

profession to yield accurate and reliable results." *E.g.*, *Nature's Bounty, Inc.*, F.T.C. Docket No. C-3593 (July 21, 1995); *Mattel, Inc.*, F.T.C. Docket No. C-3591 (June 23, 1995).

28. This exclusive emphasis on total "purchase cost" of components and subcomponents bought from U.S. plants—rather than singling out only the U.S. labor hours or labor costs upstream in production—offers a number of advantages. One is ease of measurement. Another is that measuring the total purchase cost of all components and subcomponents made in U.S. plants captures not only the total U.S. labor cost but also profit to U.S. component manufacturers. Studies have shown that many consumers have a preference for American-made goods not only out of concern for American labor, but also to increase U.S. wealth and take advantage of American quality. See *The Wirthlin Report*, February 1992 (survey); Foote, Cone & Belding, "The Buy America Issue," May 1992; "East v. West; What Americans Really Think About Imports," *Chain Store Age*, January 1988, pp. 13-15 (Leo J. Shapiro & Associates survey); Smith-Corona test, Tables 3, 5.

29. The total burden to industry of making these determinations will depend, in part, on where the threshold is set. If it is true that most complex products today contain substantial foreign components, then such manufacturers presumably would know that any information search would be fruitless under a high standard.

30. In determining how far back in the process to inquire, a further issue is whether raw materials, or only processed goods, should be counted in this or other measurement schemes. For some products, raw materials may be so removed from the final stage of production that they cease to have meaning to consumers as a cognizable product component (e.g., petroleum in plastic products, iron ore in steel products). Computing domestic content down to the raw materials stage also could greatly increase the information-gathering burden for sellers. At the same time, excluding raw materials possibly could lead to anomalous results for products wherein raw materials are a high proportion of cost (e.g., a diamond ring). Obviously, some amount of American labor and wealth flows from basic farming, mining, and other raw materials production. In addition, excluding raw materials from the calculation would require a workable definition of raw materials.

31. One question also is whether it is enough for the part to have been finally assembled in the United States to qualify as a "U.S. part," or must have been substantially transformed here as defined by U.S. Customs rules.

32. See Textile Labeling Rules, 16 CFR 303.33(b). The operation of the one step back rule in the textile area can be illustrated as follows. Wool yarn is made in Australia and sold to a U.S. cloth maker. This cloth maker sells the cloth to a U.S. manufacturer of wool suits. The labels would be: *yarn* ("Made in Australia"); *cloth* ("Made in U.S. of foreign yarn"); and *garment* ("Made in USA"). The Commission notes that the textile industry is

somewhat unique in that Congress has mandated the placement of Made in USA labels on all covered textile products manufactured here. Thus, there is exceptional need for administrative convenience and a bright-line rule.

33. This is not an issue in the textile context, where the governing regulation sets out the various "steps" in the production process. For other products, however, what constitutes one step (or two steps) back in the production process may not be so evident.

34. For example, one form of globalization is the development of "maquiladoras" in Mexico. These are plants primarily owned by U.S. firms that provide labor-intensive assembly of components. It is reported that 98% of the raw materials and components used in products assembled by maquiladores are produced in the United States. U.S. International Trade Commission, *Review of Trade and Investment Liberalization Measures by Mexico and Prospects for Future United States-Mexican Relations: Phase I: Recent Trade and Investment Reforms Undertaken by Mexico and Implications for the United States*, Inv. No. 332-282, USITC Pub. 2275 (April 1990), pp. 5-14.

35. An additional issue is whether not only cost, but also profit to the U.S. assembler, should be counted in determining the proportion of domestic origin of the product. Profit to foreign parts suppliers is implicitly counted toward foreign value, as part of total purchase price of foreign components. Including profits at final assembly also addresses consumers' concerns over U.S. wealth creation. At the same time, some profits in U.S. assembly operations might be diverted to foreign owners, and there are complications in defining profit. The Commission invites comment on the foregoing issues.

