budget as well as in domestic programs, and by repealing the large tax break given to the oil industry.

Further, the Federal Reserve Board should ease its policy of tight money. Such a policy cannot alone combat inflation—and it is contradictory to the expansionary fiscal policy that the administration has chosen.

Mr. President, the article I mentioned earlier is illustrative of the administration's failure to respond to the crisis in the housing industry and of its intention to extricate itself from Federal housing programs to the maximum extent possible. I ask that the article be printed in the RECORD at this point.

The article follows:

[From the Washington Post, Nov. 21, 1981]

REALTORS URGED TO BUY HOUSES

(By Sandra Evans Teeley)

MIAMI.—Realtors looking for federal cures for their depression-ridden industry got only one new prescription from the Reagan administration at their annual convention here: heal thyself.

Secretary of Housing and Urban Development Samuel Pierce offered the group—depleted in number by this year's deep housing slump—a simple plan for improving record-low home-sales figures without the help of costly federal programs.

Realtors, Pierce told them, should start buying the homes themselves.

In line with the administration's free-market, private-sector emphasis, Pierce outlined a number of ways the federal government plans to diminish its role in the housing market generally and made it clear that real estate firms should not look for any new programs to help them out.

But he did advise members of the National Association of Realtors that this is a great time for them to "reach out for new horizons" and start investing in housing. Particularly with recently enacted legislation for faster tax depreciation, this could be a good way for them to make money from investment property, Pierce indicated.

"I am suggesting that those Realtors that have been hit hard by diminishing commission income should think about the opportunity and incentive to become the providers of private-sector housing," he told the audience of 1,000 Realtors. "Certainly there are risks, and interest rates are still high," but these are starting to decline, he said.

Some delegates reacted with bitterness to the suggestion that barely surviving businesses can get into the buyers' market in a big way.

"With what?" retorted one broker from Colorado Springs, Colo. "Nobody has any money to do it. It takes everything we've got just to maintain our offices."

J. D. Sawyer of Naples, Fla., said Pierce had an interesting idea but, when asked if anyone in his area is doing more investing, he shook his head. "Nobody has the money," Sawyer said, adding: "Everyone is scared" of buying now.

There are those, including some in the Washington area, however, that say they are starting to buy properties at baragin-basement prices, counting on tapping future appreciation when interest rates drop and people start buying again.

Jack Shafran of Better Homes Realty in Northern Virginia, for example, reported that his firm is buying now for investment, and Mike Brenneman of Brenneman Associates said he is starting a syndication to pool investors' funds to take advantage of depressed prices in the Washington area.

The convention drew far fewer Realtors than in past years, a reflection of the current housing slump. Since 1978, as the housing market has worsened, the numbers attending have dropped, from about 27,000 in Honolulu four years ago to about 11,000 here this year. In addition, membership in the organization—which says it is the country's largest trade association—has dropped over the past year from 740,000 to 691,000.

The convention programs were a sign of the times. Seminars on creative financing techniques were well attended, as were talks on the use of computers and office management.

Other lectures were pep talks, such as one on "How to Overcome the Psychology of Recession"—a combination of Vince Lombardi and Norman Vincent Peale.

For those already overcome by the reality of recession there were talks on how to successfully reduce the size of one's company, auctioning off properties for quick cash, and how to assess the worth of one's real estate office, presumably of the most interest to those wanting to sell.

And, perhaps for those looking for semi-divine inspiration, there was Tim Foley, retired strong safety for the Miami Dolphins, who was booked to talk about "Celestial Meditations of a Fully Depreciated Athlete."

For many, the approximately 140 educational seminars being offered at the convention were far more important than the speeches and policy pronouncement by federal officials, delegates said. Veterans of previous conventions reported that this was generally a more serious crowd than in the past, intent on learning new ways to improve business or in some cases just to stay alive professionally.

In addition, the members who attended the convention were likely to be successful in their businesses, some said, because they were the only ones who could afford to go.

Some exhibitors said they had displays this year, not so much in hope of building business, but so competitors wouldn't spread the word that they were doing badly. In addition, the usual bragging about sales figures was totally absent this year, others noted.

"People are groping" for better business methods, said Bette June Ingham of Washington's Ingham & Associates.

"It's a hard-working group. They want to learn," added Kenneth J. Luchs of Shannon & Luchs.

Not all the news from the convention was bad. The meeting came at a time when interest rates have started to fall, and forecasts are for an upturn in the market.

"I do think we have hit bottom," said NAR Chief Economist Jack Carlson, with sales of existing homes running at an annual rate of about 2 million. Sales will start to pick up slowly this winter and then increase at a faster pace starting in the spring, Carlson predicted.

The new NAR forecasts put sales at 2.75 million in mid-1982 and at 3.5 million by mid-1983. "The worst times are behind us. Improvement is coming," Carlson said.

He said he expects to see conventional mortgage interest rates fall to 14 or 15 percent by spring from the current 17 to 18 percent.

The group also released a survey showing that true interest rates being paid by most buyers are 12 to 14 percent now, because of creative financing techniques. About 60 percent of all existing home sales involve creative financing, the survey showed, the most common being assumptions of old low-interest mortgages and seller financing.

While the convention was in progress, the government also announced it is reducing interest rates on FHA- and VA-insured mortgages by one percentage point for most types of loans. For single-family home mortgages, the rate was reduced from 16½ to 15½ percent.

Despite the favorable signs, the White House received a dose of criticism from the predominantly Republican group. At the start of the convention, Carlson launched a wide-ranging attack on the administration, deploring what he called its "antihousing policy." He cited large tax cuts that he said gave a bigger boost to investments other than housing, deregulation plans for savings and loans that would allow them to commit fewer funds to home mortgages, and talk among "key people" of limiting mortgage interest deductibility.

NAR President John R. Wood later tried to dispel the impression that the traditionally conservative organization is opposing the administration generally, but he ended up criticizing the White House for having no housing policy at all

"It's more a lack of a housing policy" than antihousing actions that members are concerned about, Wood told reporters. "There used to be a housing policy in this country, and we see that fading."

The Realtors—about 90 percent of whom voted for Ronald Reagan for president, according to NAR figures—got little by way of reassurances of action geared specifically to stimulating housing from the administration or other federal officials.

HUD Secretary Pierce emphasized that the administration is counting on its overall economic policy to reduce inflation and interest rates and therefore ultimately help housing.

To the disappointment of many members, Federal Reserve Board Chairman Paul A. Volcker remained steadfast in his refusal to allow money growth to increase faster, despite the Realtors' call for loosening restraints slightly in the hope of bringing interest rates down faster.

The convention delegates clearly put a balanced budget at the top of their list of federal policies they are pushing, clapping longest and loudest any time that elusive goal was mentioned.

Pierce, asked about Carlson's charge of an anti-housing policy, mentioned budget considerations, as well.

"I believe [the Realtors] know we don't have an antihousing policy. . . . We've tried to get interest rates down," he said. "There can't be any new building programs. It's just not in the cards, because it costs too much."●

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I see no other Senator seeking recognition. I am prepared now to proceed to a number of matters that are routine in the main, if no other Senator has a requirement for time in morning business.

ORDER AUTHORIZING CERTAIN ACTION DURING RECESS OF SENATE

Mr. BAKER. Mr. President, this request, I believe, has been cleared on the other side. I ask unanimous consent that during the recess of the Senate over until Tuesday, November 24, 1981, messages from the President of the United States and the House of Representatives may be received by the Secretary of the Senate and appropriately referred and that the Vice President and President pro tempore and Acting President pro tempore be authorized to sign duly enrolled bills and joint resolutions.

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

ORDER FOR THE RECOGNITION OF SENATOR FORD TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order, the Senator from Kentucky (Mr. FORD) be recognized on special order for not to exceed 15 minutes.

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

AUTHORIZATION OF APPROPRIATIONS FOR THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—CONFERENCE REPORT

Mr. BAKER. Mr. President, I submit a report of the committee of conference on S. 1098 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1098) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the House proceedings of the RECORD.)

THE CONFERENCE REPORT ON THE NASA AUTHORIZATION

Mr. CANNON. Mr. President, today the distinguished chairman of the Committee on Commerce, Science, and Transportation, my valued colleague, BOB