36. A minimum percentage would provide the most certain guidance. However, the evidence thus far does not suggest that consumers attach a precise percentage boundary to Made in USA claims. A bright-line percentage also might be more arbitrary for other reasons. For example, products with unchanged domestic parts and labor content could pass back and forth over the cost threshold, based merely on foreign exchange fluctuations.

**Dissenting Statement of Commissioner Roscoe B. Starek, III in the Matter of Request for Public Comment in Preparation for Public Workshop Regarding "Made In USA" Claims in Product Advertising and Labeling, Matter No. P894219**

For the reasons stated in my dissenting statement in Hyde Athletic Industries, Inc., File No. 922-3236, I oppose spending Commission resources on a broad examination of whether and how to change the Commission's standard for unqualified "Made in USA" claims. Case-by-case enforcement is the appropriate means to evaluate "Made in USA" claims. If consumer perceptions of "Made in USA" claims

vary from industry to industry or support some other standard, the most promising way to develop that evidence is by litigating individual cases in which the particular ads at issue are copy tested.<sup>1</sup> The Commission regularly addresses in individual cases complex public policy concerns within the scope of its competition and consumer protection missions, with the benefit of arguments, evidence, and a record on which a fully developed opinion can be based. I find no persuasive reason—only, perhaps, some miscalculated conception of expediency—for abandoning case-by-case enforcement in favor of a resource-intensive, unnecessarily broad review more typical of a rulemaking.

As I have stated previously, in order to reduce firms' costs of making "Made in USA" claims in compliance with the law, I support providing guidance on the level of substantiation that the Commission will require for those claims. It is unnecessary and ill-advised, however, to drop enforcement efforts against clear violations of Section 5 of the FTC Act while such guidance is being developed.

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**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Office of the Assistant Secretary for Public and Indian Housing**

[Docket No. FR-3707-N-03]

**Announcement of Funding Awards for the Youth Development Initiative under Public and Indian Housing Family Investment Centers—FY 1994**

**AGENCY:** Office of the Assistant Secretary for Public and Indian Housing, HUD.

**ACTION:** Announcement of funding awards.

**SUMMARY:** In accordance with Section 102(a)(4)(C) of the Department of Housing and Urban Development Reform Act of 1989, this document notifies the public of funding awards for Fiscal Year 1994 Public Housing agencies applicants under the Youth Development Initiative under the Family Investment Centers Program (Youth FIC). The purpose of this

<sup>1</sup> The extensive copy testing now planned in preparation for this workshop could provide the Commission with additional evidence of consumer perceptions that may be useful in the assessment of future enforcement actions against a variety of domestic content claims.

document is to announce the names and addresses of the award winners and the amount of the awards.

**FOR FURTHER INFORMATION CONTACT:** Bertha M. Jones, Office of Community Relations and Involvement, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington DC 20410, telephone number (202) 708-4214. (This is not a toll free number). Hearing or speech impaired persons may use the Telecommunications Devices for the Deaf (TDD) by contacting the Federal Information Relay Service on 1-800-877-TDDY (1-800-877-8339) or 202-708-9300 for information on the program.

**SUPPLEMENTARY INFORMATION:** The Youth Development Initiative is funded under the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act for 1994 (Pub. L. 103-124, approved October 28, 1993) (the 1994 Appropriations Act).

The purpose of the Youth Development Initiative is to further the Department's Operation Safe Home mission that addresses the larger problem of violence in America's low-income communities. The Youth Development Initiative will provide young individuals ages 13-25 with

access to comprehensive education and employment opportunities and supportive services. The grants will be for up to three to five years in duration, depending upon the activities undertaken, and will involve youth as active partners, to provide leadership opportunities and improve the capacity for long-term training and services for young residents. The Youth FIC grants will be targeted to assist youth in gaining access to education, employment, and supportive services. HUD expects that this funding will demonstrate the importance of comprehensive supportive services in contributing to the reduction of unemployment among our youth and crime and violence in public housing communities. Recipients were chosen in a competition under selection criteria announced in a Notice of Funding Availability (NOFA) published in the Federal Register on May 13, 1994 (59 FR 25262).

An amendment to the May 13, 1994 Youth FIC NOFA (59 FR 25262) was published on July 18, 1994 (59 FR 36446). In the amendment NOFA on page 36447, second column, "2." application procedures were revised to increase the number of points available in the ranking factors for the FY 1994

Youth Development Initiative under the Family Investment Centers Program from "(150 points)" to a "(Maximum 170 points)".

Accordingly, based on unanticipated delays in publication of the amendment, the Department recognized that the revised selection criteria proposed would not provide applicants with 30 days to respond to the revised application procedure prior to the deadline for submission of applications. Therefore, to meet Reform Act requirements, the Department decided not to use the ranking factors points indicated in the amendment NOFA or extend the application submission deadline.

In accordance with section 102(a)(4)(C) of the Department of Housing and Urban Development Reform Act of 1989 (Pub. L. 101-235, approved December 15, 1989) the Department is publishing the names and addresses of the Public Housing agencies which received funding under this NOFA, and the amount awarded to each. This information is provided in Appendix A to this document.

Dated: October 12, 1995.  
Michael B. Janis,  
*General Deputy Assistant Secretary for Public and Indian Housing.*

Appendix A—List of Awardees for the Youth Development Initiative under the Family Investment Centers Program (FY 1994)

Name and address	Grant amount
Housing Authority of the City of Louisville, 420 South Eighth Street, Louisville, Kentucky 40203, (502) 574-3420. Contact: Andrea Duncan .....	\$991,164
Housing Authority of the City of Saint Paul, 480 Cedar Street, Suite 600, St. Paul, MN 55101-2240, (612) 298-5664. Contact: Jonm Gutzman .....	1,000,000
Housing Authority of the City of Seattle, 120 Sixth Street, North, Seattle, WA 98109-5003, (206) 615-3340. Contact: David Gilmore .....	1,000,000
Housing Authority of the City of Los Angeles, 2600 Wilshire Boulevard, Los Angeles, CA 90057, (213) 484-5637. Contact: Donald J. Smith .....	1,000,000
Housing Authority of the City of Niagara Falls, 744 Tenth Street, Niagara Falls, NY 14301, (716) 285-6961. Contact: Michael J. Raymond .....	1,000,000

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[Docket No. FR-3973-C-02]

**Assistant Secretary for Public and Indian Housing, HUD; Order of Succession; Correction**

**AGENCY:** Office of the Assistant for Public and Indian Housing, HUD.

**ACTION:** Notice of Order of Succession; correction.

**SUMMARY:** This notice corrects the Order of Succession published in the Federal Register on Wednesday, October 4, 1995, at 60 FR 52004, by clarifying

revocation of the most recent Order of Succession effective May 11, 1994 at 59 FR 24464, and not April 2, 1990 at 55 FR 12291. This notice also corrects the reference contained in the October 4, 1995 Federal Register which indicated that the Order of Succession was subject to the time limitations specified in the Vacancies Act, 5 U.S.C. 3348.

**EFFECTIVE DATE:** September 22, 1995.

**FOR FURTHER INFORMATION CONTACT:** Brenda L. Earle, Staff Assistant to the Assistant Secretary, Office of Public and Indian Housing, Room 4100,

Department of Housing and Urban Development, 451 7th Street, SW., Washington, DC 20410, 202-708-0950. A telecommunications device for hearing impaired persons (TDD) is available at 202-708-0850. (These are not toll-free numbers.)

**SUPPLEMENTARY INFORMATION:** On Wednesday, October 4, 1995, at 60 FR 52004, the Department of Housing and Urban Development published a revised Order of Succession for the Office of the Assistant Secretary for Public and Indian Housing effective September 22,